



# Introduction to KAMI Project

## Sustainability of Malaysian and Indonesian palm oil

### Project rationale

#### ***Strengthening dialogues between producing and consuming communities in the efforts towards sustainable palm oil production***

The KAMI<sup>1</sup> project endeavours to provide timely support for strengthened and constructive policy dialogue between relevant stakeholders in EU, Malaysia and Indonesia on the sustainability of the palm oil value chain.

To that end, KAMI aims to support multi-stakeholder processes to share objective information on sustainable use of natural resources at scale and with a specific focus on palm oil, thereby providing reliable information that market actors can use in their sourcing decisions. This should help build trust in the market, including outside certified supply chains where large proportions of smallholders are likely to remain for some time.

Drawing lessons from the ongoing *Terpercaya* initiative in Indonesia, run by EFI and partners (see box below), KAMI aims to establish a subnational level monitoring system based on Sustainability Performance Indicators and Verifiers (SPIV) agreed between the EU, Malaysia and Indonesia. A subnational, or jurisdictional, approach puts local government in the driver's seat, incentivises them and holds them accountable in working together with key players such as agribusinesses, farmer groups, civil society and international partners to improve the sustainability of the entire landscape.

By encouraging all relevant stakeholders, including smallholders and mid-sized players, to strengthen and better demonstrate a sustainability approach grounded in the SDGs and compliance with national laws and circumstances, progress in reaching policy and market related objectives can be achieved. In the context of palm oil, working at the subnational

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<sup>1</sup> Synonymous with "Us/We" in both Indonesian and Malay languages – "*Keberlanjutan sAwit Malaysia dan Indonesia*", translated as "Sustainability of Malaysian and Indonesian palm oil".

level implies and supports close collaboration and benefit-sharing among mills, industrial plantations and smallholders.

On a more practical note, working at the subnational level can also reduce costs for smallholders and mid-sized players to achieve certification, and improve smallholders' access to markets for sustainable palm oil, thus helping to level the playing field.

## KAMI context and aspirations

By building on progress in commodity producing countries and working based on objective information, KAMI aims to support policy dialogues underpinning a transition to sustainable production and trade of agricultural commodities.

### Context

- Producing countries have legal and certification frameworks, which coexist with voluntary approaches.
- Objective progress has been made with regard to transparency and reduced deforestation.
- Dialogue is proceeding with parties aiming at swift and sustainable progress, based on pragmatic and inclusive solutions.

### Shared aspirations

- Improve understanding at the technical level to facilitate policy dialogues and build mutual trust and understanding. Shared messages can then be fed to relevant forums.
- Inform existing approaches to better assess and demonstrate sustainability, leaving no one behind, rather than to create a parallel approach.
- Strictly respect norms and positions, and build shared evidence, in a common language.
- Help channel resources to support sustainability where most needed and efficient.
- Identify, explain, showcase and amplify success stories through joint communication.

### Project background

In Indonesia, KAMI supports *Terpercaya*, an initiative led by Bappenas and the EU; with EFI and Inobu as implementing partners. The *Terpercaya* initiative started in 2018 and supports multi-stakeholder dialogue, and district level sustainability monitoring and palm oil traceability. The *Terpercaya* initiative draws lessons from previously implemented programs, including FLEGT VPAs, REDD+ and sustainable jurisdictional approaches, and informs EU-Indonesia policy dialogues on sustainability and trade.

The *Terpercaya* initiative adheres to several principles to address key issues in establishing an inclusive system to monitor district sustainability and track sustainable palm oil:

- **Legality:** indicators align with the Indonesian legal and policy frameworks.
- **Legitimacy:** Objective monitoring based on stakeholder consultation and drawing on available, objective and independently verifiable data.
- **Scale:** Includes all jurisdictions, producers and forests.
- **Mutual benefits:** in line with the SDGs and NDC.
- **Supportiveness:** a stepwise approach to promote progress.
- **Complementarity:** supplements product-based certification.

## KAMI objectives

To strengthen the partnership between EU-Malaysia and EU-Indonesia by supporting national processes and international dialogue on the sustainable use of natural resources, with a focus on palm oil.

The project will run for three years (2020-2023) with EU funding of €4.5 million.

## Project focus

The approach of this project is to reinforce and better communicate on the sustainable management of natural resources, in palm oil producing jurisdictions/states/districts in particular, and thereby contribute to a shared objective of the EU and two key partners in Southeast Asia, by:

1. Supporting emerging **policy dialogues between relevant stakeholders in EU, Malaysia and Indonesia on the sustainability** of the palm oil value chain;
2. Providing **technical assistance** to enhance the partner countries' platforms and initiatives towards increased sustainability of the palm oil value chain;
3. Supporting **communication and dissemination in relation to the policy dialogue** and the project's results.

## Partners

- European Union (EU) – Dialogue and funding partner
- Ministry of National Development Planning /Bappenas (Directorate for Food and Agriculture), Indonesia – Dialogue partner
- Ministry of Plantation Industries and Commodities, Malaysia – Dialogue partner
- Malaysian Palm Oil Certification Council (MPOCC) – Implementing partner
- Malaysian Palm Oil Board (MPOB) – Implementing partner
- European Forest Institute (EFI) – Implementing partner
- CIFOR – ICRAF – Implementing partner

## KAMI potential contribution

- Enhanced policy dialogue between relevant stakeholders in the EU, Malaysia and Indonesia on palm oil sustainability.
- Implementation of a clear definition of sustainability and an agreed way of tracking and communicating progress.
- Improved differentiation of products in the global market.
- Improved visibility and transparency in markets; information provided to facilitate due diligence by market operators.
- State/district governments incentivised to progress towards the Sustainable Development Goals (SDGs).
- All stakeholders and all commodities lifted through access to markets for products that are sustainable and free from deforestation.

**Cover photo:** Oil palm plantation at the edge of the tropical rainforest, Indonesia. **Credits:** Richard Whitcombe

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**KAMI** Keberlanjutan sAwit Malaysia dan Indonesia  
Sustainability of Malaysian and Indonesian palm oil

