

MARKET READINESS ANALYSIS
FOR GREEN/SUSTAINABLE
PHOTOCOPY PAPER AND
WOODEN FURNITURE IN
INDONESIA

In collaboration with:

The Ministry of Environment and Forestry (KLHK),
Republic of Indonesia



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ABBREVIATIONS

APKI	Asosiasi Pulp dan Kertas Indonesia (Indonesian Pulp and Paper Industry)
ASMINDO	Asosiasi Industri Permebelan & Kerajinan Indonesia (Indonesian Furniture & Handicraft Industry Association)
ASPANJI	Asosiasi Pengusaha Pengadaan Baran dan Jasa Indonesia (Indonesian Goods and Services Procurement Entrepreneurs Association)
ATK	Alat Tulis Kantor (Office Supplies)
BAPPEDA	Badan Perencanaan Pembangunan Daerah (Provincial/ local Development Planning Agency)
BAPPENAS	Badan Perencanaan Pembangunan Nasional (National Development Planning Agency)
BLH	Badan Lingkungan Hidup (Environmental Agency)
DKI	Daerah Khusus Ibukota (Special Capital Region)
e-Proc	Electronic procurement
EU	European Union
FSC	Forest Stewardship Council
G/SPP	Green/Sustainable Public Procurement
GIZ	Gesellschaft für Internationale Zusammenarbeit (German Development Cooperation Agency)
GoI	Government of Indonesia
HIMKI	Himpunan Industri Mebel dan Kerajinan Indonesia (Indonesian Furniture and Handicraft Industry Association)
HVS	Houtvrij Schrijfpapier (Wood grain free writing paper)
IDR	Indonesian Rupiah
IPK	Izin Pemanfaatan Kayu (Wood utilisation permit)
KEMENPERIN	Kementerian Perindustrian Indonesia (Ministry of Industry)
Keppres	Keputusan Presiden (Presidential Decree)
KLHK	Kementerian Lingkungan Hidup dan Kehutanan (Ministry of Environment and Forestry)
KPPU	Komisi Pengawas Persaingan Usaha (Business Competition Supervision Commission)
LKPP	Lembaga Kebijakan Pengadaan Barang Jasa Pemerintah (National Agency for Public Procurement)
LTAP	Long-term Action Plan
MoEF	Ministry of Environment and Forestry
MoI	Ministry of Industry
MoM	Minutes of Meeting
NAD	Nangroe Aceh Darussalam [= Indonesian Province in the North of Sumatra island]
NTB	Nusa Tenggara Barat (West Nusa Tenggara)
NTT	Nusa Tenggara Timur (East Nusa Tenggara)
PEFC	Programme for the Endorsement of Forest Certification
Pustanlinghut	Pusat Standardisasi Lingkungan dan Kehutanan (Center for Environmental and Forestry Standardization)
SCP	Sustainable Consumption and Production
SekDa	Sekretaris Daerah (Regional Secretary)

SHBJ	Standard Harga Barang Jasa (Standard Price for Public Procurement)
SIPLah	Sistem Informasi Pengadaan Sekolah (School Procurement Information System)
SIRUP	Sistem Informasi Rencana Umum Pengadaan (General Procurement Plan Information System)
SLK	Sertifikat Legalitas Kayu (Timber legality certificate of the SVLK system)
SMEs	Small and Medium-sized Enterprises
SVLK	Sistem Verifikasi Legalitas Kayu (Indonesian Timber Legality Verification System)
UKPBJ	Unit Kerja Pengadaan Barang Jasa (Goods / Services Procurement Work Unit)
VMS	Vendor Management System [=Tender cepat] (Fast tender)

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EXECUTIVE SUMMARY

In view of the Government of Indonesia (GoI) intention to accelerate the strengthening and expansion of its G/SPP capacities, the purpose of this market readiness analysis is to study the current and future demand/consumption by government and the current and future production/supply capacity of sustainable paper and wooden furniture products.

The study is a first of its kind. Therefore, it also provides important learning experience for a future expansion of G/SPP to other product categories, both in the paper and furniture sectors as well as in other sectors.

The market readiness assessment concludes that:

- Secondary data is scarce, scattered and difficult to obtain even in well-established industries.
- Photocopy paper: the industry is ready to supply Ecolabel-certified paper, and in reality, “green” public procurement is already practiced, even if the budget users do not actively apply the GPP criteria for the procurement.
- Wooden furniture industry shows a mixed opinion, but there are sufficient actors in the market that see sustainability certified government demand as a business opportunity and are ready to manufacture and supply such goods tailored to the specifications set by the budget users, with clear guidelines provided for compliance.
- The Government of Indonesia aims to support Indonesia’s sustainable growth, and in this context, the government is committed to act as a credible, responsible consumer. However, more substantial action is needed on the demand side, as sustainability criteria are not yet applied and need further facilitation, especially when it comes to wooden furniture.
- The application of G/SPP criteria in public procurement has mandatory character.

In response to the findings, the study team developed a series of recommendations structured by four angles:

- a) Nine action areas identified to operationalize and accelerate G/SPP (both on supply side and demand side) have been synthesized which will provide inputs to the future G/SPP Long-term Action Plan (LTAP).
- b) Regarding additional “sustainable” products, five possible products were proposed by different stakeholders, of which some can be made available as from now onwards (e.g., rattan/bamboo construction material) or over the next 12 months (e.g., tissue paper, cardboard).
- c) Advice on G/SPP monitoring focused on basic guidelines and on giving the priority on actual implementation and keeping it simple before incorporating more complex monitoring methods.
- d) Other (e.g., procedural) recommendations mainly advocate in favor of a transition from a transactional to a partner-based relationship between industry and public agencies and several supportive measures (e.g., respect of each other’s time, emphasis of non-compliance research, in line with KPPU advice provide industry-wide updates/consultations to avoid information asymmetries, timely invitation for public-private dialogue sessions and opinion exchange).

1. INTRODUCTION TO THE STUDY

Indonesian regulators have made progress in designing the policy framework for a “green” and “sustainable” future and is committed to transform to a regenerative (circular) economy. In this context, government as a consumer can provide important market signals and stimulate innovation. The specific regulatory framework for Green/Sustainable Public Procurement (G/SPP) has been shaped since 2009. Besides these efforts, the implementation of Green and Sustainable Public Procurement (GPP, respective SPP) has been slow. Instead, procurement of conventional goods/services dominates the government procurement. Despite Presidential Decree (Keppres) No. 80/2003, so far, merit point system and life cycle costing have seldom been used, and if so, then for selection of consultants only but not for procuring goods. To date, policy tools are available but need to be equipped with implementation guidelines have been issued which could operationalise G/SPP both for budget users, procurement agents and auditors. The Government of Indonesia (GoI) is keen on accelerating the strengthening and expansion of its G/SPP capacities.

In an attempt to identify market aspects (demand, supply) which might hamper or have the opportunity to accelerate G/SPP, the purpose of this analysis is to study the market readiness, i.e., the current and future demand/ consumption by government and the current and future production/supply capacity of sustainable paper and wooden furniture products. As the study is a first of its kind, it also provides important learning experience for a future expansion of G/SPP to other product categories, both in the paper and furniture sectors as well as in other sectors.

The objective of the assignment was to prepare and conduct the market readiness analysis for two pilot sectors (Ecolabel-certified paper, SVLK-certified furniture) and to develop recommendations for respective G/SPP plans.

Key tasks included:

1. Compile and compare government demand versus supply across Indonesia, by province, by company size and by product for paper (Ecolabel certification) and furniture (SVLK certification) product group.
2. Mapping the supply chains of selected pilot industries, from plantation to buyers and consumers (government).
3. Derive recommendations for (a) other sub-products to be included in the G/SPP and (b) on G/SPP criteria for sub-products and implementation procedures.

The market readiness analysis has been closely intertwined with an assignment for the Indonesian National Public Procurement Agency (LKPP), supported by the Ökoinstitut in the context of GIZ’s Advance SCP Programme. In this context, it served also to provide inputs for the refinement of G/SPP technical specifications as well as inputs for a joint G/SPP Long-term Action Plan (LTAP) between KLHK, LKPP and the industry. Such inputs included, among others, e.g., the mapping of the supply chains and their sustainability hotspots, the mapping of relevant stakeholders, government demand and possible suppliers of “green”/“sustainable” photocopy paper and wooden furniture, the identification and information of possible partners for a long-term action plan, the start of public-private dialogues about ways how to ensure the integrity of the products and the G/SPP contractors in the larger framework of a possible G/SPP risk anticipation, identification, notification and management.

2. METHODOLOGY AND LIMITATIONS

The methodology combined a mix of primary and secondary data, both for the supply and demand analysis. The team of consultants performed desk research (review of available analyses and publications) and stakeholder consultations (interview sessions, brief surveys where data was not readily available). Overall, the data sources can be summarised as in the below Figure 1. The detailed data compilation plan is shared in Annex 1.

Figure 1: Data sources for the supply and demand analyses

SUPPLY:	DEMAND:
Availability of “green” / “sustainable products, organizations & business practices	Government demand and procurement of photocopy paper and wooden furniture
Desk research	Desk research
Survey + dissemination among relevant industry (in consultation with KPPU) - ongoing	Survey + dissemination to possible budget users (through KLHK)
Supply chain + hotspot mapping 06th Oct 2020	Interviews with selected budget users (selection based on LKPP data and desk research)
Interviews with selected industry players (selection based on LKPP data and desk research)	
Consultation workshop #01 (presentation of draft findings of the market readiness analysis): 20th Oct 2020	
Consultation workshop #02 (presentation of draft report): 17th Nov 2020	

The purpose of the **demand needs analysis** was to identify the consumption capacity of the government regarding the of “green”/ “sustainable wooden furniture and photocopy paper, and respective trends. The purpose is to find responses to the following questions:

- How much copy paper/wooden furniture is currently procured (in volume, value), in which cycles (every how many years?), and with which specifications (conventional, “green”)? (any reports/estimates?)
- How much photocopy paper / wooden furniture does government need in the future?
- How much of the product, would we like to procure “sustainably” and what are the specifications for “green”/ “sustainable” copy paper that are most important to us?
- Will the need for the product continue in the same pattern, or do we expect that our demand will be dampened, e.g., by the repair of existing furniture/ by replacing the product in the future?
- For the future implementation of G/SPP, what do the budget users need to successfully implement a future LTAP? What are the experiences with procuring “green” products (esp. photocopy paper, wooden furniture)? What does it take to increase the percentage of buying “green”/ “sustainable” products?
- Who are the recurrent suppliers of photocopy paper/wooden furniture?
- Is there a regular exchange with the local industry in place?
- Are there any procured “standard packages”? What are the products in these packages and what is the general budget range (estimates)?

The purpose of the **supply analysis** was to identify the readiness of the industry to fulfil sustainability criteria for the two product groups (“green”/ “sustainable wooden furniture and photocopy paper”), to supply them to government, and respective trends. The following questions were addressed:

PRODUCTS:

- What are the currently available products of photocopy paper and wooden furniture in Indonesia?
- What are competing alternatives to the products?
- What are other “sustainable” (sub)products of the industry that can be supplied as well to government, and what are their sustainability specifications?

PRODUCTION AND SUPPLY CAPACITY:

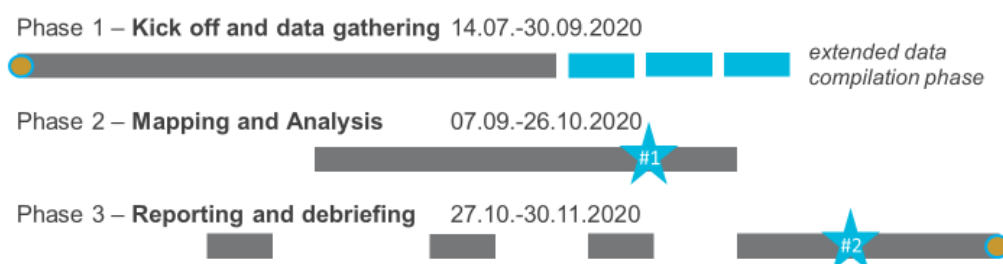
- What is the current production and supply capacity of “green”/ “sustainable” wooden furniture?
- How much of the relevant product range in the market (photocopy paper, wooden furniture) complies with sustainability criteria (ecolabel for photocopy paper/ SVLK for wooden furniture, any other sustainability certificate)? (any estimates?)
- What are market trends (efficiency, growth) that influence the future production and supply capacity? (any estimates?)

SUPPLY CHAIN:

- How many manufacturing companies exist in Indonesia?
- How do the distribution channels look like for wooden furniture / photocopy paper? How many current government suppliers provide both products, how many specialize on one of the two? How many distributor companies are in the market, how many wholesalers? Where do the current government suppliers source their product (domestic, foreign – producer/distributor/other)?
- What are possible future suppliers (“sustainable” actors that are currently not supplying the government)? Are there any of the supply chain actors specialized on eco-friendly and inclusive products, or specific forerunners/ good examples? What are their options to move towards supplying the government?
- How much “green”/ “sustainable” photocopy paper is sold to whom (government/ private sector – domestic/foreign; directly/ via other distributors)?
- What are the sizes of the involved businesses, i.e., forest/ plantation, production, distribution (small, medium, large)? How many jobs are involved in the supply chain?

The below **time plan** (Figure 2) indicates the two industry consultation workshops as starred milestones. The initial findings of both demand and supply sides were presented in the first consultation workshop to seek further feedback and validation. The second consultation workshop served to present the draft report, which presented the data after the robustness test and further defined the intention of a joint G/SPP LTAP.

