

THE FIFTH MEETING OF TERPERCAYA ADVISOR COMMITTEE (PHASE 2)

Minutes of Meeting

Date:	Wednesday, March 10, 2021
Time:	01.00-02.30 PM
Place:	Online (Via Zoom)
Moderator:	Josi Khatarina
Participants:	Golden Agri Resources (GAR), SMART Tbk, ICRAF, KEHATI, USAID, MoEF (PDLKWS), Representative of Embassy of Denmark, Inisiatif Dagang Hijau (Sustainable Trade Initiative), TRASE, CDP, Representative of Embassy of the Netherlands, Asian Agri, EU Delegation Thailand, AMAN, JPIK, Ministry of Agriculture, Lingkar Temu Kabupaten Lestari (LTKL), EFI-KAMI, European Business Chambers of Commerce in Indonesia, Ministry of Trade

Agenda

1. Transition from Terpercaya to KAMI
2. Input on Advisory Committee's future role, including in the KAMI program.

I. Opening and Presentation

- The meeting was opened and chaired by Dr. Jarot Indarto (Directorate of Food and Agriculture, Bappenas, representing the Director of Food and Agriculture of Bappenas). He conveyed several points as follows:
 - a. Through Terpercaya, collaborative efforts between stakeholders in the agriculture sector have been cultivated in achieving progress towards sustainable palm oil production. Terpercaya indicator data trials have been conducted in several regions, to further strengthen district level sustainability tracking.
 - b. The Terpercaya collaboration, involving the government at the national level, CSOs and research groups, as well as local government and institutions at the subnational level, including the Ombudsman, will be continued with support from the EU-funded KAMI (Keberlanjutan Sawit Malaysia dan Indonesia) project. KAMI is expected to support development and/or revision of sustainability indicators to meet with relevant requirements regarding sustainable commodity production and trade.
 - c. Terpercaya and KAMI will be integrated into planning and budgeting for 2022, at least into the Special Allocation Fund (DAK) incentive scheme to support the plantation sub-sector.
 - d. Bappenas believes that Terpercaya can play a broader role as a means of communication between parties. The Terpercaya data platform can also be used more widely. In the future, it is expected that Terpercaya can be improved and adopted in the policymaking process, both at technical and macro levels.

- Message from Matej Dornik (EU Foreign Policy Instruments Regional Team, Bangkok)
 - a. KAMI is developed to support policy dialogue between palm oil supply chain actors, and the European Union (EU), Indonesia, and Malaysia in particular, on the sustainability of the palm oil. By gaining further understanding at the technical level the objective is to facilitate progress of discussions on sustainable palm oil at the political level. In the long term, the hope is to build mutual trust and understanding between stakeholders in the European Union (EU), Indonesia, and Malaysia. KAMI will be developed based on lessons learned from Terpercaya.
 - b. The policy framework related to deforestation being discussed in the EU has the objective of minimizing the global EU contribution to deforestation and forest degradation. The policy dialogue to achieve the objective will continue in the coming months.

- The Secretary of the Directorate General of Plantation (Dr. Antarjo Dikin) conveyed the following remarks: KAMI is very important in building trilateral communication for sustainable palm oil between EU, Indonesia and Malaysia. In developing the framework for sustainability, it is necessary to ensure that all activities are transparent and involve relevant stakeholders as each country has different standards and policies on sustainability. The targets of DG Plantation include traceability, to ensure that all products produced from certified commodities can be traced to the smallholder level, as instructed by the President. Furthermore, what needs to be confirmed is the EU's acceptance and expectations regarding the monitoring and evaluation system that will be built.

