

MAKING THE TRANSITION TO
SUSTAINABLE AGRICULTURAL
PRODUCTION:

A PRACTICAL GUIDEBOOK FOR
DISTRICT GOVERNMENTS IN INDONESIA

TERPERCAYA

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1. About this guidebook

This guidebook is designed for district governments, and those who wish to support them, to achieve sustainability in agricultural and forest commodity production. Sustainability in agricultural and forest commodity production is defined by a set of indicators that find common ground among the Sustainable Development Goals, commodity certification scheme principles and criteria and Indonesian laws and regulations. The Sustainable Development Goals (SDGs) provide a globally accepted framework, with goals, targets and indicators that can be used as a basis for defining and measuring jurisdictional sustainability. The SDGs have similarities with the principles and criteria of commodity certification schemes as well as Indonesian laws and regulations. These principles and criteria can be translated at the district level; however, they should align with existing legal and regulatory frameworks and the delegated authority of district governments. These considerations, as well as stakeholder preferences and the possibility to collect relevant data, serve as guide for the Terpercaya study in the identification of indicators to monitor district-level sustainability.

This is a practical guidebook. It describes steps that can be legally taken by district governments to implement policies and activities for promoting sustainable development with a focus on the agricultural and forest sectors. If these policies and activities follow the national laws, regulations and guidelines, they can be funded through local government budgets as well as other government programs, policies and funds. To advance towards sustainable development, local governments can also benefit from partnerships with donors, non-government organizations and the private sector. Building on this guidebook, local governments, together with local parliaments, will be able to align a greater portion of their own budgets to achieving sustainable development. This guidebook will also enable donors, companies and non-government organizations to have more effective partnerships with local governments in Indonesia. Partners will have a more thorough understanding of what local governments can (and cannot) do and have more realistic expectations about the role of local governments. All stakeholders will also have a better understanding of how progress towards sustainability at district level can be measured, even at intermediary stages, helping companies and districts interested in sustainable production and trade to more easily find their market.

The steps described in this guidebook are based on the practical experiences of other districts that are taking steps towards ensuring that commodities are produced sustainably, which have also been supported by various provincial governments and national ministries.

2. Introduction

2.1 DEFINING SUSTAINABILITY AT THE DISTRICT LEVEL

Sustainability has become a very broad concept in the world today. The term “sustainability” can have many meanings and be difficult to quantify. In the context of district governments in Indonesia, the term “sustainability” is probably mostly used in the context of sustainable development. Sustainable development, as first defined by the Brundtland Committee in 1987, is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". The three main pillars of sustainable development are: economic growth, environmental protection, and social equity.

In this section, we explore how sustainability is described in terms of the Sustainable Development Goals, commodity certification schemes and Indonesian laws and regulations.

SUSTAINABLE DEVELOPMENT GOALS

Globally, world leaders, including Indonesia's, agreed on the Sustainable Development Goals (SDGs) in September 2015, which officially came into force on 1 January 2016. Over the next fifteen years, governments have committed to achieving the goals for growing the economy and addressing a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and protecting the environment. For the 17 SDGs, there are 169 targets and 241 indicators.

In Indonesia, the implementation of sustainable development goals has been stipulated through the issuance of Presidential Regulation 59/2017 on the Sustainable Development Goals.¹ The Regulation has instructed the development of a National Action Plan for the implementation of the SDGs 6 months after the issuance of the regulation. After one year, the Regional Action Plan and the Roadmap for 2016-2030 should be developed. At the local level, the Ministry of Home Affairs has issued the Decree 7/2018 to instruct provincial and district governments to carry out Strategic Environmental Impact Assessments (*Kajian Lingkungan Hidup Strategis* or KLHS) as part of the process of preparing Medium-term Development Plans (*Rencana Pembangunan Jangka Menengah Daerah* or RPJMD). As part of the KLHS, efforts for achieving the SDGs and scenarios for achieving SDGs in the development plan should be assessed.

Based on the distribution of authority among different levels of government, the Ministry of Home Affairs has developed a set of indicators for measuring the performance of local governments. There are 189 SDGs indicators that can be used for measuring the performance of district governments according to the Decentralization Law. The selection of these indicators is based on the Annexes in Presidential Decree 59/2017. The process of defining whose authority a specific sustainable development goal resides with requires an expert interpretation as the SDGs terminology differ with the official government terminology. Hence, the total indicators under a specific level may change. If district governments have no delegated authority over specific programs or activities, then they cannot

¹ At the national level, a Presidential Decree can be issued for targeting a specific priority area and used for short-term programs with quick results. For long-term, structural issues, a government regulation should be issued, if not a law, as Presidential Decrees can be easily revoked when a new regime comes to power.

allocate government budgets for these purposes. The planning document, however, can also include all development programs that will be implemented or financed by other parties.

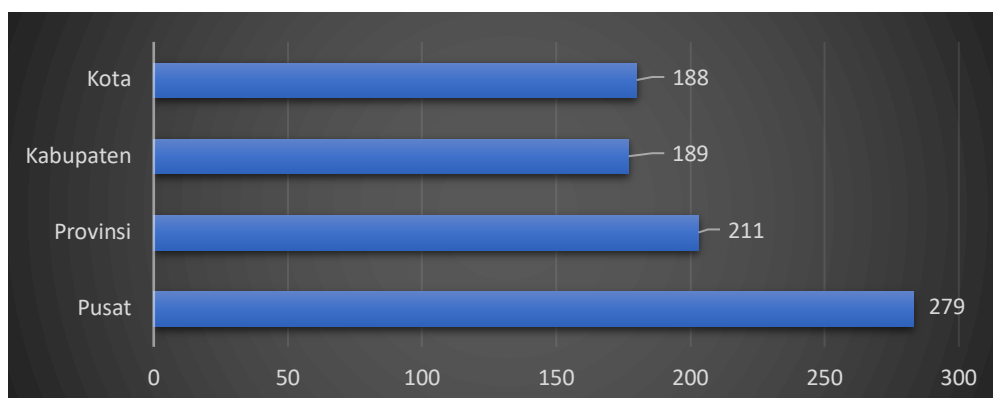


Figure 1 Total SDGs indicators based on Law 23/2014 on Local Governments

PRINCIPLES AND CRITERIA FOR COMMODITY PRODUCTION

To produce agricultural commodities requires many resources and involves many steps. Food crops should be cultivated on land, which often involves clearing native forests. Agriculture often also uses fertilizers and other chemical that can affect soil and water quality. The activities for processing the harvested crops can also generate waste. The production of agricultural commodities, from the farm to the consumer, should not be done at the expense of the environment and society. It should also provide more benefits for the farmers who are involved in the production of raw materials but often receive the least benefits from the supply chain.