Figure 2: Time plan of this assignment



The study was conducted between July and November 2020; it was specifically challenged by the COVID-19 pandemic and the resulting travel restrictions. The detailed data compilation plan was developed based on consultations with stakeholders via online meetings; namely, for the demand side (government spending): LKPP formed a multi-disciplinary team of sections in charge of different procurement methods e-purchasing (*e-catalog*), tender incl. tender with Vendor Management System VMS (*tender cepat*), direct appointment (*penunjukan langsung*), direct purchasing (*pengadaan langsung*) and supported with extracting government spending data (*realised*¹) from their database. For the supply side, relevant industry associations (ASMINDO, APKI, HIMKI) were involved as well as selected government suppliers (via the LKPP database). The data compilation phase was extended to buffer for the time constraints faced by the assignment.

Other consulted stakeholders in the process were:

- National Development Planning Agency (BAPPENAS) – mandated to coordinate the SPP Steering committee – to get their feedback on possible data gathering options (spending data at local, provincial and national levels)
- Business Competition Supervision Commission (KPPU) – to get their advice on any requirements to consider in future industry consultations.
- Ministry of Industry (MoI). It was considered important to inform the MoI to obtain any information about the supply chains, as well as to show the intention of stimulating a market and to provide the industry’s feedback on such market signal².

The study included six formal focus group discussions, two formal industry consultations and several informal meetings and discussions, all held virtually. The detailed list of meetings, consultations and focus group discussions is attached in Annex 2. The Minutes of Meetings (MOMs) have been made available after each meeting and are thus not attached to this Study.

Further, the study team coordinated closely with GIZ Advance SCP and the study team for an Indonesian Long-term Action Plan on S/GPP in the two target sectors.

The following overview (Figure 3) illustrates the response received on different data sources.

¹ Planned spending data (SIRUP) is not comprehensively available in the LKPP database.

² For future, similar studies, coordination with the Ministry of Cooperatives and SMEs might be meaningful, depending on the product group.

Figure 3: Feedback from stakeholders

DISSEMINATOR / DATA SOURCE	SECONDARY DATA	PRIMARY DATA			REMARKS
		Survey	Interview Sessions	Consultation workshops	
APKI <i>Association of paper industry</i>	✓	✓ (50%)	✓	✓	Access to manufacturers and distributors
HIMKI <i>Association of furniture industry</i>	✗	✗	✓	✓	Access to manufacturers and distributors
ASMINDO <i>Association of furniture industry</i>	✓	✗	✓	✓	Access to manufacturers and distributors
KLHK/PPHH <i>SVLK-certified wooden furniture and photocopy paper businesses</i>	✓	✗	✓	✓	Access to manufacturers and distributors
MOI/BBPK <i>Certification body for ecolabelled photocopy paper industry</i>	✓	✗	✓	✓	Access to sustainability certified manufacturers
LKPP <i>National Agency for Public Procurement</i>	✗	✗	✓	✓	Aggregated number of government suppliers; government demand data 2008 - 2020
Forum LVLK <i>Association of SVLK-certification bodies</i>	✗	✗	-	-	Access to certifiers with access to distributors
ASPANJI <i>Association of government suppliers</i>	✗	✗	✗	✗	Not functional

Respective recommendations on how to address the data gathering and analysis in similar market readiness analyses have been included in Part 4 of this study.

3. FINDINGS AND ANALYSIS

The findings and analysis are divided in four parts: mapping of government demand, mapping of industry supply, G/SPP risk management and findings on challenges for the operationalisation and acceleration of G/SPP.

3.1 Mapping of government demand

This section presents the findings on government demand practices when it comes to photocopy paper and wooden furniture. Demand need analysis included questions about how much photocopy paper is currently procured in which cycles, what are the specifications and practices (applying “green”/“sustainable” public procurement, yes or no), and what are the trends.

(A) PHOTOCOPY PAPER:



The research found that the technical specifications for photocopy paper include size, weight and paper quality. Most often, budget users applied key words such as *HourVrij Schrijfpapier* (HVS) paper/wood grain free paper with sizes of A4/F4 and weight of 70g (priority) or 80g. The majority of photocopy paper is procured in form of “office stationery” called *Alat Tulis Kantor* (ATK), which is essentially a multi-product package, in which the estimated proportion of photocopy paper amounts to around 20 to 30% of the package value (see Figure 4).

Figure 4: Commonly used key words to procure photocopy paper

[in% of package value]	ATK	HVS / A4 / F4 / A0 / A3	Brand (Paper One, Sinar Dunia, Sidu, etc.)
Photocopy paper content	20-30%	100%	100%

Prices vary, some brands are known to be cheaper than others. The typical range per ream (500 sheets) of photocopy paper amounts to 40,000 to 50,000 IDR/ream. The following illustration shows market prices mentioned by Ecolabel-certified producers, which confirmed the same price range. This price is in line with the price range of the standard goods and services price of the Indonesian government (*Standar Harga Barang Jasa, SHBJ*), which calculates with 45,000-50,000 IDR/ream. The perception of some budget users has been that the “sustainable product is more expensive than conventional”, therefore, this has not yet been practiced. Though the photocopy paper price is already in accordance with the SHBJ price, and the conventional photocopy paper is 100% Ecolabel-certified.

Figure 5: Prices mentioned by Ecolabel-certified photocopy manufacturers

Supplier A:

[in IDR / ream]	A4	F4
70g	34,000 – 36,000	39,000 – 42,000
80g	38,000 – 40,000	44,000 – 46,000

Supplier B:

[in IDR / ream]	A4	F4
70g	37,000 – 38,250	42,000 – 43,500
80g	42,000 – 43,225	48,000 – 49,200

The Ecolabel is not yet used as a specification. However, the research found that Indonesian photocopy paper is 100% Ecolabel-certified, therefore, the procured paper already meets the requirements for “green” public procurement.

In order to provide a conservative estimate of the government demand, the study team decided to concentrate the government spending data on 30% of the ATK value to represent government spending on “photocopy paper”. In 2019, the Indonesian government overall spent 53 billion Rupiah on photocopy paper, which, taking into account above price ranges, translated into approximately 0.04 million tons³ (see Figure 6 below). Procurement patterns depend on each institution and on the needs of the respective budget user, and so does the application of the respective procurement method (e-catalogue, consolidated tender, direct procurement). For the direct procurement mechanism, the government has regular partners.

³ The conversion is based on dividing the total spending figure by the average price range of IDR 45,000-50,000 IDR/ream and on the metric of 500 sheets/ream.

Figure 6: Government spending on photocopy paper (2019-2020)⁴

Procurement method	2019	2020 (6 months)
Non-tender	IDR 35 billion	IDR 52 billion
Tender	IDR 18 billion	IDR 11 billion
TOTAL spending	IDR 53 billion	IDR 63 billion
Volume (in reams*)	1.1-1.2 million	1.3-1.4 million
Volume (in tons**)	0.04 million	0.05 million

* conversion by dividing by the average price range of IDR 45-50,000/ream

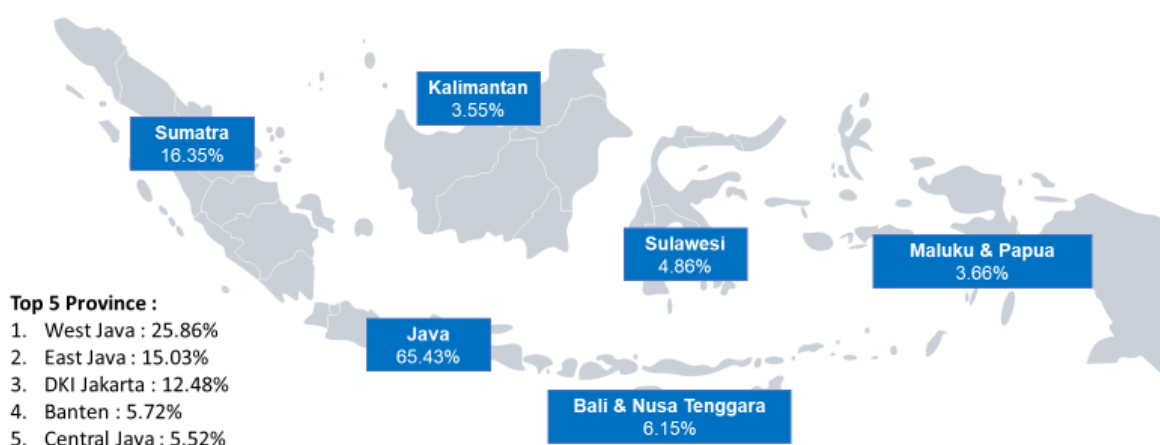
** conversion based on 500 lbr/ream

The consumption of photocopy paper is not expected to decline any time soon, despite the “paperless office”, as archives still require hardcopy letters. Over the longer-term though, the demand from those agencies which implement the “e-office” could dampen.

One might estimate that this year, in 2020, with the COVID-19 pandemic, less paper is consumed, however the data provides a different picture, but also this might be due to stocking up, spending to stimulate the market.

The government’s total spending by region is shown in Figure 7. More than 60% of total government spending is done in Java province (65%), even if national spending is excluded (still 61%). Top spenders include West Java (26%), East Java (15%), DKI Jakarta (12.5%), Banten (6%) and Central Java (5.5%); and not taking into account national spending, the top spenders include also Bali & Nusa Tenggara Timur (NTT) (see Figure 8).

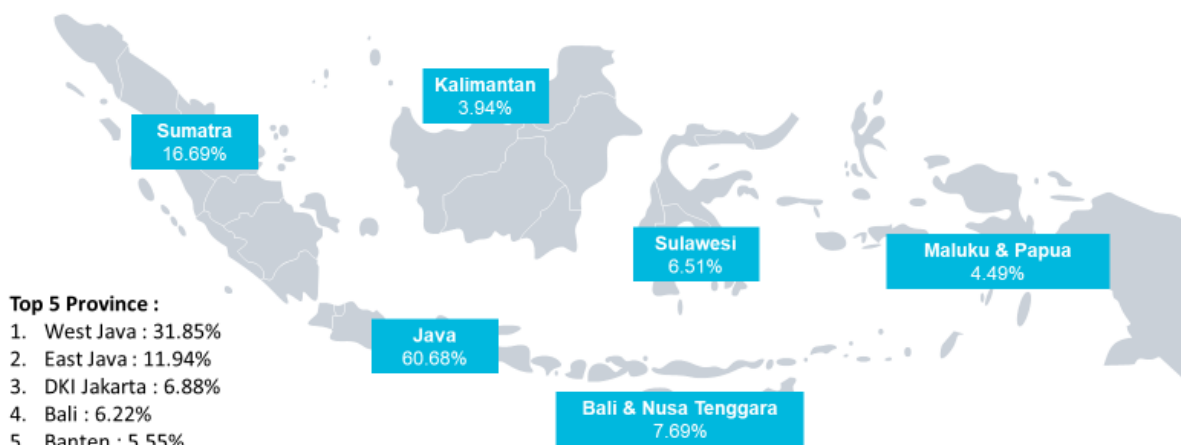
Figure 7: Government demand of photocopy paper by Region (in % of total annual spending, 2019)⁵



⁴ Own calculations based on primary data extracted from LKPP’s procurement database (2020).

⁵ Own calculations based on primary data extracted from LKPP’s procurement database (2020).

Figure 8: Government demand of photocopy paper by Region (in % of total annual spending, excluding national level spending, 2019)⁶



(B) WOODEN FURNITURE:



Wooden furniture procurement by the Indonesian government is usually done in form of room/office renovation packages. Those packages generally include multiple products and with sometimes mixed materials (wood, but also other materials, like textiles or especially plastics). Respondents estimated that, unless directly

⁶ Own calculations based on primary data extracted from LKPP's procurement database (2020).

specified as “wooden desk” or “wooden table”, wooden furniture often only covers up to 5%⁷ of the parent procurement value in IDR (see Figure 9).

Figure 9: Commonly used key words to procure wooden furniture⁸

[in% of package value]	Mebel/er	Custom-made furniture / interior	Wooden desk/ shelve/ cupboard/ chair/ table/ cabinet	Office furniture	School furniture
Wooden furniture content	0-5%	0-5%	100%	0-5%	80-100%

Environmental-friendly specifications (here especially the SVLK-certification) have not been used. Of all consulted parties, only one province highlighted that their procurement requires the SLK certification and adds benefits to those who hold the FSC certificate. Reasons provided by budget users from different government levels included a low knowledge on environment-friendly specifications in the field of wooden furniture production, or that they find it difficult to incorporate those specifications into the procurement mechanisms. In the wooden furniture packages, prices vary largely based on material specification, size and design as well as the wood quality desired by the consumer. Some indicative average price ranges in million IDR can be found in Figure 10.

Figure 10: Average price ranges of wooden furniture⁹

[in million IDR]	Cheaper product	More expensive product
Half bureau desk	1	2
Chair	1	2
Bureau desk	3	4

On average, the Indonesian government overall spent IDR 194 billion per year on wooden furniture, which is translated into approximately 81,407 packages of 1 desk and 2 chairs¹⁰. To provide a conservative estimate of the government demand, the spending figures for wooden furniture only take into account “any type of school and university” furniture¹¹. The procurement patterns for wooden furniture are quite irregular (less frequent, larger and take longer) and often replace damaged furniture or increase school class capacity.

⁷ Different feedback was obtained on this percentage. At local level, some respondents indicated amounts of up to 50%.

⁸ Own illustration based on interview feedback.

⁹ Own illustration based on interview feedback.

¹⁰ The conversion is based on dividing the total spending of the 2-year average (2018-2019) by the average price range of a package of 1 desk and 2 chairs, assuming their price to be IDR 1 million each.

¹¹ Key words for this exercise included: Sekolah, Universitas, Institut, Akademi, Politeknik, SD, SDN, SMP, SMA, SMK.