- A presentation from the Terpercaya Secretariat (Inobu) conveyed the following:
 - a. Terpercaya data platform development:
 - Inputs for platform development have been received through previous Advisory Committee meetings and direct interviews with Advisory Committee members and other stakeholders. Improvement based on inputs received will be completed prior to handover of the data platform to Bappenas. However, there are several things that will be continued under the KAMI program, including development of features related to traceability, district indexing/ranking, and strengthening data 'storytelling';
 - Data platform development can be monitored by checking using the weblink provided;
 - National level guidelines submitted to Bappenas contain information on indicators, methods, and metadata. In principle, all information contained in the guidelines has been summarised in the platform. Thus, those who want to understand the substance better may visit the Terpercaya platform;
 - Draft of Data Sharing SOP (data sharing protocol) has been submitted to Bappenas.

- b. Outcome on Terpercaya's value proposition study.
- A presentation from the KAMI Project Manager conveyed the following information:
 - a. The KAMI program was initiated in 2020 and the first Indonesia Strategic Country Board (SCB) meeting was held in January 2021. Terpercaya has been supported through three funding phases since 2017, first the EU Partnership Instrument, then by the EU REDD Facility and beginning in Q2, KAMI will begin to provide support. KAMI is funded by EU Service for Foreign Policy Instruments and will run for three years.
 - b. The objective of KAMI is to support policy and technical dialogue related to sustainable palm oil both at the national level and international level and to promote the EU partnership with Indonesia and Malaysia. Drawing on experience from Terpercaya in Indonesia and based on the same principles, Malaysia will hopefully be able to develop a similar system. Success stories and progress made towards sustainability by jurisdictions in Indonesia and Malaysia could be communicated to wide audiences with support from KAMI to strengthen and reinforce supply chains for sustainable palm oil.
 - c. Outcomes expected from KAMI include the following:
 - Strengthening dialogue between the EU and Indonesia and Malaysia as well as relevant ASEAN members on sustainable palm oil;
 - Providing technical assistance in implementing inclusive sustainability monitoring and traceability, at scale. The major part is the process of developing Sustainable Performance Indicators and Verifiers (SPIV), which take into account EU policy expected to be announced in Q2 2021;
 - Communicating and disseminating mutually agreed objective information to support political dialogue and project results.
 - d. KAMI is implemented by EFI with funding amounting to €4.5 million and the project implementation period is three years. Partners involved in the project include the Ministry of Plantation Industry and Commodities (MPIC) in Malaysia, Bappenas in Indonesia, and Inobu and CIFOR-ICRAF and others will be engaged as service providers;
 - e. The main activities that will be implemented under KAMI include establishment and support of policy platform/s, reviewing the role and function of the Terpercaya Advisory Committee (AC) and preparing for development of Sustainability Performance Indicators and Verifiers (SPIV) aligned with the new EU deforestation policy. The Terpercaya AC could potentially provide advice on the implementation of SPIV to help align with domestic legal frameworks and available data sources.
 - f. Apart from building on Terpercaya experiences and lessons learned, KAMI will support a study to help ensure that indicators complement existing sustainability systems such as ISPO and RSPO. Furthermore, after the indicators are developed, KAMI will support data collection similar to what Inobu and partners have done in Indonesia for Terpercaya;

- g. The idea is not only to establish a system that can demonstrate where progress has been made but also to determine what kind of support has been effective in helping districts to transition to sustainability. In this context, guidance to support the transition to sustainability will be developed with assistance from CIFOR-ICRAF researchers who will undertake a review to determine the most promising incentives and actions to support transitions to sustainability in Indonesia and Malaysia;
- h. KAMI will also support palm oil supply chain traceability and sustainable sourcing efforts. In the initial stages this will involve a study to determine what information is needed to establish a deforestation-free supply chain, e.g. how this can be defined in practice, who is responsible, what claims a jurisdiction can make, and how these claims can be verified;
- i. Overall, the development of SPIV will be based on several considerations such as the EU policy announcement and the definition of a deforestation free commodities, domestic regulatory frameworks, SDGs and data availability. Lessons from Terpercaya will also be considered.
- j. Initial studies will be carried out on the legal framework related to palm oil production Malaysia, and availability of data, both of which have already been done in Indonesia in relation to Terpercaya indicators. CIFOR will conduct assessments on current sustainability certifications and support for jurisdictional sustainability transitions.
- k. KAMI is governed through the Strategic Country Boards (SCBs) for Indonesia and for Malaysia. The Indonesia SCB involves five EU services, and five Indonesian ministries with EFI acting as secretariat. The main function of the SCB is to provide strategic guidance and develop and agree annual work plans. The work plan is implemented by EFI following agreement with the Administrative Project Committee (EU FPI and EFI). SCB meetings are planned twice a year with discussion topics based on mutual agreement.