At the global level, Goal 12 of the SDGs specifically sets targets for ensuring the sustainable consumption and production of commodities (Box 2). This is in addition to Goal #2 that sets targets for sustainable agriculture that is crucial to end hunger, achieve food security and improve nutrition (Box 1).

Box 1 . SDGs related to Sustainable Commodity Production: Sustainable Development Goal #2

- 2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
- 2.2 By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons
- 2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment
- 2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
- 2.5 By 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and promote access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge, as internationally agreed
- 2.a Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in

order to enhance agricultural productive capacity in developing countries, in particular least developed countries

2.b Correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round

2.c Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility

Efforts to define sustainability in commodity production have resulted in the principles and criteria that are used to certify that specific agricultural commodities from farms or plantations are produced sustainably. There are hundreds of sustainability certification schemes available for ensuring sustainable commodity production. Each scheme consists of different principles and criteria to define sustainability. In general, the principles and criteria can be classified into: environmental, social, economic, ethical, and quality principles and criteria.

Box 2: SDGs related to Sustainable Commodity Production: Sustainable Development Goal #12

12.1 Implement the 10-year framework of programmes on sustainable consumption and production, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries

12.2 By 2030, achieve the sustainable management and efficient use of natural resources

12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses

12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities

12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

12.a Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production

12.b Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products

12.c Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities

As the principles and criteria aim to certify a specific plot of land producing commodities or mills and processing facilities, they cannot be applied to jurisdictions such as districts or provinces. This presents many challenges in achieving certification requirements as many sustainability issues cannot be addressed at the farm level. For instance, the issue of deforestation related to commodity production cannot be addressed by farmers or companies alone. It is the authority of the government to define which areas that can be legally cultivated and those that should be protected through official land use planning. The principles and criteria for sustainable commodity production have not been translated into Indonesian government policies and regulations, including the distribution of roles and

responsibilities among the different levels of government. Without the support from the government, the implementation of sustainability principles and criteria will be challenging, or even impossible, particularly for small-scale farmers. Consequently, small-scale farmers will be more likely to be excluded from markets that demand sustainably produced commodities, which will eventually compromise the achievement of the SDGs.

SUSTAINABILITY IN THE CONTEXT OF INDONESIAN LAWS AND REGULATIONS

District governments should not be overwhelmed by the total number of SDGs targets and indicators, instead they should carefully set targets that are relevant for their constituents. Many goals and targets are not relevant for certain district governments considering the local context and situation. The aspirations of local people should also guide which SDGs targets should be prioritized in the districts.

District governments have limited authority as stipulated by the regulations. Law 23/2014 on Local Governments clearly defines the distribution of authority among different government levels, in particular allocating responsibility for forests to provincial governments and non-forest areas to district governments. Moreover, sectoral laws and regulations, such as the Plantation Law, stipulate the distribution of authority among different levels of government. As defined by the Ministry of Home Affairs, not all of the SDGs indicators are under the authority of district governments. Hence, the focus of efforts in achieving SDGs at the districts level should be based on the delegated authority of district governments, otherwise, they cannot implement and finance any activity that is beyond their authority.

What if the issues are beyond the authority of district governments? There are several options that can be pursued:

1. Work together with higher government levels on the issues. By coordinating with the higher levels of government that have the delegated authority, district governments can ensure that they are not violating the regulations. This will also generate support from the higher government level including financial and technical support. As forest areas are not under the authority of district governments, so, districts wishing to work on forests should engage provincial governments and the national government.
2. Find opportunities within their existing authority. People within the forests are under the authority of the district government, although forestry related matters are under the authority of the national and provincial governments. District governments also have authority for issues related to pollution and waste.
3. Using their authority as the head of jurisdiction (*penguasa wilayah*) to communicate with the national government if they face serious issues within their district. With more forests being cleared, their constituents face higher risks of disasters. As the head of the jurisdiction, the district head can report the issue and demand that higher levels of government address the issue.

What can (or cannot) be done by local governments also depends on what is included in the government planning documents. Governments work based on a set of rules strictly stipulated by regulations and national policies, including how planning documents should be prepared and how the documents should be referred to in defining, financing and implementing activities within a particular period. The public, as the constituents, can hold the government accountable based on the “rules of the game” agreed in the regulations. Violation of these regulations can, and often does, lead to prosecution.

The two documents that have the strongest legal basis are the five-year planning document (*Rencana Pembangunan Jangka Menengah Daerah* or RPJMD) and the spatial plan (*Rencana Tata Ruang Wilayah* - RTRW). Other documents with strong legal basis is the environmental management plan (RPPLH) and

the Zoning Plan for Coastal Areas and Small Islands (*Rencana Zonasi Wilayah Pesisir dan Pulau-Pulau Kecil* or *RZWPPPK*). The most relevant document for commodity production is the RPPLH, however, the draft regulation on RPPLH is currently being discussed.

2.2. THE BUSINESS CASE FOR SUSTAINABILITY AT THE DISTRICT LEVEL

What is the business case for district governments to implement sustainable development?