Figure 11: Government spending on wooden furniture (2018-2020)¹²

Total spending on school / university furniture

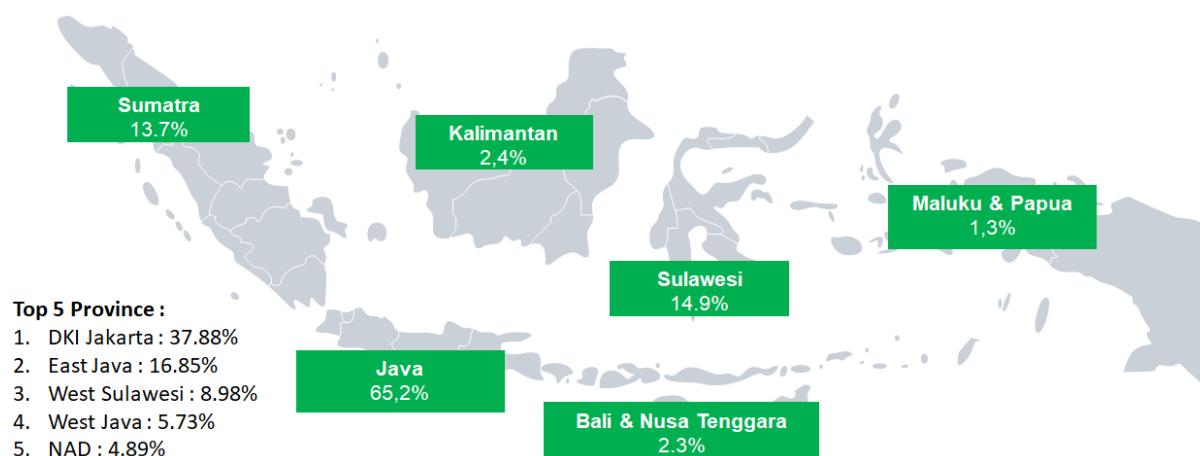
Procurement method	2018	2019	2 year average (2018-2019)	2020 (6 months)
Non-tender	IDR 1.1 billion	IDR 19.4 billion	IDR 10.3 billion	IDR 21.2 billion
Tender	IDR 293 billion	IDR 174.9 billion	IDR 233.9 billion	IDR 130.3 billion
TOTAL spending	IDR 294.1 billion	IDR 194.3 billion	IDR 244.2 billion	IDR 151.5 billion

The products that government wants to procure (design, wood quality, budget) when it comes to for example school equipment or university equipment is not known to the industry and probably not standardized. The consumption of wooden furniture is expected to be growing, especially due to the large needs of school supply.

The procurement method applied to procure wooden furniture varies depending on the needs of the respective budget user. For example, it is considered easier to buy wooden furniture through the e-catalogue. Specifically, for school related procurement, the preference is to go through the electronic marketplace School Procurement Information System SIPLah¹³ (managed by the Ministry of Education and Culture), which is considered more accountable. If the products are not in the system; it has to go through any other form of procurement, e.g., tender or direct procurement by the city/regency if the budget is below IDR 200,000,000.

The government's total spending by region is shown in Figure 12. More than 65% of total government spending is done in Java.

Figure 12: Government demand of wooden furniture by Region (in % of total average spending for year 2018-2019)¹⁴



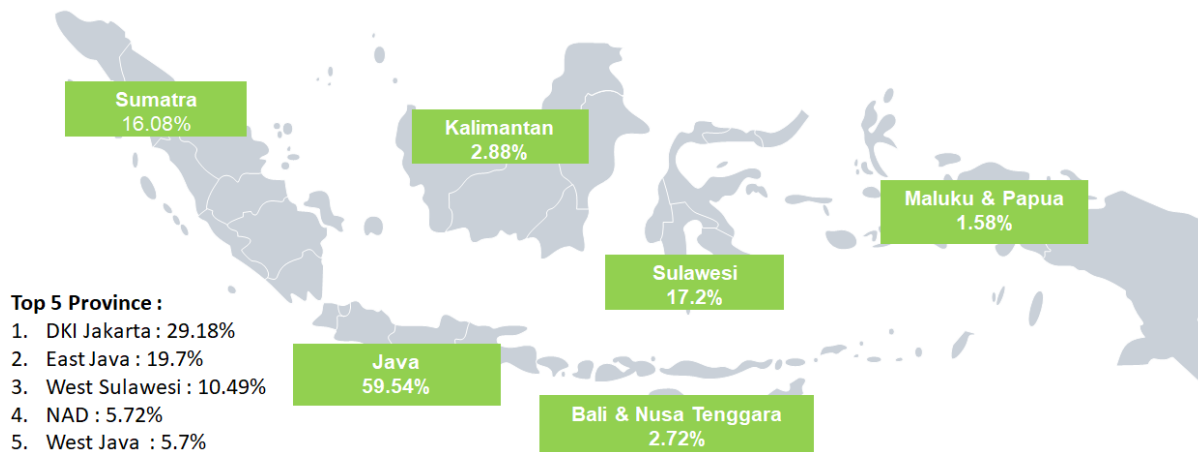
When excluding national spending (Figure 13), Java region assumes still a large role in public procurement of wooden furniture (60%); Sulawesi and Sumatra regions rank second and third (16% and 17% respectively). Top Provincial spenders include DKI Jakarta (29%), East Java (20%), West Sulawesi (11%), West Java (6%) and Nangroe Aceh Darussalam (NAD) (6%).

¹² Own calculations based on primary data extracted from LKPP's procurement database (2020).

¹³ SIPLah website. <https://siplah.kemdikbud.go.id/>

¹⁴ Own calculations based on primary data extracted from LKPP's procurement database (2020).

Figure 13: Government demand of wooden furniture by Region (in % of total average spending for year 2018-2019, excluding national level spending)¹⁵



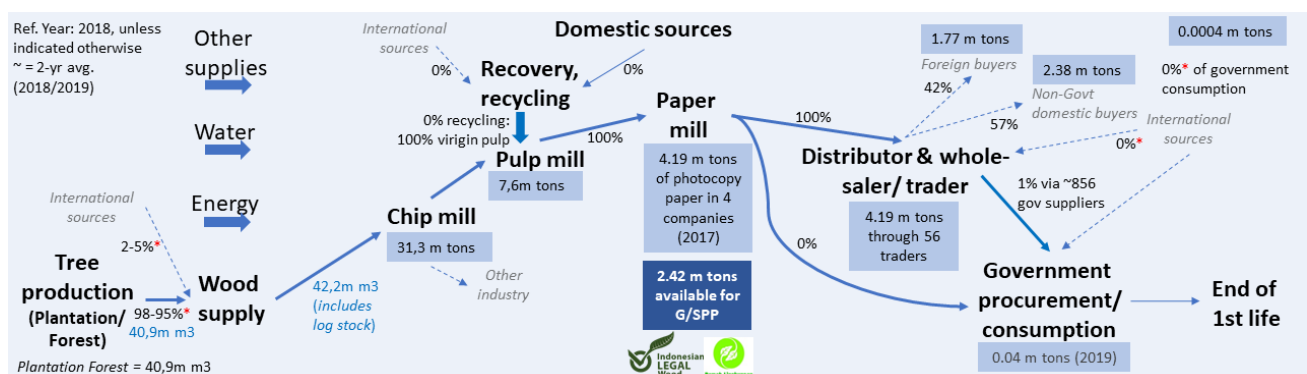
3.2 Mapping of industry supply

The following section identifies the current practices when it comes to products and business practices (sustainability-certified, yes or not), production and supply capacity as well as the supply chain. This provides the basis to report on readiness of the industry to fulfil eco-labelled criteria for sub-products (Indonesia-wide, along the supply chain, differentiated by product/sector and specifying the company sizes where information was available).

(A) PHOTOCOPY PAPER

Figure 14 presents the production and supply capacity of “green” / “sustainable” photocopier paper through the Indonesian distribution channels. It also shows the above identified government consumption to contextualise the figures.

Figure 14: Annual production and consumption of photocopier paper¹⁶



The above represents a simplified, generic supply chain for photocopier paper. This mapping illustrates the different steps of the supply chain as well as the product flow and sales flows. The tree production of 40.9

¹⁵ Own calculations based on primary data extracted from LKPP’s procurement database (2020).

¹⁶ Own illustration based on feedback from interviews and secondary data provided by APKI (2020) and the BBPK (2020).

million m³ takes place on 295 management units of plantation forest (11.4 million hectares of *Hutan Tanaman Industri*), located mainly in Sumatra and Kalimantan (see Figure 15). Jointly with some few wood imports (estimated 2-5%), these plantations generate the wood supply for the photocopy paper industry.

Figure 15: Mapping Indonesia’s wood supply for the paper industry (in unit numbers and % of HTI)¹⁷



Across Indonesia, there are four pulp producers, 68 paper producers and six integrated pulp and paper producers (see Figure 16) – of which four manufacture photocopy paper.

Figure 16: Geographical concentration of the pulp & paper industry in Indonesia (in unit number and %)¹⁸



Highlights: The current production capacity of photocopy paper amounts to 4.2 million tons of photocopy paper in four large photocopy paper manufacturers in Indonesia (all of their products are Ecolabel-certified, and in addition also SVLK certified). All production (100%) is sold through 56 distributors, and those distribute to foreign and domestic markets. Domestically, there are 2.4 million tons sold, of which currently around 0.04 million tons (1%) to government through around 856 government suppliers¹⁹ of photocopy paper. As the total production capacity is 5.2 million metric tons/year as indicated per license (2017), there is free capacity

¹⁷ Own illustration based on KLHK (2019): Forestry Statistics Book 2018

¹⁸ Own illustration based on APKI membership data (2020).

¹⁹ Own calculations based on LKPP datasets; average figure of the past two years 2018-2019.

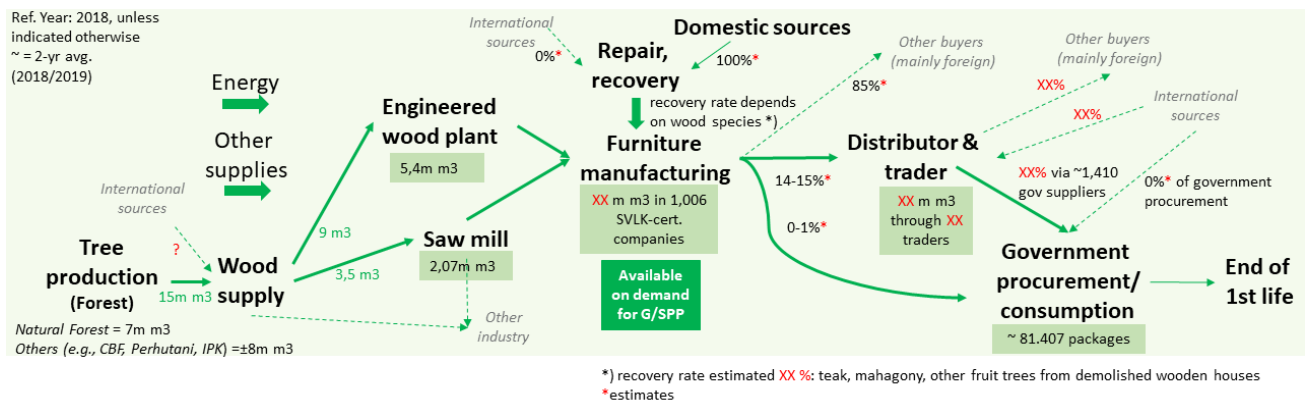
(19%²⁰). Currently the entire Ecolabel-certified paper is manufactured based on 100% virgin pulp (no recycled content).

The photocopy paper supply chain includes 260,000 direct employees and 1.1 million indirect employees in 2017²¹.

(B) WOODEN FURNITURE

Figure 17 presents the production and supply capacity of “green”/” sustainable” wooden furniture through the Indonesian distribution channels. It also shows the above identified government consumption to contextualise the figures.

Figure 17: Annual production and consumption of wooden furniture²²



The above represents a simplified, generic supply chain for wooden furniture. This mapping illustrates the different steps of the supply chain and also the product flow and sales flows. The tree production of 15 million m³ takes place on approximately 667 forest management units²³ (2.6 million hectares of Natural Forest 7 million m³ and other forests 8 million m³ such as community-based forests, Perhutani, forests under the wood utilisation permit IPK (*Izin Pemanfaatan Kayu*), located mainly in Java (see Figure 18).

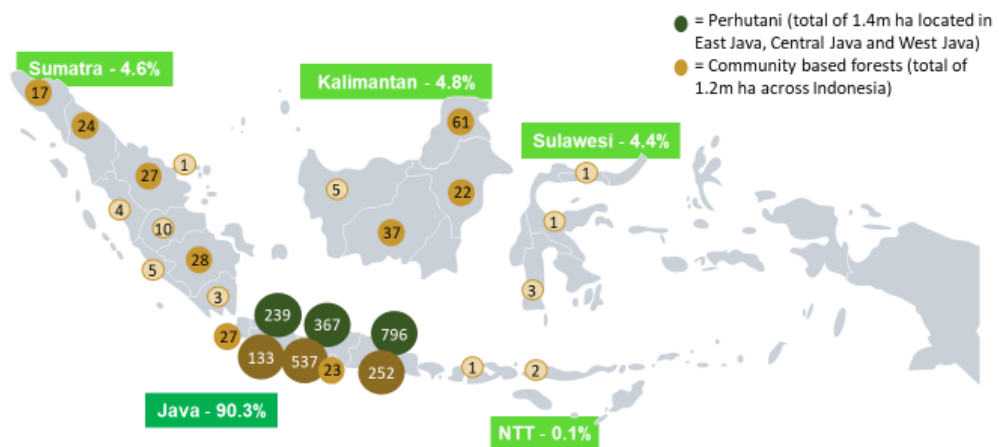
²⁰ The difference between the production capacity of 5.2 million metric tons/year and the current sales/year (4.2 million metric tons) is 1 million metric tons, i.e. 19%.

²¹ Secondary data from 2017 compiled through APKI in 2020.

²² Own illustration based on feedback from interviews and secondary data provided by HIMKI (2020).