II. Discussion and Input

Discussion on the AC's Role

1. The representative from Inobu delivered the results of a survey of stakeholders on the role of the AC. Two general views emerged:
 - First, if Terpercaya AC would contribute to any binding agreement, especially in the form of a regulation, the AC will act as a body for consultation and decision making and would consider specific agendas based on consultation results. In this case, AC meetings could be held every 3- 4 months.
 - Second, if Terpercaya AC would act as a body for advising on the implementation of KAMI, it will be sufficient to continue as now with a focus on implementation of specific programmes such as KAMI, instead of on the Jurisdictional Approach in Indonesia general.
2. Representatives from GAR and SMART Tbk conveyed that there was uncertainty regarding the form of consultation between Indonesia and the EU. The impression is

that KAMI is only intended to implement EU decisions and if true there is a lost opportunity from not providing inputs before the policy is decided in Q2. It is expected that there will be a virtual forum that will allow Indonesia to have direct discussions on matters related to palm oil. If this is included in the scope of KAMI or Terpercaya AC work, then it will be interesting to discuss the role of Terpercaya AC. However, if it is solely so that AC members have better understanding on what the EU will do, it is less imperative to answer questions regarding the role of Terpercaya AC;

3. The representative from Kehati stated that discussion of Terpercaya AC roles should be based on the needs of the government to support sustainability. This is in line with statements from GAR and SMART representatives, which question whether the government needs an additional role from Terpercaya AC. Based on various bilateral projects, there are two lessons for KAMI. First, to establish communication with Indonesia and Malaysia governments, one has to ensure mutual trust and respect because it is related to policy dialogue to ensure mutual benefits. Second, to build mutual understanding, trust and consensus regarding roles and responsibilities between EU, Indonesia and Malaysia and agreement on other aspects such as data and traceability.
4. The representative from the Secretariat of DG Plantation said that the objectives of KAMI programme must be clear and understood by all stakeholders. Therefore, in each phase of the project, they should invite stakeholders to understand what has been done and to provide input. The Coordinating Ministry of Economic Affairs (Kemenkoeko) and the Council of Palm Oil Producing Countries (CPOPC) are also promoting discussion on palm oil sustainability among other key partners, and KAMI can therefore be presented to both Kemenkoeko and CPOPC.
5. The responses from the EFI representative were as follows:
 - a. Responding to GAR and SMART Tbk representatives. EFI does not represent EU position. We understand that there has been and will be input from Indonesia representatives to the EU policy process, and KAMI aims to support dialogue between EU, Indonesia, and Malaysia. Regarding the development of SPIV, once the EU policy is announced, discussions will be held regarding various responses that need to be taken. In addition, there will be opportunities at the meeting to discuss various policies and responses that will involve representatives from Indonesia.
 - b. Responding to the Kehati representative. Bappenas has presented ideas on future potential roles for Terpercaya, and EFI does not need to speak on their behalf but welcomes discussion of future potential roles of Terpercaya and sources of support. Communication between Indonesia and Malaysia is something that can no doubt be facilitated through many channels and KAMI can also help facilitate connections if necessary. The aims of KAMI and of Terpercaya have always been to support mutual benefits from sustainability of commodity production and KAMI reflects the long-standing ethos of building trust and respecting existing norms and approaches. There have been frequent discussions regarding the use of Terpercaya indicators at the national level and

how AC can support this and its utilization in relation to the international/domestic market, its relationship with SDGs, etc. KAMI will also provide support for engagement and information exchange and discussion between EU, Indonesia, and Malaysia. Thus, it is expected that mutual understanding will emerge so that mutual benefits can be achieved;