Although district governments have now been instructed by the national government to implement sustainable development, the planning and implementation of sustainable development is advantageous for district governments for several reasons, including:

- **Guiding development targets for their constituents;**
- **District Government in the driver seat to coordinate all activities;**
- **Partnerships to achieve sustainability; and**
- **Sustainability as the norm required by market.**

District Government in the driver seat to coordinate all activities. As ratified globally, SDGs provide an opportunity for district governments to align or integrate all efforts related to sustainable development for the benefits of their constituents. District governments have the authority coordinate the various development efforts taking place in their jurisdictions. District governments also understand the local context and the needs and aspirations of their constituents to ensure that development efforts benefit them the most. The targets and indicators in the SDGs can guide districts in their development process so resources can be used for achieving measurable goals. Not all of the SDGs are applicable at the local level, hence, district governments should consult people living in the districts to agree on targets that are most relevant for their aspirations considering the capacity and authority of district governments.

Partnerships to achieve sustainability. As private actors and non-government organizations from developed countries realize their roles in promoting sustainability, district governments can benefit from building partnerships with them at the district level to bring the benefits of green investments to local people and communities. Committed district leaders can attract private actors to invest in their districts that will generate significant benefits for their constituents.

Sustainability as the norm required by markets. As sustainability becomes a common goal globally, sustainability has become desirable for the production of agricultural commodities. Unsustainable products will be excluded from the market. Agricultural commodities are crucial to the achievement of many SDG goals, particularly to reduce poverty and hunger. However, the production of agricultural commodities is often competing with other land use activities such as forest conservation and protection that are important for providing environmental services such as water, which are also important for the cultivation of the crops.

3. The Essential Steps for a District to Produce Commodities Sustainably

OVERVIEW

Based on syntheses of the principles and criteria of commodity certification initiatives, the essential measurable goals of sustainable jurisdiction in commodity production should be:

- Reducing deforestation and protecting high conservation value and high carbon stock areas;
- Reducing fire;
- Reducing social conflict and protecting human rights, including indigenous land rights; and
- Improvements in the participation and productivity of smallholders in commodity supply chains.

Consequently, a district that sustainably produces commodities is one that protects its existing forests and ecosystems, while recognizing the rights of indigenous people, protecting human rights and labor rights, and promoting legal and inclusive commodity production.

The essential governance infrastructure of a jurisdiction pursuing sustainable commodity production should be:

- A legal, multi-stakeholder entity responsible for implementing and monitoring jurisdictional sustainability;
- Traceable and legal supply chains, including regulations and mechanisms for ensuring the legality of the supply chain, from farms to mills (certificates and/or licenses for farmers and traders);
- Legal spatial or land use plan for reducing deforestation, protecting areas with conservation values, and rehabilitating degraded lands and ecosystems;
- A local regulation for incorporating the principles of free, prior and informed consent into process of land acquisition and plantation and concession development and mechanisms for reporting conflicts and grievances;
- Policies, programs or mechanisms for improving the productivity and participation of smallholders; and
- Transparent and accessible mechanisms for monitoring social, environmental and economic indicators, including mechanisms for reporting and handling social conflicts grievances and mechanisms for ensuring the traceability of produce from farms to mills.

In practice, Indonesian district governments operate within a tightly regulated framework, that stipulates their authority and the timeframes for when and how they can make certain decisions. Certain decisions, for instance, land use planning and medium-term development planning, should follow a regulated five-year cycle. Other decisions, for instance, issuing licenses or decrees, can be undertaken on an ad-hoc basis or based on requests. For other activities, district governments should rely on higher levels of government or partnerships with non-government organizations or the private sector. Understanding these cycles, and the extent and limitations of the authority of district governments is critical for supporting districts to sustainably produce commodities.

Table 1: Division of authority between provincial and district governments in Indonesia (simplified version)

	District Governments	Provincial Governments
Land	Have authority over land outside of state forests; and can propose for land to be relinquished from the forest estate	Have authority over land within state forests, together with the national government, depending on the classification and status of forests.
Forests	Have authority over forests in areas outside of state forests	Have authority over forest in areas within state forests, together with the national government, depending on the classification and status of forests.
Industrial Land Uses	Have the authority to allocate licenses in non-forest	Have the authority to allocate licenses in non-forest areas and areas designated as conversion forests when the licenses are crossed districts
Small-scale producers	Have authority over small-scale production systems in non-forest areas, and are responsible for issuing land certificates and cultivation licenses to small-scale producers (as their constituents)	Have authority over forest in areas within state forests, together with the national government, depending on the classification and status of forests.
Indigenous Peoples	Are responsible for issuing land certificates and cultivation licenses to indigenous peoples (as their constituents) and can propose to have indigenous land and forest claims recognized	Can propose to have indigenous land and forest claims recognized if an area crosses the boundaries of two or more districts

For district governments in Indonesia, there are both five-year and annual cycles that determine how they make policies related to land uses. There are three main instruments that governments can use for protecting the environment and ensuring sustainable and inclusive commodity production:

- The district spatial plan;
- The medium-term development plan; and
- The Plan for the Protection and Management of the Environment.

The two major planning documents that legally regulate district-level development are the medium-term plan (*Renanca Pembangunan Jangka Menengah Daerah* or *RPJMD*) and the district spatial plan (*Rencana Tata Ruang Wilayah* or *RTRWK*). Although the *RPJMD* has a five-year period, the *RTRWK* has an operational period of five to ten years and these cycles are rarely synchronized and have different regulatory triggers (Table 2). The cycle for preparing the medium-term development plan, for instance, is triggered by the election of a district head (Table 3), which determines the priorities activities for the district, which will also later be financed through annual budgets. In contrast, the preparation of the district spatial plan is tied to the process for developing or revising the provincial spatial plan. The third major instrument, the Plan for the Protection and Management of the Environment is also tied to a five-year cycle although it has not yet been regulated, despite clearly mandated by the Environmental Law. Many of these instruments should also refer to higher level instruments, for instance, district spatial plans should refer to the provincial spatial plan, and the provincial spatial plan should refer to the national plan.