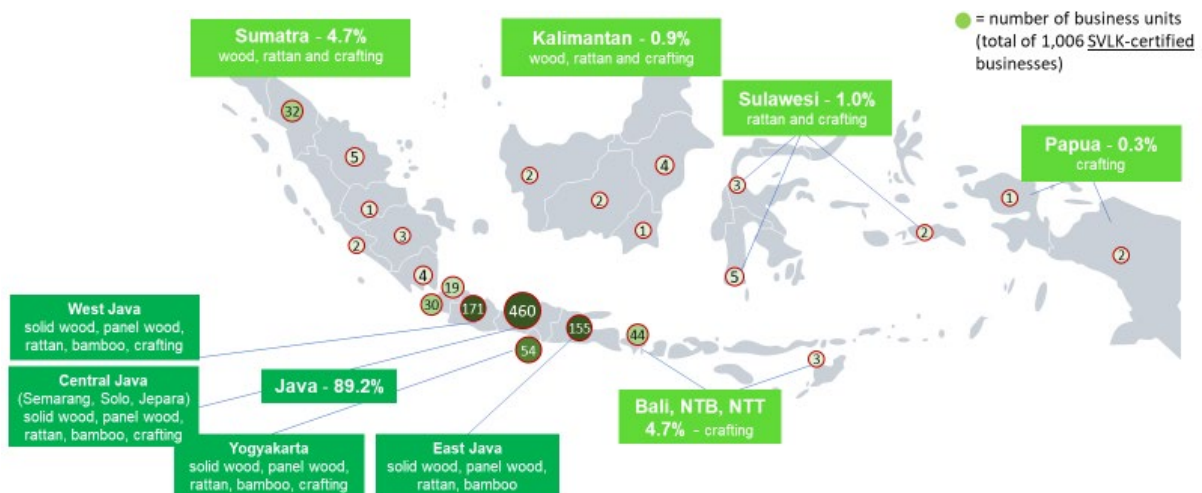
²³ Natural Forest = 254 Forest Management Unit (MoEF Statistic Book Page 145); Perhutani = 1 Forest Management Unit; CBF = estimated around 412 units (Directorate PPHH). The tree production in these areas is not only for wooden furniture products. The log is also used for engineered wood plan (plywood, etc.) and other products (e.g., wood working, building material, etc.).

Figure 18: Mapping Indonesia's wood supply for the furniture industry (in thousand hectares)²⁴



Below overview is based on the data obtained from 1,006, mainly smaller and medium-sized, wooden furniture businesses (Figure 19). They are predominantly located in Java (89%), followed by Sumatra and Bali/NTB/NTT regions (4.7% both). While the wooden furniture industry is concentrated around Central Java, West and East Java, and especially around Jepara (mainly export-oriented companies are certified), the rattan furniture industry as well as bamboo furniture can be found in Sumatra, Kalimantan, Sulawesi and Java.

Figure 19: Geographical concentration of Indonesia's wooden furniture industry²⁵



While the total capacity and actual production are still pending information, industry representatives reconfirmed in the context of this study that additional capacity can be added at relatively short notice. The industry has shown to be quite flexible with the design; it is dominated by “made by order” approach (no mass production/no stock) and therefore can tailor the production to the needs of the government (product, specifications).

Several questions remain open to be studied further in a separate study and/or public private dialogues. Those include especially these two:

²⁴ Own illustration based on data from Perhutani and KLHK (2019): Forestry Statistics Book 2018.

²⁵ Own illustration based on data from KLHK PPHH (2020) for quantity and ASMINDO (2020) for industry type.

- What are the overall production capacity and the actual production of wooden furniture across Indonesia, and of the 1,006 SVLK-certified companies?²⁶
- What is the practice from distributors and is there any direct or indirect public procurement from foreign sources? The perception is that “government tends to buy more imported goods” – is this a myth or fact?

Highlights: The majority of wooden furniture is exported directly by the craftsman (an estimated 85%), and the remainder flows either directly or through distributors to the domestic market. While direct supply to government is likely to occur in the furniture industry, the craftsmen often prefer distribution agents to handle government procurement, as the procured packages often contain multiple product groups (chair, table, shelf), of which the individual craftsman might only produce one, or a few. Also, the process from design to sales takes a lot of time, which is a process that many craftsmen prefer to outsource to the distributor.

As feedback on this varies a lot, a final estimation on the percentages is difficult to conclude. Currently, there are 1,410 government suppliers of wooden furniture (2-year average 2018-2019). These suppliers are local traders, not manufacturers and not international firms. Therefore, the estimation in the above Figure 16 were adjusted accordingly: Of the remaining 15% available for domestic consumption, it is likely that 0-5% occurs through direct supply by the craftsman to the government (0-1% of the total production) and 95-100% flows through a distributor (14-15% of the total production) to supply government and other buyers (mainly foreign). Direct supply from international sources to government is estimated to be 0%.

When it comes to recovery of the material, the wooden furniture businesses increasingly recycle the product due to an increased price of wood (teak and mahogany, and from fruit trees sourced from demolished houses). However, the industry has not concluded upon the approximate recycling rate. What seems to provide uncertainties to the factories are the unclear purchase plans and unclear specifications. The factories then cannot produce to stock but make by order.

3.3 Traceability, measurement and industry reporting in the context of G/SPP risk identification, notification and management

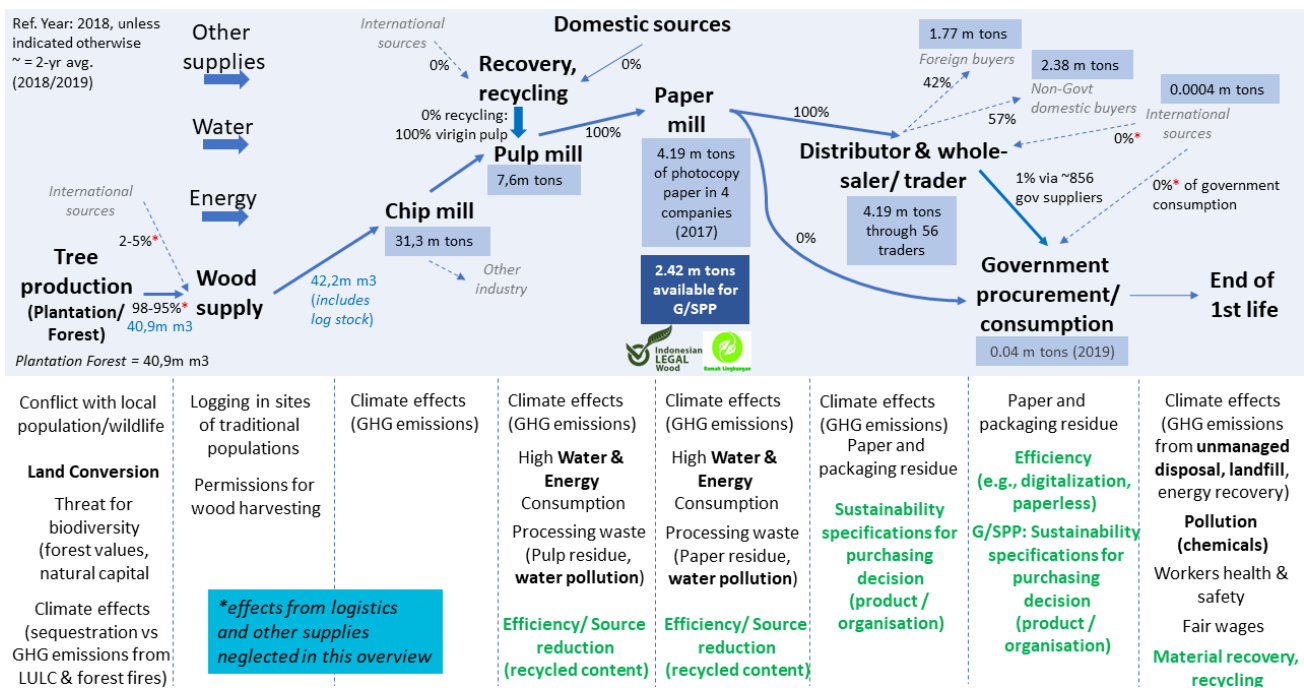
No activity, neither production nor consumption, is implemented without leaving a footprint. The Government of Indonesia aims to support Indonesia’s sustainable growth, and in this context, the government is committed to act as a credible, responsible consumer.

In addition to the stakeholder landscape and supply chain itself, the market readiness analysis mapped the environmental and social hotspots, and those highlighted in green, some mitigation methods, to determine which supply chain segments of which product groups and respective supplies have specifically high social and ecological risks. One of them being the specifications that buyers require from their suppliers, e.g., through G/SPP.

²⁶ No data has been obtained despite multiple data requests sent to PPHH as well as to the certification association *Forum Lembaga Penilaian dan Verifikasi Independen*.

(A) PHOTOCOPY PAPER

Figure 20: Environmental and social hotspots of photocopy paper production and consumption²⁷



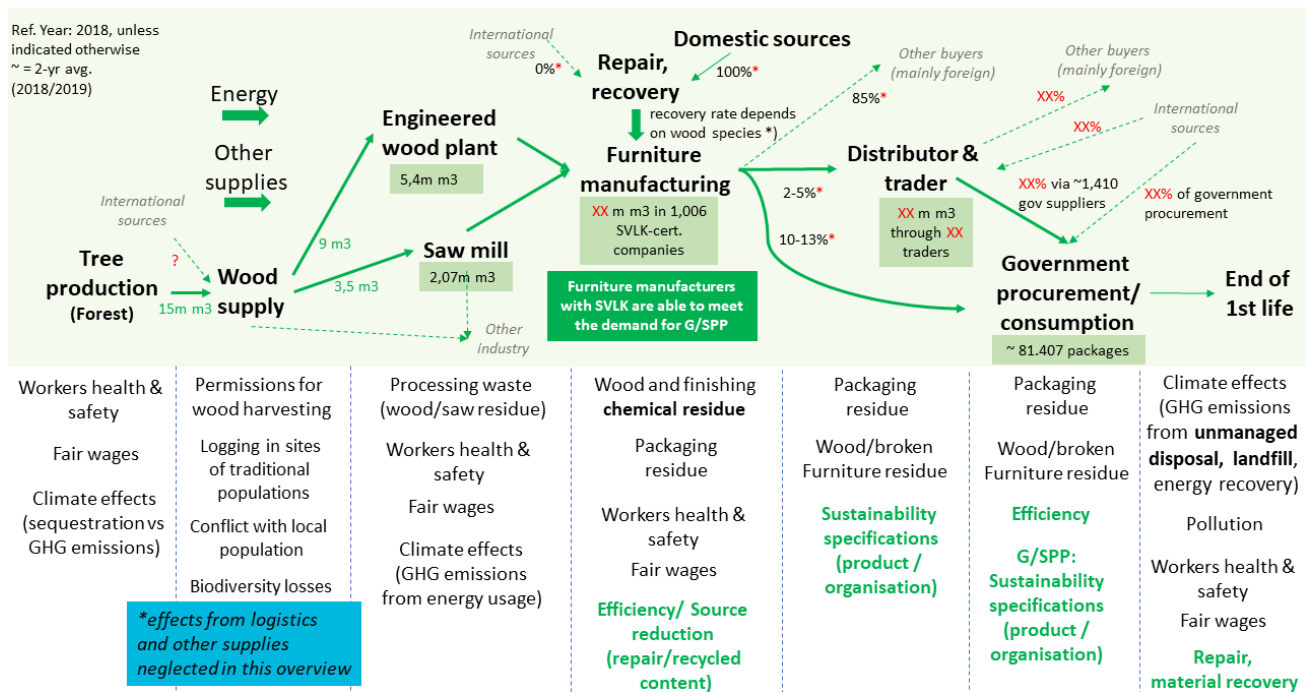
In the supply of photocopy paper, several threats are faced upstream, especially the land conversion threat and the connected threat for conflict with local population/wildlife and biodiversity as well as climate effects resulting from the land conversion and forest fires. At the level of pulp and paper manufacturers, environmental issues include the high consumption of water and energy, while the problem at the user side mainly comes down to product and packaging residue. All photocopy paper companies are both SLK verified and all their products carry the Ecolabel certification. Therefore, even if no specific specification is made, the product bought is according to the current GPP requirements.

(B) WOODEN FURNITURE

When it comes to the SVLK certification, some local producers have difficulties to comply with the basic criteria. It is perceived to be too expensive for SMEs (certification fee for six years instead of every three years, re-surveillance every two years, additional administrative cost). Overall, furniture producers are not all convinced of the SVLK standard (ASMINDO supports it, but HIMKI is hesitant for downstream processes), as it might increase their global competitiveness, but has not yet shown in increased export figures.

²⁷ Own illustration based on stakeholder interviews.