- c. Responding to the Secretariat General of Plantation representative. The objective of KAMI is to reinforce EU-Indonesia and EU-Malaysia dialogue on the sustainable palm oil and through such dialogue it is expected that the parties will define further objectives. The role of KAMI is to facilitate dialogue and contribute technical inputs and share objective information on palm oil sustainability. Requests for discussion with EU can be conveyed to EU representatives. EFI would be available to present KAMI to Kemenkoekoko and this request will also be relayed to EU representatives.

Discussion About the Platform

6. The representative from LTKL asked about linking the Terpercaya platform to market functions and whether it would only be for the EU market or if there would be links to other incentives, given that there are already many platforms with similar functions. Also, has there been a regional incentive scenario developed related to the use of the Terpercaya platform?;
7. The EFI representative responded, by saying that since Terpercaya district sustainability indicators were developed with consideration for Indonesian legal frameworks, the indicators could be used for multiple purposes but there has also been attention to EU markets. Traceability systems supported in the early phase of Terpercaya looked at all export destinations and there is currently a plan to assess traceability needs relevant for KAMI support. The needs in relation to EU markets will form part of this. Incentive models have been discussed by Bappenas and Bappenas can comment further. Under Terpercaya, market-based incentive was seen as a stimulus for jurisdictions to accelerate transitions to sustainability in relation to the production and trade of palm oil.
8. The representative from Bappenas conveyed a response regarding the regional incentive model. In the future, Terpercaya indicators will be used to evaluate subnational government commitment to sustainability, which is one of the criteria to allocate fiscal incentives. For example, a Local Government Regulation on Land for Sustainable Food and Agriculture (Perda LP2B) has been used as a consideration to allocate special allocation fund (DAK). Districts that issued LP2B are considered highly committed to support and maintain the sustainability of agriculture areas. Similarly, through Terpercaya, district commitment could be measured and those committed to sustainability principles, based on the Terpercaya indicators, could be prioritised in receiving DAK for agriculture.

II. Conclusion and Follow-up Plans

- **Closing.** The representative from the Secretariat of DG of Plantation said that the discussion represents shared aspirations on Terpercaya that can be followed up

so that the programme can provide a reflection of commitment to sustainable plantation development in Indonesia. Local governments and heads of local agencies need to be made aware of and understand what has been discussed and should provide follow-up commitments so that potential future trade barriers can be removed. For Bappenas, this presents a challenge for better planning;