Table 2: District government instrument cycles

REGULATORY INSTRUMENT	TRIGGER	RELATION TO OTHER INSTRUMENTS
The medium-term development plan (RPJMD)	Should be completed six (6) months after the election of a district head	The plan should align with the national plan, however, this is not usually enforced
The district spatial plan (RTRWK)	Process for developing or revising the provincial spatial plan commences, which should happen once every five years	The district spatial plan is intended to inform the design of the provincial spatial plan and requires ratification by the provincial government
The Plan for the Protection and Management of the Environment (RPPLH)	Currently no specific trigger as the regulation is currently being drafted	

Table 3: District government five-year cycle

YEAR	REGULATORY INSTRUMENTS
-6 months	Draft RPJMD is prepared by the district Planning Agency usually considering the vision mission of the candidates Strategic Environmental Assessment (<i>Kajian Lingkungan Hidup Strategis</i> or <i>KLHS</i>) of the RPJMD is initiated
0	Elected district head takes office District Planning Agency to integrate the vision mission to RPJMD KLHS of RPJMD is on-going
6 months	RPJMD should be finalized
2	The Local Government Action Plan (<i>Rencana Kerja Pemerintah Daerah</i> or <i>RKPD</i>) should refer to RPJMD, although during the first year, may refer to the previous RDJMD
3	RKPD should refer to RPJMD
4	RKPD should refer to RPJMD
5	Preparation for new RPJMD

In order for activities related to the sustainable and inclusive production to be funded and staffed, including those for monitoring and enforcement, budget activities should be included in government budgets. The annual planning and budgeting processes are tied to the medium-term plans and constrained by the decentralization law, which distributes the authority or mandates between government levels. So, local government funds can only be spent on specific activities regulated by these two regulations. The annual planning and budgeting process has several main components which are:

- The annual plan (RKPD); and
- The annual budget (*Anggaran Pendapatan dan Belanja Daerah* or *APBD*).

The annual process should be initiated by the district head, with the support of the relevant district agencies, and then approved by the district assembly (Table 4).

Table 4: Local government budgeting process

	National Level	Provincial/District Level
Jan	President decides on general direction and budget priorities. Line ministries evaluate their baseline budget estimates from the Medium-Term Expenditure Framework (MTEF) and prepare proposals for new initiatives. The National Planning Agency (Bappenas) and the Ministry of Finance (MOF) evaluate the baseline and proposals for new initiatives.	Consultation process (<i>Musrembang Desa</i>) at the village level to develop the village development plan.
Feb	The Fiscal Policy Agency (FPA) and Director General (DG) of Budgeting in MOF establish the level of financial resources available. The FPA prepares the economic assumptions and revenue forecast for the budget, thus establishing the maximum level of expenditure given the government's deficit target.	
Apr	Bappenas and MOF jointly issue program priorities and indicative budget ceilings for each line ministry.	The development of the Action Plan (<i>Rencana Kerja</i>) of local offices (<i>Satuan Kerja Perangkat Daerah</i> or SKPD)
May	Cabinet approves the Government Work Plan (<i>Rencana Kerja Pemerintah Daerah</i> or RKP), no later than mid-May. It is then submitted to Parliament, along with the fundamentals of fiscal policies, macroeconomic framework and policy priorities. The government and parliament discuss this in a preliminary hearing, which provides the reference for ministries in preparing their work plan and budget proposals (<i>Rencana Kerja dan Anggaran Kementerian Negara/Lembaga</i> or RKA-KL).	The formalization of the Local Government Action Plan (<i>Rencana Kerja Pemerintah Daerah</i> or RKPD)
May - June	MOF and Bappenas discuss with the Parliament Budget Committee and Commission XI, the broad macroeconomic and fiscal policy objectives, including energy subsidies and transfers to regional governments. Line ministries also meet with their respective Parliamentary sectoral commissions to discuss their work plans and proposed expenditure.	
June	Following agreement with parliament on budget policies and priorities, in mid-June MOF issue a circular letter on " <i>temporary ceilings</i> ", including a preliminary budget ceiling for each ministry. Ministries and agencies formulate their <i>work plan and budget proposals</i> (RKA-KL).	Discussion and agreement on the General Policy of Local Budget (<i>Kebijakan Umum APBD – KUA</i>) between governor or district heads with local parliaments Discussion on the initial documents of government priorities and the budget ceiling (<i>Prioritas dan Plafon Anggaran Sementara – PPAS</i>)
July	Ministries and agencies discuss their RKA-KL with their related Parliamentary committees and, by 15 July, the finalized RKA-KL is submitted to Bappenas and MOF. Bappenas review the RKA-KL to ensure conformity with the RKP. DG Budgeting checks that the proposals are consistent with the ceilings and with approved forward estimates, unit cost standards and classifications.	The development of Work and Budget Plan of local government offices (<i>Rencana Kerja dan Anggaran</i> or RKA SKPD) and the development of the draft of local budget (APBD)
Aug	MOF compiles all the RKA-KL and submits to Cabinet, along with Financial Notes and Budget Proposal. The President delivers his Budget Speech to Parliament on 16 th August, along with the draft budget documents.	
Sept		
Oct	The Annual Budget Act is enacted by Parliament by the end of October.	Discussion and agreement between