Figure 21: Environmental and social hotspots of wooden furniture production and consumption²⁸



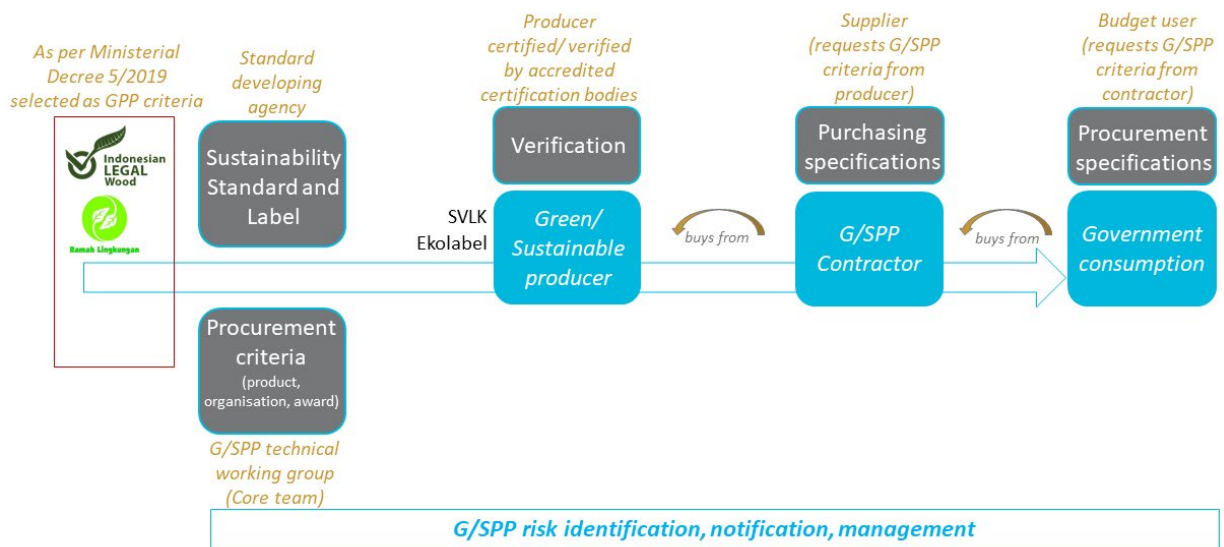
In the supply of wooden furniture, some of the major threats faced upstream also include conflicts with local communities around the forest area, but also work safety during the wood processing. The problem faced at the user level is product and packaging residue. With the required sustainability specifications, the government intends to create a market signal to increase the incentive for responsible and accountable businesses. This section seeks to start addressing the following questions:

- How can the government as a buyer be accountable, trustworthy and credible?
- How can the supply chain support the buyer with these qualities?
- What can we measure, track and trace comfortably?
- What can we say about the enforcement mechanisms, what can we say about the respective quality infrastructure in place?
- How can we jointly, in both supply chains, identify ways how to ensure the integrity of the products and G/SPP contractors and identify ways how to anticipate, identify/notify and manage risk for G/SPP?

Timber legality is an important aspect for the supply chains of both product groups.

²⁸ Own illustration based on stakeholder interviews.

Figure 22: Integrity mechanism: G/SPP risk identification, notification and management²⁹



Despite having been introduced as a requirement for "green" public procurement, the SVLK system effectively covers environmental, social and economic criteria. In below figure, the social and environmental compliance aspects are mapped by the respective stage of the supply chain that they cover (Figure 23).

Figure 23: Coverage of the G/SPP scheme for wooden furniture and photocopy paper³⁰

	Tree production	Chip mill / Saw Mill	Pulp mill	Paper mill / Furniture Mill	Distributor/ Trader	Consumer	End of 1st life / Recovery/ Recycling
 	PHPL License: Legal operation/license (AMDAL, UKL/UPL), OHS, employment legality, Flora & Fauna Management, Forest Protection, High Conservation Value (HCV), water & soil management, indigenous people management, conflict resolution management.	SLK License: Legal operation/license (AMDAL, UKL/UPL), OHS, employment legality					
				Timber legality, chemical usage, water and energy usage, white water recovery system, waste management, Environmental Management, Quality Management, Energy Management, chemical composition of product packaging			
Enforcement mechanism	3 rd Party Certification	3 rd Party Certification	3 rd Party Certification	3 rd Party Certification			

The financier of this study, the European Commission, advocates in favour of the timber legality as an essential part of sustainable development. For export-oriented industry, SVLK certification (which includes a timber legality certificate) is an important certificate to hold.

²⁹ Own illustration based on discussions with KLHK.

³⁰ Own illustration based on the analysis of the respective sustainability certification scheme.

3.4 Challenges to tackle for the operationalisation of G/SPP

This section discusses the aspects that are needed to operationalise and accelerate G/SPP, both from the budget user side as well as from industry side.

(A) SUPPLY OF “GREEN”/ “SUSTAINABLE” PRODUCTS (INDUSTRY SUPPLY)

The export business is profitable, but the industry perceives the intentions of “green”/“sustainable” government procurement as an interesting business segment and market opportunity. The industry is prepared and willing to supply to government: When it comes to photocopy paper, all producers are SVLK-certified from their raw material source (PHPL) to their paper mill (SLK) and carry the Ecolabel for all their products. In the field of wooden furniture, some eco-criteria (SVLK for SMEs) and general procurement requirements by government (furniture SNI for > IDR 200,000,000 tenders) are considered as unattractive/ burdensome, but several wooden furniture manufacturers are ready to supply SVLK-certified wooden products as long as they have access to clear product criteria and standards and are given clear guidelines for compliance.

Direct participation in auctions is troublesome for some producers (procurement packages include various types of goods, whereas they only produce one product category; many furniture producers avoid the lengthy process needed from design to final product).

Also, not all industry is familiar with the government procurement plan and the information sources. While the procurement plan can be found in the SIRUP system³¹, the system is mandatory³² but not well-enforced yet, and therefore not yet very complete. As per guidance, budget users must fill in their procurement plans for the upcoming year into SIRUP before the respective budget implementation. The budget then indicates an indicative ceiling level. However, for example for 2021, there are only around 30 entries so far.

(B) GOVERNMENT DEMAND (BUDGET USERS)

When it comes to the sustainable practices among government agencies (national, provincial, local levels), some have started implementing the “green office” (paperless, less plastics, less energy efficiency) and G/SPP elements (e.g., specifications from the domestic market/ local SMEs, use of Ecolabel-certified brands). Taking aside the few exceptions and the agencies currently involved in the piloting of G/SPP, the use of G/SPP criteria in the procurement process have not yet been applied consciously/with intention.

In fact, the majority of consulted budget users had not realized that the brands of copy paper they have used so far were products that meet both the ecolabel and SVLK criteria (Sinar Dunia, Paper One, etc.). Reasons for that include the perception that “sustainable” products are more expensive, and therefore these products would not win the award. Award decisions based on the “cheapest product” (lowest value) is considered easier than “value for money” (merit-based system).

Many budget users are not aware of any environment-friendly products and certifications for photocopy paper and wood furniture products. Or if they are aware, they find it difficult to apply this knowledge in the available procurement methods. The above showed that the available G/SPP legislative framework is not sufficient to operationalise the application of G/SPP. The Government of Indonesia is committed to sustainable

³¹ SIRUP website.

³² Peraturan Kepala LKPP number 7/2018.

development and becoming a responsible consumer to invest in desirable products/ markets. The application of G/SPP has been made mandatory for budget users, according to four regulatory references:

1. **Law 32/2009** about the Protection and Management of the Environment
2. **Government Regulation 46/2017** concerning Environmental Instruments
3. **Presidential Decree 16/2018** concerning Procurement of Government Goods/Services
4. **Attachment to the Ministerial Decree PerMen P5/2019** concerning Procedures for Implementing Environment-friendly Labels for the Procurement of Environment-friendly Goods and Services.

LKPP's **Circular Letter 16/2020** on the determination of green products to be used in the procurement of sustainable government goods/services procurement early this year (2020) was already based on this mandatory character of G/SPP. However, several budget users expressed their doubts whether the application of G/SPP was mandatory as per the legislative framework, or not. Therefore, developing guidelines for the available products must be a priority to unleash G/SPP.

4. MARKET READINESS

The following sections provide the conclusions on the actual readiness of the market (demand, supply) and recommendations on how to further operationalise and accelerate the implementation of G/SPP.

4.1 Conclusions

The above analysis can be synthesized with the following conclusions:

- Secondary data is scarce, scattered and difficult to obtain even in well-established industries.
- Photocopy paper: the industry is ready to supply Ecolabel-certified paper, and in reality, “green” public procurement is already practiced, even if the budget users do not actively apply the GPP criteria for the procurement.
- Wooden furniture industry shows a mixed opinion, but there are sufficient actors in the market that see sustainability certified government demand as a business opportunity and are ready to manufacture and supply such goods tailored to the specifications set by the budget users, with clear guidelines provided for compliance.
- The Government of Indonesia aims to support Indonesia’s sustainable growth, and in this context, the government is committed to act as a credible, responsible consumer. However, more substantial action is needed on the demand side, as sustainability criteria are not yet applied and need further facilitation, especially when it comes to wooden furniture.
- The application of G/SPP criteria in public procurement has mandatory character.

4.2 Recommendations on the operationalisation and acceleration of G/SPP

Based on the above findings, nine action areas to operationalise and accelerate G/SPP have been synthesized which will provide inputs to the future G/SPP Long-term Action Plan (LTAP).

INSTITUTIONAL CAPACITY BUILDING (DEMAND SIDE)

1. Increase the understanding at the budget user level, both at national and regional levels on environment-friendly products and practices, including the sustainability certification schemes that are available for the respective product group.
2. Provide the UKPBJs and budget users with updated information on any new products that enter the G/SPP system and any changes in the technical criteria. Once the microsite has been established to carry the updates and announcements on G/SPP (see above), UKPBJs and budget users can also click the automated notification button,
3. Clarify the legal framework of G/SPP to the UKPBJs (*Unit Kerja Pengadaan Barang/Jasa*) and budget users: Complement the G/SPP regulations with intensive communication and government-internal

information/update of budget users about the G/SPP regulatory framework and resulting opportunities to apply public procurement as an instrument to encourage desirable - sustainable - markets. In this context clarify any doubts about the mandatory or voluntary character of the current legislation. The budget users prefer a clear (mandatory) regulation, as it counters any accusation of discriminatory practices or fairness issues.

4. Furthermore, budget users could be facilitated with user-friendly tools and functions (such as applicable G/SPP guideline for different procurement methods, and/or a "green"/"sustainable" function in the e-catalogue).

COMMUNICATION AND DIALOGUE (SUPPLY SIDE)

1. Make sure that the SIRUP system is updated regularly. The SIRUP system (<https://sirup-lat.lkpp.go.id/sirup/pencarianctr/index>) provides information to the public about the government's procurement plans and the intended procurement specifications. The host of the system, LKPP, should make sure that the budget users of the respective national and sub-national public authorities fill in their intended procurement data on a regular and timely basis (minimum once per year, latest at the end of November - for the subsequent year).
2. In alignment with the KPPU requirements, it is advisable to continue with online announcements and surveys to formally avoid information asymmetry among industry. In addition to that, relevant industry representatives (leaders of industry associations, innovative and responsible pioneer businesses, and/or a selected group of current government suppliers) can be directly invited to the dialogue sessions.

In this context, it will be useful to establish a dedicated G/SPP newsletter to which interested companies can sign up, or to establish a microsite, on which any new G/SPP information can be announced by LKPP and KLHK; the site can offer the option for any user (industry, budget users as well as the general public) to receive the made announcements/web-articles in an automated way (i.e., through a notification button essentially turning into a newsletter), and can easily be integrated in existing websites ((e.g., Pustanlinghut, LKPP websites).³³ Additionally, once published, the link can be easily forwarded to specific industry networks (chambers, associations, forums) for wider dissemination across Indonesia.

3. Inform the industry timely on the government procurement plan and specifications. The government procurement plan and specifications are publicly available on the SIRUP system (<https://sirup-lat.lkpp.go.id/sirup/pencarianctr/index>), but the industry feedback shows that the awareness about this information source is low. Therefore, KLHK together with LKPP should make sure that this information source is promoted as source of information among the available industry networks (chambers, associations, forums). This can be done by website announcement but also by facilitating the information in dialogue events with the industry, offline (when possible) and online.

Timely market information is of especial importance in the case of wooden furniture, which produces on demand. If the government intends to procure from furniture producers directly, they need the

³³ Currently, announcements are made on the Pustanlinghut website, but the industry is not familiar yet with this form of communication. To increase the effectiveness of the online information (announcements, articles, surveys), the website (or ideally the proposed micro-site) on which such content is posted, should be made more well-known by using web-announcements more often and making it the "to go to page" for G/SPP information.

required product specifications prior to production. If the government intends to procure from distributors, it will be important to involve and prepare these distributors about the G/SPP LTAP.

4. In addition to the above, build active communication, supported by consultation platforms (e.g., KLHK Pustanlinghut's website, LKPP website),
 - a. at central level in form of continued and intensified dialogue between the technical working group for criteria development and the producers and suppliers of goods in order to prepare/refine any requirements for G/SPP; and
 - b. at local level, between the regional Goods / Services Procurement Unit (UKPBJ) – in support of the local budget users – and the local businesses (distributors, and, where locally available, the producers in the case of photocopy paper, or craftsmen in the case of wooden furniture).

For example, dialogue opportunities such as the interview sessions and the consultation workshops organised during this market readiness analysis were welcomed by industry and government players alike to express opinion and both gain and provide clarifications. The applied public-private dialogue sessions (e.g., the interview sessions and consultation workshops) have shown to be most effective and well-received by all stakeholders. Especially the domestic industry can be empowered by setting reasonable procurement specifications, ideally jointly, in a dialogue between government and the industry.

SUPPORT MECHANISMS FOR SMES

Support companies to obtain the SVLK certification (especially for SMEs). The Indonesian government has established service offers (technical and financial support, subsidizing the costs for SMEs), which can be accessed by SMEs that are interested in obtaining the required product certification required for G/SPP. The industry mentioned that such support is needed and would be well-received, especially in view of the COVID-19 recovery. To increase the industry's awareness about the already available support mechanisms, KLHK could increase the publicity of the available support options by announcing them on the website(s) (see above) and by disseminating the information through available industry networks (chambers, associations, forums), to increase the number of SMEs that can become suppliers of "green"/"sustainable" goods.