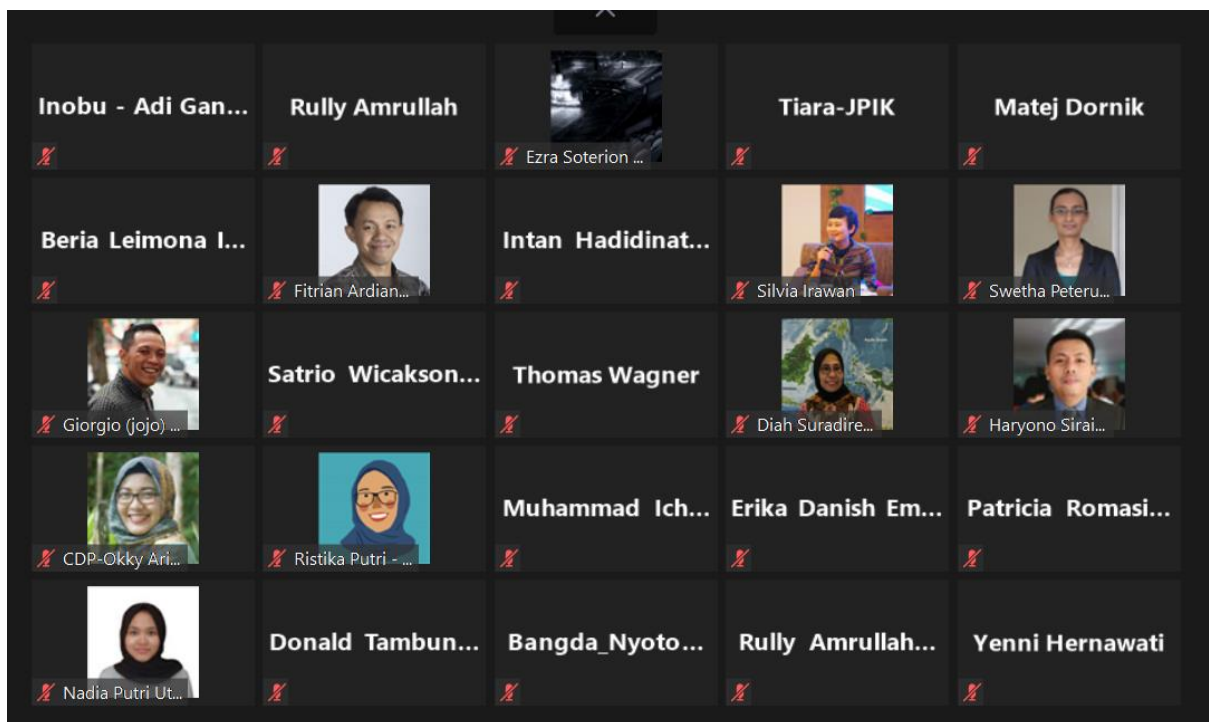
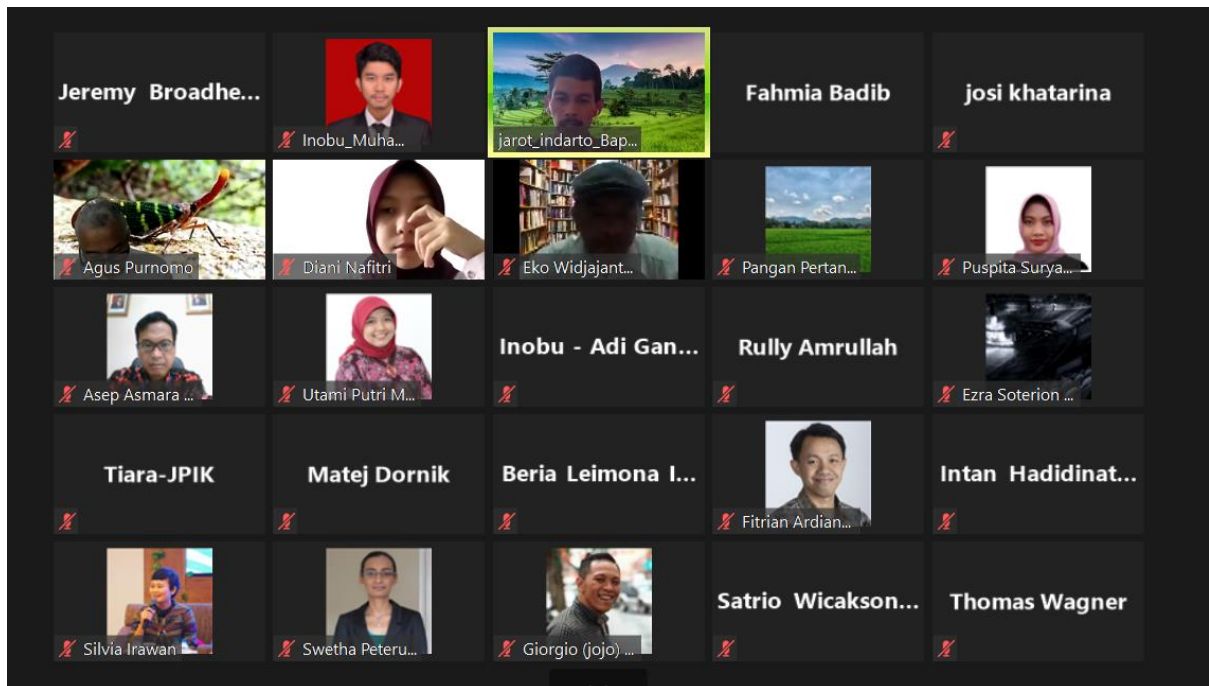
- Terpercaya results at the national level will be piloted for use in fiscal policy. In this context, it is necessary to review the data and methods used to ensure positive impacts. In addition, at the national level, the results are expected to help achieve agreement between jurisdictions in the context of palm oil commodities.
- **Follow up plan.** Based on the discussion and input from the Terpercaya Advisory Committee, the secretariat was asked to continue to disseminate programme updates and information on progress to the subnational governments through a transparent process.