Nov	The RKA-KL that has been approved by the Parliament is enacted as a Presidential Decree on Detailed State Budget (<i>Anggaran Pendapatan dan Belanja Negara</i> or APBN).	Governor/Mayor/Regent and provincial/district/municipality parliaments on the draft of Local Government Budget (<i>Anggaran Pendapatan dan Belanja Daerah</i> or APBD)
Nov-Dec	Following to the Presidential Decree and final approval of Parliament's sectoral committee, the DG Budgeting prepares disbursement warrants (<i>Satuan Anggaran Per Satuan Kerja</i> or SAP-SK).	
Dec	The budget authorization document (<i>Daftar Isian Pelaksanaan Anggaran</i> or DIPA) is issued which serves as authorization to incur expenses for each activity of the line ministries/agencies. Budget revision is possible during implementation, if there are changes in fiscal policy or macroeconomic analysis or if there is a need for re-allocation of budget between organizations, projects, or expenditure types or if there is a need to use the reserve. This revision is done only after the submission of the first semester realization report.	Finalization of the local regulation on APBD and formalize development of Budget Expenditure List (<i>Daftar Pengisian Anggaran</i> or DPA) of provincial/district agencies or offices
Jan		Budget Implementation

ACHIEVING SUSTAINABILITY AT THE DISTRICT LEVEL IS A STEP-WISE PROCESS

District governments making the transition to sustainability are constrained by both the limitations of their mandated authority and by the regulated cycles. In general, there are several cycles that will affect what decisions district governments can make and when they can make them:

- Medium-term planning;
- Spatial planning; and
- Annual work plans and budgets.

RPPLH provides an opportunity to develop a district environmental management plan, although it has not been stipulated due to the regulations have not been issued. However, interested districts can take this opportunity by developing the plan and issue necessary regulations as stipulated by the Environmental Law.

Below we present activities that can be undertaken according within and outside of regulated cycles. What we emphasize below is that partnerships, whether with the private sector, non-government organizations, researchers and donors, are crucial for the early stages of a district's transition to sustainability. Without the financial, technical and human resources support, local governments are unable to do much before the activities are integrated into annual and medium-term planning processes. Further resources may be available for local governments through national spending priorities, however, these may be sporadic and geographically focused.

Table 5: Regulatory Responsibilities of District Transitions to Sustainability

Outside of the Regulated Cycles	Within the Regulated Cycles
1. Commit to sustainable commodity production and develop a strategy for sustainable and inclusive production	Revise the spatial plan to include more forests and critical ecosystems for protection and restoration

2. Launch programs for mapping and registering small-scale producers ²	Include activities for sustainable and inclusive commodity production as part of the medium-term development plan
3. Design policies and interventions for improving the productivity of small-scale producers	Create a district environmental management plan
4. Restrict or stop the allocation of commercial licenses, especially in areas with forests or critical ecosystems	
5. Evaluate existing concessions that require extensions of their permits to ensure that they meet the environmental and social performance standards	
6. Launch programs for regularizing the tenure of small-scale producers and indigenous farmers ³	

² Some of the activities listed in the first column can be included into the annual plan (RKPD) if the sector(s) and program are mentioned in the medium-term plan (RPJMD). If, however, the issues are beyond the authority of the district government, such as activities within state forests, or exceed the budget allocation for those sector(s) and/or programs, then the revised activities and budget should be approved by the local parliament.

³ For this activity, government budgets can be allocated once a local regulation supporting these activities is issued.

4. GUIDELINES FOR SUSTAINABLE COMMODITY PRODUCTION AT THE DISTRICT LEVEL

4.1 INTRODUCTION

In this chapter, we detail the steps required for district governments to achieve sustainable commodity production. There are three main requirements for sustainability at the district level: Good governance of commodity production; Environmental Protection and Restoration; and Social Protection and Inclusion.

Each section is structured in the following way:

1. A simple, step by step guide for achieving each element of jurisdictional sustainability;
2. A description of each of the requirements and their relevance to sustainable commodity production;
3. An overview of the authority of district government and the instruments available to district governments;
4. An overview of the limitations of district governments and how they should work with other levels of government to solve certain issues; and
5. The potential models of partnerships with companies, non-government organizations, research organizations and donors for supporting district governments to meet the requirements for sustainability.

4.2 GOOD GOVERNANCE OF AGRICULTURAL COMMODITY PRODUCTION

The good governance of agricultural commodity production means creating the enabling environment for sustainable, legal and traceable commodity production, including downstream supply chains.

MAIN INSTRUMENTS
<ul style="list-style-type: none">• Head of District Decree• The Medium-term Development Plan

STEPS
Ad hoc
<ul style="list-style-type: none">• Commitment to sustainable commodity production• Establishment of multi-stakeholder working group• Creation of five-year plan for sustainable production• Establishment of reporting and monitoring system• Allocate budget and human resources for monitoring and enforcing regulations• Creation of regulation and system for traceability, including registration of intermediary traders• Initiate Program for the regularization of farmer tenure (tied to smallholder mapping process)• Create comprehensive policy, program and/or institution for improving farmer practices and access to inputs and training
Medium-Term Plan
<ul style="list-style-type: none">• Incorporate activities for promoting sustainable and inclusive commodity production into the medium-term plan

DISTRICT GOVERNMENT AUTHORITY

District governments have the authority to issue local regulations and decrees, for:

- Establishing working groups; and
- Coordinating agencies for planning, budgeting and implementing activities.