4.3 Recommendations on other sub-products to be included in G/SPP

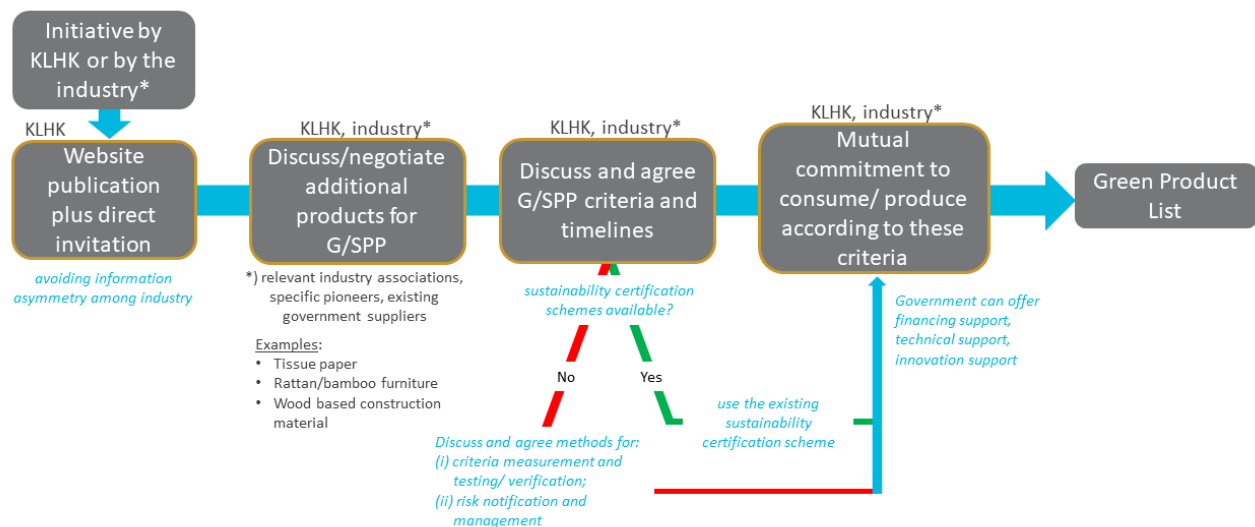
Group A: KLHK has already determined the product criteria for five product groups (as per Annex to the PerMen 5/2019). The emergence of these product criteria and the industry consultations that have taken place can be illustrated as follows (Figure 24):

Figure 24: Technical GPP criteria development – Group A³⁴



Group B: In the future, based on the discussions with both industry and government stakeholders, other sub-products can be included in the G/SPP. For those, the following process could be applied (Figure 25):

Figure 25: Technical G/SPP criteria development – Group B³⁵



Possible product groups that have been discussed with industry in the consultation workshops include the following (Figure 26):

³⁴ Own illustration based on discussions with KLHK.

³⁵ Own illustration based on discussions with KLHK.

Figure 26: Possible product groups for Group B³⁶

Possible product groups	Remarks and proposed timeline for their introduction
Paper industry	
Tissue paper	Can be supplied within the next 12 months; especially relevant for hygiene during the pandemic
Cardboard	Can be supplied within the next 12 months
Furniture industry	
Rattan/ bamboo furniture	To be investigated
Construction industry	
Rattan/bamboo construction material	Is already available, e.g., applied on Bali and Lombok
Wood-based construction material	To be investigated

4.4 Recommendations on G/SPP criteria and monitoring

MONITORING

1. Focus on implementation and communication (see 4.2 and 4.3): To increase awareness regarding the possible positive effect and of government consumption (G/SPP), it is important to start and accelerate implementation of G/SPP and to regularly communicate and publish announcements or web-articles on the dedicated microsites (see above).
2. Monitoring these efforts should therefore start very simple with:
 - Establishing the awareness about how many budget users actually procure with G/SPP criteria and how much is the proportion of G/SPP of the total annual spending (in value and volume). This information could be gathered from the UKPBJs and aggregated by LKPP through the SIRUP system, which includes the government procurement plan and specifications (see above).
 - Gathering the feedback on the benefits for domestic industry and SMEs: As a source of feedback, industry can be consulted on the benefits of G/SPP for their businesses either resulting from regular dialogue (see section 4.2) or by regular, simple, (online) surveys that can be launched on the same proposed microsite as any other announcement (see above)
3. At a later stage, more complex, perhaps impact-oriented monitoring can be introduced, but most important is the actual promotion and implementation of the G/SPP scheme as from now onwards. Then, respective monitoring indicators and methods of data collection and modeling should be defined. They could be linked, e.g., with the monitoring of GHG emission reductions and SDG achievement (indicator 12.7.1), which is the mandate of BAPPENAS.

³⁶ Own illustration based on stakeholder feedback.

G/SPP CRITERIA

The SPP road map foresees the development and introduction of environmental, social and economic criteria. For the addressed product groups, possible angles to include social and economic criteria are the following:

1. While the SVLK timber legality certification scheme was introduced by regulation under "Green" public procurement criteria, the scheme effectively covers environmental, social and economic criteria. Those could be taken as a starting point both for wooden furniture and for photocopy paper, as both product groups are based on wood supply (100% of the photocopy paper companies hold the SVLK-certificate and several wooden furniture businesses as well).
2. To make sure that all businesses, including smaller businesses, have equal opportunities to participate in procurement activities by government, an approach in stages could be helpful. The most pertinent aspects could be prioritized and included as a procurement requirement asking for a documentary proof to verify that the specific indicator/criterion is indeed met by the business. At a later stage, the complete set of certification criteria needed to obtain the label could be required, without the need to actually get certified. Companies holding the complete certification/label could receive additional award points in the procurement mechanism. LKPP can also apply long-term contracts for sustainability certified companies to incentivize compliance with the G/SPP criteria further.
3. Continued discussions on how to use all legal possibilities within the existing procurement law, for example making use of several procurement procedures (e.g., value system evaluation or contract performance clauses) can support this effort and is a process already started by the Ökoinstitut with the SPP Core Team.
4. In line with the Government of Indonesia's commitment to an increasingly regenerative (circular and efficient) economy and society, there is an opportunity to increase the ambition level of the product design, incl. reparability, disassemble ability in the case of furniture, or recycled content of the material of any procured product group. Currently, the photocopy paper industry uses 100% virgin fibres and the wooden furniture industry increasingly recycles wood in their new designs.

4.5 Other (e.g., procedural) recommendations and methodology

TIME

Respect of each other's time, as well as the assurance of "non-compliance research" (aggregating/anonymising data, Chatham House rules) are essential to transition from a transactional to a partner-based relationship between industry and public agencies.

1. Time is a big theme when it comes to trust building, including sufficient time to agree to meetings, circulate surveys or other consultation material and feedback opportunities are essential. Exercises like this market readiness analysis can increase the understanding among all stakeholders about what are the benefits of compiling, sharing (aggregated and anonymized) data and information.
2. When it comes to surveys, it is essential to prepare the surveys with sufficient time (3-4 weeks, including preparatory research) and to leave enough time for feedback (3-4 weeks), taking into account that industry associations themselves will need time to receive, circulate and aggregate any information among their members as well. When it comes to the surveys, it is recommendable to take enough time

to draft and simplify the survey questionnaires and then translate them into an electronic version, such as SurveyMonkey or Google form (user friendly, attractive to use, does simple analytics automatically). The survey design team needs to be mindful to ensure that the time effort needed to complete the survey does not take too much time (10-15 minutes).

DATA AVAILABILITY

Data availability is a challenge in Indonesia.

1. In the absence of concrete data, estimations by sector experts (in % or range) are a helpful additional information³⁷.
2. When it comes to utilising the LKPP datasets, it would be helpful for future data compilation and analysis if all budget users applied a standardised package name for the same product group. Further, the mostly used key words should be investigated before any data search is run, to avoid any key word related bias. An affordable and simple approach is to ask ten different budget users from different government levels (central, provincial, local) about their procurement habits and the key words they use.
3. It is advisable to undertake data robustness checks and sanity checks, for example (a) compare the actual procurement to the planned procurement, and (b) get estimations from several specific budget users to compare their estimates with the actual figures of the same agency/ authority.

³⁷ It is advised to triangulate those estimates, i.e. to get estimates from several sources and different focus group discussions.

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SIPLah website

SIRUP website

Primary and secondary data obtained by LKPP, ASMINDO, HIMKI, KLHK PPHH, and others.
Reference to relevant regulations is made directly in the text.

ANNEX

Annex 1 - Detailed data compilation plan

PART I: DATA SOURCES

Data sources to obtain answers to above questions include:

- **LKPP:** a detailed data compilation plan was shared and agreed with LKPP to get procurement data from SIRUP and e-PROC systems (historic data) and to discuss projections of procurement value/volume as well as the origin/size of paper/furniture suppliers. The data compilation formats are shared in part 2 of this Annex (below). Data cleansing and margin of error: Data cleansing will be an essential part of the data gathering element (e.g., correcting typos etc.). Errors/Bias could happen by over/under-reporting and by not capturing all packages which include photocopy paper and wooden furniture. For example: (i) As the budget name is often very generic, e.g., “school rehabilitation” which includes wooden furniture, the study might have not captured all relevant procured packages. (ii) Specifically, for paper, the item “ATK (*Alat Tulis Kantor*)” is sometimes used for smaller supplies (“ghost budget”), therefore, the ATK position could be over reporting. Projections for the future were triangulated (a) based on available historic data, (b) developing assumptions for population growth/efficiency, etc., (c) based on estimations from main budget users (see below).
- **Budget users:** consultations with budget users have been incorporated along the data gathering and analysis phase: The main budget users (XX largest in value/volume) per level (national, provincial, Kabupaten/Kota) were consulted to validate the chosen key words for each sector, to assess the Indonesian SPP practices in the two product groups, future demand, and the needs to successfully implement SPP now/in the future. Detailed questionnaires can be found part two of the same Annex (below). The survey was introduced by an online session and complemented with interviews of a small sample of budget users (national, Province, Kabupaten/Kota levels).
- **Industry:**
 - industry associations (APKI³⁸, ASMINDO/HIMKI³⁹): to get insights on current industry practices for domestic consumption and export business; they served as platform to disseminate the industry survey; how much % of the industry do the associations currently cover (in terms of numbers/revenue, supplied value/volume)?
 - recurrent suppliers: The contact details in SIRUP and e-PROC served to address the current major suppliers and to evaluate the gap to the desired sustainability criteria: How much of their supplies are certified? Which sustainability criteria are now possible to comply with, which ones are difficult, and why? Which requirements could be added to current contracts, or in the next round of procurement/tenders? Which sustainability criteria could be added in the medium term, in the long-term?

³⁸ **APKI** = *Asosiasi Pulp dan Kertas Indonesia* = Indonesian Pulp and Paper Industry Association

³⁹ **ASMINDO** = *Asosiasi Mebel Indonesia* = Indonesia Furniture Industry and Handicraft Association / **HIMKI** = *Himpunan Industri Mebel dan Kerajinan Indonesia* = Indonesian Furniture and Craft Industry Association

- Specific aspects to consider: In the paper industry, 100% of the trade is done by the distributors, which is why some of the information might be available through them only.
- Association of government supplies (ASPANJI - *Asosiasi Pengusaha Pengadaan Baran Dan Jasa Indonesia*) to reach out to their members
- relevant eco-labelled/SVLK certified companies: to which % they procure to the government; what are current sales channels; is procurement to government an option? Under which circumstances?
(via MoEF the Directorate Generals – mandated to oversee the Ekolabel, and Directorate General PPHH – mandated to oversee the SVLK scheme and maintains all SVLK certified furniture and paper industry data since 2009)
- Ministry for Cooperatives/SMEs and/or Ministry of Industry/KEMENPERIN⁴⁰ and possibly the Investment Board/BKPM - mandated with permit issuance for the secondary industry (furniture and paper): identify industrial roadmap(s) for the sectors (future development), to obtain data on the supply chains, stakeholder landscape, especially local level data on SMEs/distributors
- Public and private enforcement agencies and Ecolabel/ SVLK Certification Bodies in charge for auditing and enforcing environmental and social compliance by issuing sustainability certificates and licenses for the furniture and paper businesses. Detailed questionnaires to the various industry groups can be found part two of the same Annex (below).
- Also, it is important to inform Mol about G/SPP and that industry is willing to go for G/SPP and can see a value in it, and under which conditions.

PART II: DATA FORMATS

1. LKPP

Roughly, data needs:

- Sub-products:
 - Paper industry: (eco-labelled) photocopy paper
 - Furniture industry: (SVLK-certified) wooden furniture
- Historic data 2008-2019 for all procurement methods - focus for the historic data is on "realisasi" ("planned" is nice to have in addition)
 - Planned (can be interesting for comparison) – collect from Sirup
 - Realised (focus) – collect from all procurement method
- Future: Estimated trends/intentions for 2025/2030 of volume procured for
 - Photocopy paper

⁴⁰ KEMENPERIN = *Kementrian Perindustrian* = Ministry of Industry

- o Wooden furniture

(While we can make projections based on the historic data, ideally, we get hold of real planning data (if available), otherwise estimations on growth figures (%) or estimated procurement figures (value, volume) would be great. We need it for medium term (2025, if available: 2020-2025) to long-term (2030).

- Decide on possible approximations for the study where data is incomplete

Data, through LKPP sources:

1. Research/estimate a ballpark figure:

- a. annual photocopy paper procurement (reference year)
- b. annual wooden furniture procurement (reference year)

2. Get the exact **key words** for photocopy paper procurement, wooden furniture procurement (confirm with several typical budget users)

a. Examples:

photocopy paper procurement	wooden furniture procurement
<p>Key words</p> <ul style="list-style-type: none"> • alat tulis kantor (ATK) • perlengkapan kantor • kertas fotokopi • kertas HVS • kertas A4 • kertas F4 	<p>Key words</p> <ul style="list-style-type: none"> • Furniture kay • mebel kayu • kursi kayu • meja kayu • rak kayu • furniture kantor • meubel kantor • furniture sekolah • meubel sekolah • meubel • meubelair • furniture • meja • kursi • lemari

- b. Typical budget users (please confirm) for procuring photocopy paper and wooden furniture: Selection of budget users for each level to be decided based on the value/volume spent /procured. For a possible approximation: Who are the main budget users of Indonesian government procurement? How much volume in % each of them procures per year (estimation in %)?