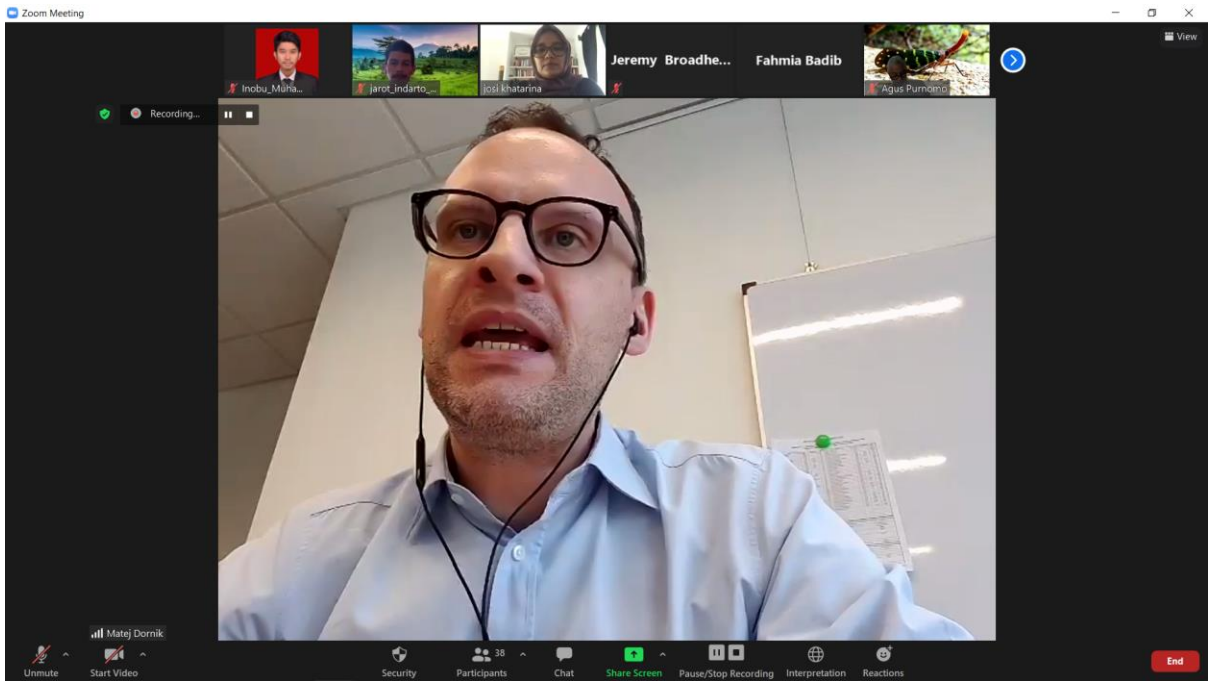
Attachment I. List of participants

Full name	Institution	Title
Adi Gangga	Yayasan Inobu	Researcher
Agus Purnomo	Golden Agri Resources dan SMART TBk	MD Sustainability
Antarjo Dikin	Ministry of Agriculture	Secretary of Directorate General of Estate Crops
Asep Asmara	Ministry of Trade	Director
Beria Leimona	World Agroforestry ICRAF	
Diah Suradiredja	KEHATI	
Diani Nafitri	Yayasan Inobu	
Donal Tambunan	USAID	
Drs. Nyoto Suwignyo, MM	DG Regional Development MoHA	PEIPD Director
Dyah Sudihastuti	Ministry of National Development Planning/BAPPENAS	
Eko Widjajanto	Directorate PDLKWS, DG PKTL, MoEF	Head of Section
Erika Torres Luquin	Danish Embassy	
Ezra Soterion Nugroho	Yayasan Inobu	
Fitrian Ardiansyah	IDH (Inisiatif Dagang Hijau)	Chief Executive
Giorgio Indrarto	TRASE	Indonesia Lead
Haryono Sirait	CDP	Senior Engagement Officer, States and Regions/Forests
Intan Hadidinata	Embassy of the Kingdom of the Netherlands	Senior Policy Advisor
Ivan Novrizaldie	Asian Agri	Sustainability Head
Jarot Indarto	Ministry of National Development Planning/BAPPENAS	Middle-level Expert Planner
Jeremy Broadhead	EFI	
Jiwa Muhamad Satria N	Ministry of Home Affairs	Junior Policy Analyst
Josi Khatarina	Yayasan Inobu	Senior Advisor
M. Fauzan Ridha	Directorate Processing and Marketing of Plantation Product	International Marketing Sub Coordinator
Matej Dornik	EU Delegation Thailand	Project Manager
Melky hutapea	Regional manager of The Indigenous Peoples Alliance of the Archipelago (AMAN) West Kotawaringin	Admin and finance staff
Muhammad Ichwan	JPIK	National Coordinator
Mula Putera	Ministry of Agriculture	
Nur Maliki Arifiandi	CDP	Policy Engagement Manager
Patricia Romasi	LTKL	
Puspita Suryaningtyas	Ministry of National Development Planning/Bappenas	Middle-level Planner
Ristika Putri Istanti	LTKL	Program Manager