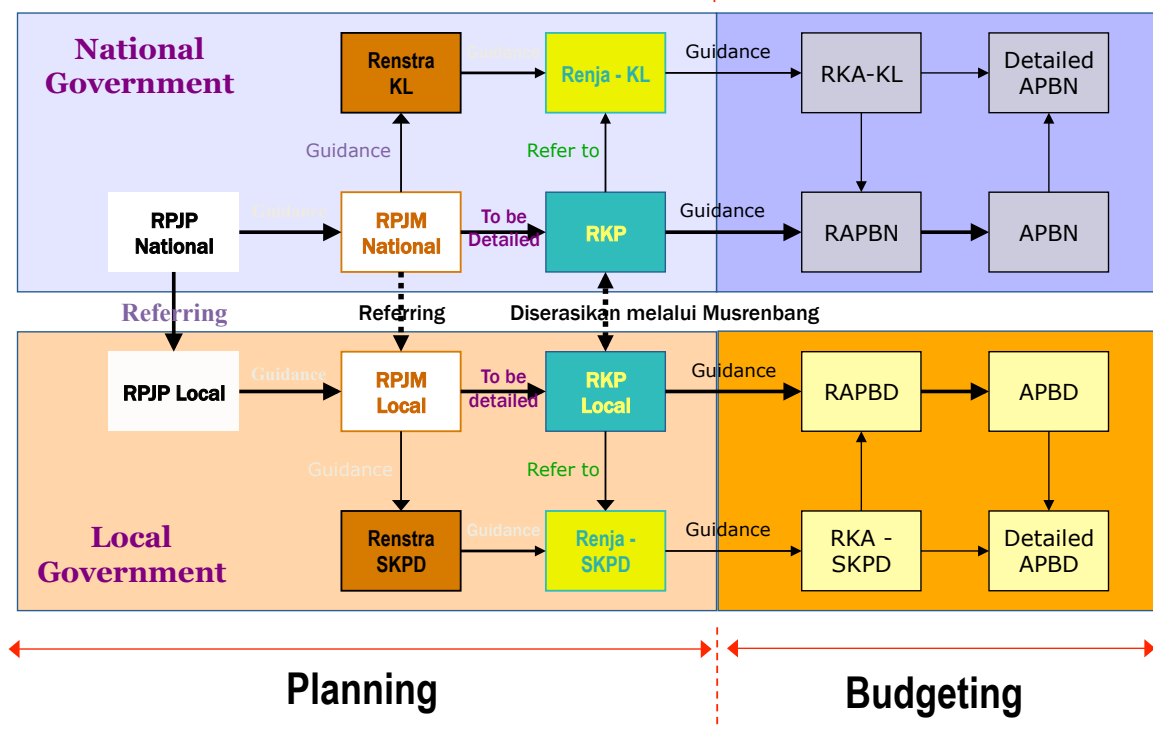
In the earliest phase of a transition to sustainable commodity production, a district head has limited discretionary authority for implementing activities that have not been included, or referred to, in the annual workplan or medium-term development plan. It is during this phase, the district government should rely on partnerships with the private sector, non-government organizations, researchers and donors to implement initial programmatic activities. The government, in this phase, can play a coordination role and establish the necessary entities, such as working groups and other necessary governance elements to ensure the transition to sustainable and inclusive commodity production.

In the long-term, activities should be incorporated into the government budget to both scale-up the activities and ensure the longevity of activities. The most important instrument for ensuring the inclusion of activities in the local government budget is the Medium-term Development Plan. The Medium-term Development Plan, as the basis of all program and activities implemented by government offices at the district level, should be based on the vision of the district head. Although the 'technical' preparation for developing a planning document should start prior to the election of district heads, the finalization of documents should be based on the vision and mission of the elected district. The vision is further detailed in the five-year planning document (RPJMD). The RPJMD details the development strategy, the policy direction, and programs that will be implemented in the next five years. There are clear indicators included in the RPJMD for each strategy and program. An indicative government budget allocated for the programs is also provided in the RPJMD.

The RPJMD ideally should include all development activities that will take place in the district, including those not financed by the government budget, such as activities from non-government organizations and the private sector. Based on the RPJMD, every year district governments should develop annual action plans (*Rencana Kerja Pemerintah Daerah* or *RKPD*). The RKPD should also be developed considering the national strategies determined by the national government. Every year, the Ministry of Home Affairs issues guidelines for developing RKPD. The action plan developed and the budget allocated should consider the budget framework and indicative ceiling based on the local government budget (*Anggaran Pendapatan, dan Belanja Daerah* or *APBD*) (See Box 3 and Figure 2 below). Following the issuance of RPJMD, sectoral agencies should develop further the strategic plan (*Rencana Strategis* (*Renstra*) *Perangkat Daerah*). Based on the Renstra, the agencies will further develop their annual plans in the document (*Rencana Kerja* (*Renja*) *Perangkat Daerah*). From the Renja, the agencies will detail each of their office budget.

The RPKD can be revised when there are new strategies or policies at the national and district level without changing RPJMD, or when there is a new program within the RPJMD. This revision, however, requires legalization from the local parliament. To avoid lengthy deliberation, new commitments should be aligned with the RPJMD. New activities can be proposed in RKPD as long as they are aligned with RPJMD. Another possibility is to issue regulation including District Regulation (*Peraturan Daerah* or *PERDA*) which regulates the issue. Based on a PERDA, local governments are obliged to implement the regulations and allocate its resources to achieve it, even if it is not designated as an activity within the RPJMD. Other lower level legal instruments, such as decrees, should be aligned with the RKPD in order to have government financial resources allocated to the activities.

Figure 2: National and subnational budget process



Box 3: The Planning and Budgeting Process

Budgets are allocated according to development plans. Law No. 25/2004 regulates that national development planning is used as the basis of the budgeting process (Figure 2). At the national level, there are several categories of development plans. The long-term development plan (*Rencana Pembangunan Jangka Panjang Nasional* or *RPJP Nasional*) is a national development plan for a period of 20 years. Every five years, the government prepares the Medium-Term Development Plan (*Rencana Pembangunan Jangka Menengah Nasional* or *RPJMN*), which contains development priorities, macroeconomic framework, the direction of fiscal policy, as well as programs within government ministries and institutions. Ministries and institutions then refer to the RPJMN when drafting their five-year period Strategic Plan (*Rencana Strategis Kementerian Negara/Lembaga* or *Renstra K/L*). These strategic plans act as the guidelines for the one-year period work plans for ministries and institutions (*Rencana Kerja Kementerian Negara/Lembaga* or *Renja K/L*). The RPJM is also used as a guideline for the five-year period Government Work Plan (*Rencana Kerja Pemerintah* or *RKP*), which in turn guides the government budgeting process.