	Examples
National level:	BAPPENAS, LKPP, MOEF, Kemendikbud
Provincial level:	BAPPEDA, Provincial BLP, Provincial DINAS LHK, Provincial DINAS Dikbud

Local level:	BAPPEDA, Kab/Kota BLP, Kab/Kota DINAS LHK, Kab/Kota DINAS Dikbud
Sub-local level:	School management (Sekolah Negeri SD, SMP, SMA dan universitas negeri)

3. Filtering all packages by the key words by year
(2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019)
4. Extract and convert the packages in product-related data by year
(2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019):
 - a. Procured package: planned/realised
 - b. Package volume → of which % paper/furniture
 - c. Package value → of which % paper/furniture
 - d. Contracted supplier
 - specify if supplier is small or large (“not small”) company
 - supplier contacts number
 - specify location (Kab/Kota and Province) of the supplier
5. Procurement trends / intentions (in %) for 2020-2025 and 2030 (and/or beyond)
 - a. Photocopy paper → of which % certified (ecolabel/SVLK)
 - b. Wooden furniture → of which % certified (ecolabel/SVLK)
 - c. Contracted supplier
 - of which % small
 - of which % from X location

Possible limitations and mitigation:

- SIRUP: started in 2015/2016 onwards
- SIRUP mandatory but has not been well enforced yet
- Ecolabel/SVLK information was just recently added to the system, so the data is not yet available
- Procurement Package name is too generic and not standardized across Indonesia (i.e., any budget user can choose a different name for the procurement package). For example, the keyword “office supplies” (*perlengkapan kantor*) in general includes different products i.e.: paper, ballpoint, glue, etc. Therefore, the right selection of key words is elementary for the success of this assignment, and a selection of budget users (different levels) need to validate the selection of “key words” for this study.
- Data needed from:
 - E-purchasing
 - Pengadaan Langsung (direct purchasing)
 - Penunjukan Langsung (direct appointment)
 - Tender Cepat (tender with VMS)
 - Tender
- A possible way to get hold of/ triangulate the planning data (for the trends) could be to track the information accessible through the SKPD/RKA of each DINAS, though this is cumbersome and should be the last resort. A survey will test the assumptions for the projections.
- Possible approximation?
- **Excel** file shared separately; name of the file: **20200814 Procurement Data Format (2008-2019, projections)**

2. Budget users – survey questions

Purpose of the survey:

Demand needs analysis of sustainable public procurement to inquire the consumption capacity of the government regarding the two pilot sectors and respective trends.

The demand/needs analysis serves the response of the following questions:

- How much copy paper/wooden furniture is currently procured, in which cycles (every XX month/years), and with which specifications?
- How much copy paper / wooden furniture do we need in the next 5 to 10 years?
- What are the specifications for “sustainable” copy paper/wooden furniture?
- How much of the product, would we like to procure “sustainably”?
- Will the need for the product continue in the same pattern, or do we expect that our demand will be dampened, e.g., by the repair of existing furniture/ by replacing the product in the future?
- For the future implementation of G/SPP, what do the budget users need to successfully implement a future long-term action plan (LTAP)?
- Who are the recurrent suppliers of photocopy paper/wooden furniture, and their contact details?

Detailed questionnaire:

(Send the questionnaire to the top XX spenders per each level (national, province, Kab/Kota, individual budget user⁴¹).)

PART 1: IDENTITY

Name of the institution:	
Level of the institution:	
Location of the institution (Kab/Kota)	
Province	

PART 2: KEY WORDS

- For the procurement of copypaper / wooden furniture, what are the standard procurement packages that you use in your institution? (Top 5; 5 being the most relevant; 0 = irrelevant)

photocopy paper procurement	wooden furniture procurement
Key words <ul style="list-style-type: none">• alat tulis kantor (ATK)• perlengkapan kantor• kertas fotokopi• kertas HVS• kertas A4• kertas F4	Key words <ul style="list-style-type: none">• Furniture kayu• meubel kayu• kursi kayu• meja kayu• rak kayu• furniture kantor• meubel kantor• furniture sekolah• meubel sekolah

⁴¹ Later, the survey was shared widely through the Secretary Daerah, no response rate.

	<ul style="list-style-type: none"> • meubel • meubelair • furniture • meja • kursi • lemari
--	---

Please write the names in below tables, including others____ (please write the names)

Top 5	photocopy paper procurement	wooden furniture procurement
5		
4		
3		
2		
1		
0		

- Which of the above key words do you utilise most often? (rate the top 3 from 1-3, 3 being the key word used most often, 0 in case all key words are used in equal frequency)

PART 3: QUESTIONS ON PAST/CURRENT CONSUMPTION PATTERNS

- How much wooden furniture/ coppedpaper do you procure in your institution annually? [In value (IDR, in volume (in m³ for furniture, in tons for coppedpaper) – if volume is not available: in quantities (i.e., units/pieces of furniture/coppedpaper)]

	photocopy paper procurement	wooden furniture procurement
IDR		
m ³ / tons		
units		

- Please indicate the frequency in which you procure (a) photocopy paper (b) wooden furniture, e.g., three times per year, or every three years.

photocopy paper procurement	wooden furniture procurement

- Could you kindly share a standard specification list for such procurement?

Planning data:

- How much of the above procurement is requested to hold a sustainability certification?

	% of the above total procurement
SVLK certified	
Ecolabel certified	
Different sustainability certification _____ (which one)	

Other "green"/" sustainable" product specification _____ (which one)

--

Realised data:

- How much of the actually procured amounts hold (a) SVLK certification (both), (b) ecolabel (realised data)?

SVLK certified
 Ecolabel certified
 Different sustainability certification _____ (which one)
 Other "green"/" sustainable" product specification _____ (which one)

% of the above total procurement

- What are the mostly used procurement method for the product categories in your institution?

(a) Copypaper

Procurement method (in %)	Reasons why this method
Tender	
Tender with VMS	
Direct Procurement	
Direct appointment	
E-procurement	

(b) Wooden furniture

Procurement method (in %)	Reasons why this method
Tender	
Tender with VMS	
Direct Procurement	
Direct appointment	
E-procurement	

- Who are the suppliers who most often get the award of your institution?

(a) Copypaper

(in %)	Distributor	Producer	Other (please name)
Small companies (up to IDR 500.000.000)			
Medium companies			

(from IDR 500 to IDR 10 billion)			
Large companies (over IDR 10 billion)			

(b) Wooden furniture

(in %)	Distributor	Producer	Other (please name)
Small companies (up to IDR 500.000.000)			
Medium companies (from IDR 500 to IDR 10 billion)			
Large companies (over IDR 10 billion)			

PART 4: QUESTIONS ON THE BUDGET USERS' NEEDS TO CONTINUE/START IMPLEMENTING G/SPP

Intro: It is the Government of Indonesia's intention to increase and accelerate the use of public procurement to stimulate green markets.

(A) General:

In case your institution has procured "green" products before, ...

- Which "green" products did you procure, how much of it (in value/volume/quantities)?

	"green" / "sustainable" products (please name them)		
	1:	2:	3:
IDR			
m ³ /tons			
units			

- What was your experience?

(Field for answers)

- What are your current key performance indicators for procurement?

(Field for answers)

- Are there any specific key performance indicators for procuring “green” (which are they)?

(Field for answers)

(B) Photocopy paper:

- What are your current Key performance indicators for procurement?

(Field for answers)

- What are the challenges when procuring the photocopy paper?

(Field for answers)

- If you have procured “green” photocopy paper, what was your experience?

(Field for answers)

- What is the Government of Indonesia’s definition of “green” photocopy paper?

(Field for answers)

- What do you need as a budget user to procure “greener” photocopy paper?

(Field for answers)

(C) Wooden furniture

- What are your current Key performance indicators for procurement?

(Field for answers)

- What are the challenges when procuring the wooden furniture product?

(Field for answers)

- If you have procured “green” wooden furniture, what was your experience?

(Field for answers)

- What is the Government of Indonesia’s definition of “green” wooden furniture?

(Field for answers)

- What do you need as a budget user to procure more “green” wooden furniture?

(Field for answers)

PART 5: TESTING ASSUMPTIONS FOR PROJECTIONS

- Will the need for the product (wooden furniture, photocopy paper) continue in the same pattern, or do you expect that your demand will be dampened, e.g., by the repair of existing furniture/ by replacing the product in the future, by going paperless in the future?

(a) Photocopy paper

Expectation of trend (threat/opportunity)	Reasons
1:	
2:	
3:	
*add as many rows as needed	

(b) Wooden furniture

Expectation of trend (threat/opportunity)	Reasons
1:	
2:	
3:	
*add as many rows as needed	

- How much copy paper / wooden furniture do you expect to need in the future?
 - This year (2020), how much copypaper/ wooden furniture (which items) are you going to procure (in pieces/quantity; in volume (if available, m3) and in value (IDR)?

2020	photocopy paper procurement	wooden furniture procurement
IDR		
m ³ / tons		
units		

- How much of it do you intend to procure with sustainability certification (planning data)?

(a) Photocopy paper

SVLK certified
 Ecolabel certified
 Different sustainability certification _____ (which one)
 Other "green"/" sustainable" product specification _____ (which one)

% of the total procurement

(b) Wooden furniture

SVLK certified
 Ecolabel certified
 Different sustainability certification _____ (which one)
 Other "green"/" sustainable" product specification _____ (which one)

% of the total procurement

- For the upcoming 5 years (2021, 2022, 2023, 2024, 2025) and for 2030 (if any outlook is available), how much wooden furniture are you going to procure (in pieces of items/quantity; in volume (if available, m3) and in value (IDR)?

2021	photocopy paper procurement	wooden furniture procurement
IDR		
m ³ / tons		
units		

2022	photocopy paper procurement	wooden furniture procurement
IDR		
m ³ / tons		
units		

2023	photocopy paper procurement	wooden furniture procurement
IDR		
m ³ / tons		
units		

2024	photocopy paper procurement	wooden furniture procurement
IDR		

m ³ / tons		
units		

2025	photocopy paper procurement	wooden furniture procurement
IDR		
m ³ / tons		
units		

2030	photocopy paper procurement	wooden furniture procurement
IDR		
m ³ / tons		
units		

- How much of it do you intend to procure with sustainability certification (planning data)?

(a) Photocopy paper

SVLK certified
 Ecolabel certified
 Different sustainability certification _____ (which one)
 Other "green"/" sustainable" product specification _____ (which one)

% of the total procurement by 2025	% of the total procurement by 2030

(b) Wooden furniture

SVLK certified
 Ecolabel certified
 Different sustainability certification _____ (which one)
 Other "green"/" sustainable" product specification _____ (which one)

% of the total procurement by 2025	% of the total procurement by 2030

PART 6: THANK YOU NOTE

Thank you very much for your participation.

Any last feedback or comment to our study team:

(Field for open feedback)

3. Industry – survey questionnaire

Survey with members of industry associations

- Survey with ecolabel/SVLK-certified companies
- Survey with current suppliers (from SIRUP/e-PROC and from ASPANJI⁴²)

Purpose of the survey:

Report on readiness of the industry to fulfil eco-labelled criteria for sub-products (Indonesia-wide, along the supply chain, differentiated by product/ sector and by company size). Supply data analysis serves the response of the following questions:

- What are the currently available products of photocopy paper and wooden furniture in Indonesia?
- What are competing alternatives to the products?
- What is the current production and how much “sustainable” paper/wooden furniture is sold to whom (government/private sector – domestic/foreign)?
- What are current suppliers and how sustainable are their products (how many of their supplied products are certified in %)? What are their options to move towards more sustainable production (requirements, changes in production line/supply chain)? How long would such adaptation need?
- What are possible future suppliers (“sustainable” actors that are currently not supplying the government). What are their options to move towards supplying the government? What are sustainability specifications from other (private) domestic and (public and private) international buyers re. “sustainability”?
- What are other “sustainable” (sub)products of the industry that can be supplied as well to government, and what are their sustainability specifications.

Survey target groups:

- Group A: Survey with members of industry associations
- Group B: Survey with ecolabel/SVLK-certified companies
- Group C: Survey with current government suppliers (from SIRUP/e-PROC and ASPANJI)

PART 1: IDENTITY

- Name of your company:
- Size of your company (based on Surat Izin Usaha Perdagangan (SIUP), provide a “X”)

	Small
	Medium
	Large

- Sector of the company (paper/furniture – multiple answers with “X” are possible)

⁴² Later in the study it was found out that ASPANJI was not operational any more.

	Photocopy paper supply chain
	Wooden furniture supply chain

- Stage in the supply chain (producer, agent⁴³, distributor⁴⁴, other = please specify):
- Location of the institution (please indicate both, Kabupaten/Kota and Province)

Kabupaten/Kota	
Province	

- Year of establishment:

PART 2: QUESTIONS ON SUPPLY (PRODUCTION/SALES) PATTERNS

Production:

1. If you are a producer, how much cypaper / wooden furniture do you currently produce annually? Please indicate your annual average of the past 6 years (2014-2019)⁴⁵ [in value (rupiah)/volume (kg for paper and m³ for wooden furniture) – if volume not available: quantities (unit numbers)]

	photocopy paper procurement	wooden furniture procurement
IDR		
m ³ / tons		
units		

If possible, kindly indicate the realised paper/furniture production in the past 6 years (2014-2019)?

