



Helveta awarded contract for EC-Indonesia FLEGT Support Project to help combat illegal logging

Jakarta & London, United Kingdom, June 2nd 2008: Helveta, the developer of the CI World™ software that is used to manage and track timber assets as they move along the supply chain, has been awarded the contract for the EC- Indonesia FLEGT (Forest Law Enforcement Governance & Trade) Support Project. Through the FLEGT Support project the EU (European Union) aims to develop and implement measures to address illegal logging and related trade. Measures proposed by the EC (European Commission) include support for improved governance in wood producing countries and voluntary partnerships between the EU and wood producing countries to ensure that only legally sourced timber enters the EU.

Indonesia decided to implement FLEGT after it was discovered that illegal logging costs the country approximately \$3.3 billion a year in legal revenue that it would otherwise have gained. Further to a tendering process last year and a review of available technologies and expertise, Helveta has been contracted to design an on-line tracking system based on the existing Indonesian legal framework on timber administration. In order to meet the specific needs of the Government of Indonesia, Helveta is tailoring its CI World™ interface. Helveta has a recognised track record in implementing tracking systems, following a successful deployment in Liberia.

Figures from the Indonesian Ministry of Forestry (MoF) show that forest degradation increased from an average of 1.9 million ha/year during the period 1985-1997 to an average of 2.8 million ha/year from 1997-2000. The latest unpublished figures from MoF indicate the rate of forest degradation is continuing today at a high level of more than 1 million ha/year. The European Union is implementing the EU FLEGT Action Plan, which aims to reduce the trade in timber and some related products from illegal sources. At the centre of the Action Plan is a system of Voluntary Partnership Agreements (VPA). On January 8th 2007 VPA negotiations began between the EU and Indonesia. These negotiations are currently ongoing and one of the items being discussed is the establishment of a Timber Legality Assurance System based on certain principles including the traceability of timber products.

As the EU FLEGT process gains momentum globally, the Indonesia-EC FLEGT Support Project has delivered two important global firsts:

- Among the various VPA initiatives worldwide, the Indonesian team is the first to start deployment of a technology based Timber Legality Assurance System ; and

- For the first time, Indonesia's Legality Assurance Standard has been codified into a set of software based algorithms that can automatically validate timber data for its compliance with Indonesian forest law.

Using Helveta's customized design; key stakeholders will be able to monitor the wood supply chain online in order to reduce the volume of unknown sources. The Helveta interface is also designed to integrate data from four different existing MOF information databases providing data on the administration of forest products, forest concessions, forest industries, and forest levies/reforestation funds. The goal of this integration is to provide a fully integrated supply chain information management system for the whole of Indonesia, all the way from source to export. Additionally, Helveta's interface and associated database can integrate data from the Timber Traceability System launched by the Directorate of Forestry Levies and Distribution of Forest Products, Ministry of Forestry, which captures basic harvesting data only.

The Online Integrated Information System for Wood Legality, as the project is known, will provide an end to end solution to the Indonesian government to monitor wood flows from the standing tree in the forest, through processing mills, and to export gates. Helveta's bespoke software, based on the CI World™ platform will serve as the umbrella management information system to the existing databases, as well as provide complete wood flow traceability.

The project will be implemented with the leadership of the Indonesian Ministry of Forests and the EC-Indonesia FLEGT Support Project.

Pak Ratman Tasmin, Director of the EC-Indonesia FLEGT Support Project, said: "We hope this project will result in better control over the supply chain for wood products in Indonesia. If successfully implemented, the Government of Indonesia will be able to trace back timber products to the forest areas where the logs were harvested and ensure that no illegally harvested logs can enter the supply chain. The system will also make it easy for the Government of Indonesia to check that all taxes have been paid for harvested logs."

Patrick Newton, CEO of Helveta, commented: "It's encouraging to see the world-leading steps taken by the EC-Indonesia FLEGT Support Project with this contract deployment. This deployment in Indonesia builds on the success and flexibility of Helveta's platform in supporting intergovernmental technology initiatives designed to provide forest products traceability in locations such as Liberia, Cameroon and Bolivia and is a testament to the global trend in addressing forest governance through the use of state-of-the-art technology."

- END -

For further information, please contact:

Emma Cross – t: +44 1296 394614 e: emma@raniericoms.com

About Helveta

Helveta was incorporated in 2004 and is the developer of the CI World™ software platform. CI World is a unique technology providing fully auditable traceability and chain of custody control for extended supply chains in the Timber and Food production sectors. CI World and its components have won a number of awards as innovative technologies for the timber sector. Helveta is privately held.

About EC-Indonesia FLEGT Support Project

The EC- Indonesia FLEGT Support Project is a cooperation project between the Government of Indonesia and the European Union with the objective to promote the role of forests in the sustainable and equitable development of Indonesia.

The Project will assist the Government of Indonesia, civil society and the timber industry to achieve sustainable forest management through a program of capacity building, awareness raising, governance reform and timber legality certification. The Project will operate at central, provincial, district and community levels. This will meet the overall objective to promote the role of forests in the sustainable development of Indonesia. http://www.eu-flegt.org/aboutus_detail.php?pkid=7