Budgets are then drafted within the relevant ministries and institutions. Based on the Renja K/L and RKP, government ministries and institutions will then draft the Ministry's or Institution's Work Plan and Budget (*Rencana Kerja dan Anggaran Kementerian Negara/Lembaga* or *RKA-KL*). The draft will then be discussed with the national parliament and then reviewed by the Ministry of Finance. After being reviewed, the Draft National Government Budget (*Rancangan Anggaran Pendapatan dan Belanja Negara* or *RAPBN*) will then be prepared. After the approval of the draft, it will be enacted as the State Budget (*Anggaran Pendapatan dan Belanja Negara* or *APBN*) through a law. The State Budget consists of both government revenue and expenditure. A Presidential Decree (*Keputusan Presiden* or *Keppres*) further details the implementation of the State Budget referring to Government Regulation (*Peraturan Pemerintah* or *PP*) No.90/2010 on Ministry/Institutional Work Plans and Budget Drafting. Almost every year, the Minister of Finance (*Peraturan Menteri Keuangan* or *PMK*) issues a regulation providing instructions for the preparation of the Ministry's or Institution's Work Plan and Budget (RKA K/L). The most current regulation is RMF No. 136/2014.

Provincial, district and city governments are allocated budgets through a similar process with the national government. Government Regulation (PP) No. 58/2005 on Regional Financial Management and the Ministry of Home Affairs' regulation on Guidelines for Budget Drafting No.37/2014 regulates how budgets are allocated to local governments. The programs and activities of provincial, district and city governments should support achieving national development goals. Local governments should also prepare their own long-term regional development plans (*Rencana Pembangunan Jangka Panjang Daerah* or *RPJP Daerah*) for a period of 20 years. This plan uses the central government long-term plan (RPJP Nasional) as guidelines. The medium-term plans (RPJMD) of local governments are developed using the National RPJM and the Provincial/District/Municipality RPJP as guidelines. The Regional RPJM, subsequently, is referred to for the development of 5-years Regional Strategic Plans (*Rencana Strategis (Renstra) Satuan Kerja Perangkat Daerah (SKPD)* or *Renstra SKPD*). Local governments will then develop the Regional Government's Annual Work Plan (*Rencana Kerja (Renja) SKPD*), which further outlines the policies to be implemented at the local level. The Work Plan should be synchronized with National Government's annual Work Plan (RKP). Furthermore, the plan will be detailed down to the Regional Budget General Policy (APBD) and the draft of Priority and Provisional Budget Ceiling (*Prioritas dan Plafon Anggaran Sementara* or *PPAS*). These drafts should be mutually agreed between regional governments and the local parliament as the basis for the drafting the Local Government Budget Document (*Anggaran Pendapatan dan Belanja Daerah* or *APBD*).

The Ministry of Home Affairs regulates every budget line that can be created and financed by local governments based on the Decree 13/2006. Local governments cannot allocate any budget for activities that are not listed in the Decree. The listed activities in Decree 13/2006 are based on the authorities defined in the Decentralization Law 22/1999. There is an on-going process to revise the Decree based on new authorities defined in the latest Decentralization Law 23/2014.

Source: INOBU's Report prepared for UNDP on NTT Climate Public Expenditure Review (2015)

District governments, however, do not have the direct authority for the following areas and require collaboration with higher levels of government or non-government actors, including companies and investors:

- Initiating programs outside of the budgeting cycle;
- Initiating programs not described in the medium-term development plan; or
- Initiating programs beyond the authority of local government as stipulated in The Ministry of Home Affairs Decree 13/2006.

PARTNERSHIP MODELS FOR IMPROVING GOVERNANCE	
COMPANIES	<ul style="list-style-type: none"> • Join in the commitment to sustainable commodity production • Participate in multi-stakeholder working group • Make substantive commitments of support for the five-year plan for sustainable production • Commit to transparency in production and supply chain data
NON-GOVERNMENT ORGANIZATIONS	<ul style="list-style-type: none"> • Join in the commitment to sustainable commodity production • Participate in multi-stakeholder working group • Make substantive commitments of support for the five-year plan for sustainable production
DONORS	<ul style="list-style-type: none"> • Support the commitment to sustainable commodity production • Make substantive commitments of support for the five-year plan for sustainable production
RESEARCH ORGANIZATIONS	<ul style="list-style-type: none"> • Commit to share existing data, where relevant, with district governments, to support the pursuit of sustainability • Conduct collaborative research with district governments for understanding and improving the sustainability of districts

4.3 ENVIRONMENTAL PROTECTION AND RESTORATION

District governments have direct authority for the use and management of areas designated as land for other uses, as well the people living within the district and pollution control and waste management, including in forest areas. District governments are responsible for environmental assessments that inform the development of spatial plans, medium-term development plans and environmental management plans. Through these instruments, the government can designate areas for production, conservation and restoration, as well create management, protection and restoration plans.

ACTIVITIES AND INSTRUMENTS
Ad hoc Environmental Standard (<i>Baku Mutu Lingkungan Hidup</i>) Environmental Impact Assessment (<i>Analisa Dampak Lingkungan Hidup</i> or AMDAL)
<ul style="list-style-type: none">• Commit to protecting and restoring forests and critical ecosystems• Conduct ecological studies for identifying and quantifying existing and ecosystems as well as assessing biodiversity and the provision of ecosystem services. These analyses can be tied to the carrying capacity assessment as regulated by the Environmental Law.⁴• Assess existing licenses for their effects on forests and biodiversity to inform the extension or revocation of licenses when they are due to review.• Restrict the allocation of new licenses on areas with forests or critical ecosystems in conjunction with the environmental impact assessment
Strategic Environmental Assessment (<i>Kajian Lingkungan Hidup Strategis</i> or KLHS) Carrying capacity assessment (<i>Daya dukung, daya tampung</i>) Spatial Plan (<i>Rencana Tata Ruang Wilayah Kabupaten</i>)
<ul style="list-style-type: none">• Designate areas for protection and restoration of forests and critical ecosystems
The Plan for the Protection and Management of the Environment (<i>Rencana Perlindungan dan Pengelolaan Lingkungan Hidup</i>)
<ul style="list-style-type: none">• Develop management and protection plan that designates activities, including protection and restoration of forests and critical ecosystems
Medium-term development plan (<i>Rencana Pembangunan Jangka Menengah</i>)
<ul style="list-style-type: none">• Include activities for protecting and managing the environment, including strategies for preventing and handling fire, as part of the medium-term plan• Conduct Strategic Environmental Assessment