Product	Years					
	2014	2015	2016	2017	2018	2019
Photocopy Paper (in tons)						
Wooden Furniture (in m ³)						

2. What is your annual production capacity based on your industrial license? [volume (kg for paper and m³ for wooden furniture) – if volume not available: quantities (unit numbers)]

	photocopy paper procurement	wooden furniture procurement
tons/ m ³		

3. How much of it is "sustainably" produced? (i.e., "green" product or "sustainable" product)? (in %)

⁴³ acting based on appointment from the principal company

⁴⁴ acting as individual trader

⁴⁵ Ideally 2009-2019

(a) Photocopy paper:

SVLK certified
 Ecolabel certified
 Different sustainability certification
 _____ (which one)
 Other reason why "green"/
 sustainable" product
 _____ (which one)

% of the total production	% of the total production capacity

(b) Wooden furniture:

SVLK certified
 Ecolabel certified
 Different sustainability certification
 _____ (which one)
 Other reason why "green"/
 sustainable" product
 _____ (which one)

% of the total production	% of the total production capacity

4. What certification schemes related to green / sustainable products has your company obtained? (i.e.: FSC, PEFC, SVLK, Ecolabel, etc). How long has your company obtained this certification

(Field for answers)

Sales:

5. How much copypaper / wooden furniture do you currently sell per year? Please indicate your annual average of the past 6 years (2014-2019)⁴⁶ [in value (rupiah)/volume (kg for paper and m³ for wooden furniture) – if volume not available: quantities (unit numbers)]

	photocopy paper procurement	wooden furniture procurement
IDR		
m ³ / tons		
units		

If possible, kindly indicate the total value and volume of sales of your photocopy paper / wooden furniture in the last 6 years (2014-2019):

⁴⁶ Ideally 2009-2019

Years	Product			
	Photocopy Paper		Wooden furniture	
	Value (in rupiah)	Weight (tonnes)	Value (in rupiah)	Volume (m ³)
2014				
2015				
2016				
2017				
2018				
2019				

6. If you are a distributor⁴⁷/agent⁴⁸: What is your (average) annual sales capacity? Please indicate your annual average sales capacity of the past 5 years (2014-2019)⁴⁹ [in value (rupiah)/volume (kg for paper and m³ for wooden furniture) – if volume not available: quantities (unit numbers)]

	photocopy paper procurement	wooden furniture procurement
IDR		
m ³ / tons		
units		

How much of it is “sustainably produced” (i.e., “green” product or “sustainable” product)? (in %)

SVLK certified
 Ecolabel certified
 Different sustainability certification
 _____ (which one)
 Other reason why “green”/” sustainable”
 product _____ (which one)

% of the total sales

7. Who is your main customer?

(in %)	Government	Business	Households	Domestic	Export Market
Photocopy paper					
Wooden furniture					

8. If Business to Business, who are your main clients (type, size)?

(a) Photocopy paper:

Types	In% of goods sold
Agent	
Distributor	
Wholesaler	
*add as many rows as needed	

⁴⁷ acting as individual trader

⁴⁸ acting based on appointment from the principal company

⁴⁹ Ideally 2009-2019

Size	In% of goods sold
Small	
Medium	
Large	

(b) Wooden furniture:

Types	In% of goods sold
Agent	
Distributor	
Wholesaler	
*add as many rows as needed	

Size	In% of goods sold
Small	
Medium	
Large	

9. How much is your market share of (“green”) photocopy paper, (“green”) wooden furniture?

(Field for answers)

10. Who are your main current suppliers? Please provide below answer in % of goods sold, as average over the past 6 years (2014-2019).

What company type is your current supplier?

(a) Photocopy paper:

Current supplier type	In% of goods sold
Plantation industry	
Private owned forest	
Import	
Trader	
*add as many rows as needed	

Size	In% of goods sold
Small	
Medium	
Large	

(b) Wooden furniture:

Current supplier type	In% of goods sold
Plantation industry	

Private owned forest	
Import	
Trader	
*add as many rows as needed	

Size:	In% of goods sold
Small	
Medium	
Large	

11. How "green"/" sustainable" are their products (how many of their supplied products are certified in ecolabel/SVLK/ other sustainability certification, in %)?

(a) Photocopy paper:

SVLK certified
 Ecolabel certified
 Different sustainability certification _____ (which one)
 Other reason why "green"/" sustainable" product _____ (which one)

% of the total goods sold	% of the total goods sold

(b) Wooden furniture:

SVLK certified
 Ecolabel certified
 Different sustainability certification _____ (which one)
 Other reason why "green"/" sustainable" product _____ (which one)

% of the total goods sold	% of the total goods sold

What are their options to move towards more sustainable production (requirements, changes in production line/supply chain)? How long would such adaptation need?

(Field for answers)

12. What are sustainability specifications from other (private) domestic and (public and private) international buyers re. "sustainability" of photocopy paper/ wooden furniture?\

(Field for answers)

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PART 3: (ONLY APPLICABLE FOR GROUP C) KEY WORDS

13. When you look out to supply to the government for (a) copypaper and/or (b) wooden furniture, what are the key words that you search for? (Top 5: 5 being the most relevant key word; 0 irrelevant)

photocopy paper procurement	wooden furniture procurement
<p>Key words</p> <ul style="list-style-type: none"> • alat tulis kantor (ATK) • perlengkapan kantor • kertas fotokopi • kertas HVS • kertas A4 • kertas F4 	<p>Key words</p> <ul style="list-style-type: none"> • Furniture kay • meubel kayu • kursi kayu • meja kayu • rak kayu • furniture kantor • meubel kantor • furniture sekolah • meubel sekolah • meubel • meubelair • furniture • meja • kursi • lemari

14. Please write the names in below tables, including others____ (please write the names)

Top 5	photocopy paper procurement	wooden furniture procurement
5		
4		
3		
2		
1		
0		

15. Which of the above key words do you see most often in government procurement? (rate the top 3 from 1-3, 3 being the key word used most often, 0 in case all key words are used in equal frequency)

Top 3	Top products
3	
2	
1	
0	

PART 4: THE COMPANIES' NEEDS TO CONTINUE OR START SUPPLYING IN LINE WITH THE GOVERNMENT SPECIFICATIONS

16. What are the challenges for a company to start and/or to continue supplying the paper / wooden furniture product to the government?

(Field for answers)

17. What are your options to move towards more sustainable production (requirements, changes in production line/supply chain)?

(Field for answers)

18. How long would such adaptation need?

(Field for answers)

19. What is the information needed from government or any other source to continue / start supplying "green" photocopy paper / wooden furniture to the government of Indonesia?

(Field for answers)

20. What are preconditions that need to hold true to continue / start supplying "green" photocopy paper / wooden furniture to the government of Indonesia? Examples: guideline on___ (please specify), regulation/ mandatory standard on___ (please specify), etc.

Preconditions	Reasons why
1:	
2:	
*add as many rows as needed	

21. What are the benefits that your companies see in government consultations regarding "green" procurement?

(Field for answers)

22. To be able to attend government consultations, what is your preferred modality? (please provide quantities/frequencies in the blanks)

- Online___% (which occasions?)

- Offline___% (which occasions?)
- How much of your time can you spare for such consultations: _____ mins every ____ month(s)
- Receiving the invitation _____ days in advance helps our company to prepare the meeting and make sure the right person can attend.

PART 5: HOTSPOTS IN THE INDUSTRY

23. What are the sustainability requirements defined by government to procure “sustainable” and/or “green” photocopy paper / wooden furniture?

(Field for answers)

24. Are you a holder of a sustainability certificate, if so, which one (for your company, for your photocopy paper, for your wooden furniture)? Kindly name the certificate and indicate what was the motivation / why did you chose to get your “green”/” sustainable” products certified?

Certificate	Reasons why
1:	
2:	
*add as many rows as needed	

25. What are the environmental (E), governance (G), social aspects (S) that cause most trouble when obtaining and maintaining the sustainability certification? And why?

Difficult E-S-G aspects	Reasons why
1:	
2:	
3:	
4:	
...	
*add as many rows as needed	

26. What challenges does your industry/supply chain face to meet the requirements for environmental and social management obligations?

Challenges	Possible solutions (suggestions)
1:	
2:	
3:	
4:	
...	
*add as many rows as needed	

27. What are possible threats to sustainability (social aspects, environmental aspects, governance aspects) you perceive caused by the production and/or consumption of photocopy paper / wooden furniture?

(Field for answers)

PART 6: TESTING ASSUMPTIONS FOR PROJECTIONS

28. What do you think about the government’s intention to buy more “green”/ “sustainable” products?

(Field for answers)

29. Is your company interested in supplying photocopy paper / wood furniture products to the government? Kindly indicate the quantities per year.

Photocopy paper (tons)	
Wooden furniture (in m ³)	

30. What are the challenges you perceive for your company if you want to become (or continue to be) a supplier of paper / wood furniture products (in the future “green”/ “sustainable”) to the government?

(Field for answers)

31. What are the most likely trends (threats, opportunities) that influence the future production /sales of photocopy paper and wooden furniture? Examples: substitution/competition by another product (which one?), less demand, etc.

(a) Photocopy paper

Trends	Reasons why
1:	
2:	
3:	
4:	
...	

(b) Wooden furniture

Trends	Reasons why
1:	
2:	
3:	
4:	
...	

32. What are competing alternatives to the products?

photocopy paper procurement	wooden furniture procurement
1:	1:
2:	2:
3:	3:

33. What are other “sustainable” (sub)products of your companies that can be supplied to government in the near future? Kindly add what is your company’s (or your buyers’) definition of this product’s sustainability specifications? (e.g., SVLK certified, Ecolabel certified, different sustainability certification (which one?), Other specifications of a “green”/” sustainable” product (which one?))

(a) Copypaper

Other “green”/” sustainable” paper product	Availability (now, future ____ (which year?))	How is it “green”/” sustainable”?
1:		
2:		
3:		
4:		
5:		

(b) Wooden furniture

Other “green”/” sustainable” furniture product	Availability (now, future ____ (which year?))	How is it “green”/” sustainable”?
1:		
2:		
3:		
4:		
5:		

Kindly indicate the volumes produced of those products in the past 6 years (2014-2019)?

Products (please specify)	Years					
	2014	2015	2016	2017	2018	2019
1:						
2:						
*add as many rows as needed						

PART 7: THANK YOU NOTE

Thank you very much for your participation.

Any last feedback or comment to our study team:

(Field for open feedback)

Annex 2 - Detailed list of meeting, consultations and focus group discussions

1. Kick Off meeting
2. #1 FGD with paper and furniture industry
3. #1 FGD with LKPP
4. Consultations with KPPU
5. Supply Chain Consultation meeting
6. Paper Industry Consultation meeting
7. Furniture Industry Consultation meeting
8. Recent government suppliers consultation meeting
9. National level budget user consultation meeting
10. Provincial level budget user consultation meeting
11. Regency/Kabupaten/Kota level budget user consultation meeting
12. Consultation Workshop #1
14. Consultation Workshop #2

In addition to the above formal meetings, several coordination and follow up discussions were organised to consult with the KLHK focal point and to discuss next steps. The Minutes of Meetings (MOMs) have been made available after each meeting and therefore are not attached to this Study.

Overview of six formal focus group discussions and two consultation meetings, as well as several formal meetings with selected stakeholders (BAPPENAS, KPPU, Ministry of Industry, Ministry of Cooperatives and Small and Medium Enterprises), etc.).

Event / date	Content of the event	Attendees
13.08.2020 1 st formal FGD Demand side	<ul style="list-style-type: none"> - Purpose of the study: Introduce the long-term intentions of the market readiness analysis (joint criteria) and assess what could be social/economic data which we could already include in the study - Data needs and compilation method - Data conversion (package to volume) 	KLHK, LKPP (sections in charge of the procurement methods e-catalogue, tender (with VMS), direct purchasing, direct appointment) Study team
13.08.2020 1 st formal FGD Supply side	<ul style="list-style-type: none"> - Purpose of the study: Introduce the long-term intentions of SPP - Detailed data compilation plan - Discuss the data needs for the market readiness analysis - Possible difficulties with the expected certification (ecolabel, SVLK) within the supply chain on environmental/ social/ economic sustainability 	KLHK ASMINDO APKI HIMKI Study team
24.08.2020	Prepare introduction letter for the survey	KLHK/ LKPP Study team
24.08.2020	Reviewing all procurement data that have been downloaded from LKPP system information	LKPP / KLHK Study Team

25.08.2020	Meeting with KPPU to inquire any specific advice on how to organise the survey, the focus group discussions and future industry consultations	KPPU Study team
20.09.2020	Select <ul style="list-style-type: none"> - budget users based on e-PROC/SIRUP data - survey channels to reach industry groupings (KLHK website and forwarding with formal letter to main stakeholders for dissemination to their members) 	KLHK LKPP Study team
20.09.2020	Industry associations and Ditjen PHPL - KLHK send available secondary data	KLHK Industry associations
24.09.2020 (tentatively) 2 nd FGD demand data	<u>Start of survey</u> : Introduction and discussion of the survey questions to selected budget users (testing of questions)	Selected budget users KLHK, LKPP
11.09.2020 (tentatively)	<u>Start of survey</u> : Offer to introduce and discuss the survey questions with selected participants and multipliers	Selection from relevant individual players from the industry KLHK, LKPP
24.09.2020	Receiving latest survey feedback	Survey participants
25.09.- 10.10.2020	Data entry and data cleansing, Identification of unclear responses, synthesis of findings	Study team
08.10.2020 (tentatively) 3 rd FGD demand data	Discussion of any survey responses with selected participants and multipliers from industry (clarification of unclear responses)	Selected budget users KLHK, LKPP
08.10.2020 (tentatively) 3 rd FGD supply data	Discussion of any survey responses with selected participants and multipliers from industry (clarification of unclear responses)	relevant individual players from the industry KLHK, LKPP
12.10.2020	Finalise presentation deck for validation of findings, including the mapping of the supply chain hot spots	Study team
20.10.2020 Online consultation to validate the draft findings / 1 st Consultation workshop with the industry	Findings of supply <u>and</u> demand data. Validation session of the findings, which introduces 1 week of possible stakeholder feedback. max. 2.5 hours.	KLHK, LKPP Industry representatives Enforcement agencies Others (e.g., MoI)
15.11.2020	Finalise the presentation deck for the validation of the recommendations	Study team
17.11.2020 Online consultation to validate the draft recommendations / 2 nd Consultation	Submission of draft report. Validation session of the recommendations for a LTAP (process/content), which introduces 1 week of possible stakeholder feedback	KLHK, LKPP Industry Representatives and others as per first Consultation Workshop

workshop with industry		
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