Full name	Institution	Title
Rully Amrullah	European Forest Institute - KAMI Project	Stakeholder Engagement Expert
Satrio Adi Wicaksono	EFI	Forest and Land-Use Governance Expert
Silvia Irawan	Yayasan Inobu	
Swetha Peteru	CIFOR	Researcher
Thomas Wagner	European Business Chambers of Commerce in Indonesia	Head of Energy Working Group
Tiara Yasinta	JPIK	Research Staff
Trisna Ulfatmi	Ministry of Trade	
Yenni Hernawati	Ministry of Trade	

Attachment II. Dokumentation







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5th Advisory Committee Meeting Terpercaya Initiative

Rabu, 9 Maret 2021





jarot_indarto_Bappenas


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Terpercaya Update

- **Transisi Platform:**
 - Update dan perubahan dapat dipantau melalui akses yang sudah diberikan;
 - Masukan sudah diterima dari berbagai pihak:
 - 17 masukan - 5 kategori: beranda, diagram tebar, profil kabupaten, ranking kabupaten, lain-lain.
 - Beberapa masukan yang **belum dapat dilakukan** pada tahap ini & akan dilakukan pada tahap berikutnya: fitur traceability, indexing/ranking kabupaten; *data story telling*.
 - Serah terima platform akan dilakukan pada akhir Maret 2021
- **Pedoman Nasional:**
 - Draft pengumpulan metadata selesai;
 - Draft SOP protokol data sharing selesai;
- **Value Proposition Terpercaya**

5th Advisory Committee Meeting
Rabu, 10 Maret 2021



josi khatarina

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Zoom Meeting

You are viewing Jeremy Broadhead - EFI's screen

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Recording...

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KAMI

KAMI - Keberlanjutan sAwit Malaysia dan Indonesia (Sustainability of Malaysian and Indonesian palm oil)

Terpercaya 5th AC meeting

10 March 2021



Jeremy Broadhead - EFI

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