⁴ Many of these activities can be included into the RKPD if they align with priorities and programs highlighted in the RPJMD

STEPS	
Year 1	<ul style="list-style-type: none"> • District governments should issue comprehensive five-year plan for environmental protection and restoration • Local governments should conduct strategic environmental impact assessments in addition to environmental impact assessments • All fires should be prevented • Forests in sloping and riparian areas should be protected • Forests and other ecosystems in protected areas and conservation areas should be protected. • No new licenses should be issued in primary forests • No new licenses should be issued on peatland.
Year 2	<ul style="list-style-type: none"> • Local governments should encourage investments that positively contribute to the environment • Districts can improve the infrastructure for mitigating, monitoring and handling fires, including supporting alternative livelihoods • Forests and other ecosystems, including peatland, outside of forest areas should be protected through the spatial plan.
Year 3	<ul style="list-style-type: none"> • Non-government actors, including companies and investors, should invest in sustainable enterprises • Non-government actors can contribute to the infrastructure for mitigating, monitoring and handling fires, including supporting alternative livelihoods • Areas critical for ecosystem services, including sloping areas, upper areas of watersheds and coastal and riparian areas can be protected through the spatial plan • Communities and can companies can be provided with incentives for voluntarily conserving or restoring forests in lands under their control, beyond the legal requirements. • Communities and can companies can be provided with incentives for voluntarily conserving biological diversity and ecosystems in lands under their control
Year 4	<ul style="list-style-type: none"> • Project and programmatic interventions should be monitored and implemented, with violations enforced
Year 5	<ul style="list-style-type: none"> • Impact studies, or third-party auditing should be conducted to demonstrate progress according to indicators, summarized in a publicly available report.

	Basic Legality	Legality +	Sustainability Partnerships
Protecting forests	Forests in Protection and Conservation areas should be protected. No new licenses should be issued in primary forests	Forests outside of state forests can be designated as protection areas through the spatial plan	Communities and can companies can be provided with incentives for voluntarily conserving forests in lands under their control
<i>Indicator</i>	All protected areas remain protected % Additional forests conserved Forest patch size and connectivity		
Protecting biological diversity and ecosystems	Forests and other ecosystems in protected areas and conservation areas should be protected. No new licenses should be issued on peatland.	Forests and other ecosystems, including peatland, outside of forest areas should be protected.	Communities and can companies can be provided with incentives for voluntarily conserving biological diversity and ecosystems in lands under their control
<i>Indicator</i>	All protected areas and peatland remain protected % Additional biologically diverse ecosystems protected Ecosystem extent and health		
Protecting areas critical for ecosystem services	Forests in sloping and riparian areas should be protected	Areas critical for ecosystem services, including sloping areas, upper areas of watersheds and coastal and riparian areas can be protected through the spatial plan	Communities and can companies can be provided with incentives for voluntarily conserving or restoring forests in lands under their control, beyond the legal requirements.
<i>Indicator</i>	Forests in sloping and riparian areas % Additional forests protected Forest extent in critical areas		
Preventing and mitigating fire	All fires should be prevented	Districts can improve the infrastructure for mitigating, monitoring and handling fires, including supporting alternative livelihoods	Non-government actors can contribute to the infrastructure for mitigating, monitoring and handling fires, including supporting alternative livelihoods
<i>Indicator</i>	Number of fires Plan and budget allocated for preventing, handling and monitoring fire		
Preventing adverse effects from development activities	Local governments should conduct strategic environmental impact assessments in addition to environmental impact assessments	Local governments should encourage investments that positively contribute to the environment	Non-government actors, including companies and investors, should invest in sustainable enterprises
<i>Indicator</i>	New developments do not cause damage to the environment New green/ sustainable investments in district		

DISTRICT GOVERNMENT AUTHORITY

District governments have the authority to lead the environmental assessments that form the basis of planning processes, including spatial plans and medium-term plans, for the entire district. The district government is also responsible for preparing environmental management plans (See Table 7 below).

The use of these instruments, however, is often tied to a specific schedule mandated by national regulations and is linked to the period of office for district heads. The two most legally binding instruments: the Spatial Plan and the Plan for the Protection and Management of the Environment, are tied to regulated five year cycles, that are often not synchronized with each other, or the terms of district governments. Achieving lasting environmental changes will consequently require a mixture of ad hoc measures as well as long-term spatial and environmental planning, when the opportunities arise.

The principles and criteria for environmentally sustainable commodity production have been informed by the development of commodity certification schemes. These principles and criteria for commodity production, including on environmental protection, focus entirely on a particular plot of land or farm that grows agricultural commodities. In the case of oil palm, for instance, the principles and criteria of Roundtable for Sustainable Palm Oil (RSPO) related to the environmental protection are listed below.

Box 4: The RSPO principles and criteria on environmental protection

Principle 5 – Environmental responsibility and conservation of natural resources and biodiversity

- Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.
- The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.
- Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.
- Efficiency of fossil fuel use and the use of renewable energy is optimised.
- Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.
- Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.

Principle 7 – Responsible development of new plantings

- A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.
- Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.
- New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values (HCVs).
- Extensive planting on steep terrain, and/or marginal and fragile soils, including peat, is avoided.
- No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.
- Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.
- No use of fire in the preparation of new plantings other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.
- New plantation developments are designed to minimize net greenhouse gas emissions.

The principles and criteria listed above should be implemented by commodity producers, hence, they are not applicable to district governments. District governments, however, have roles to regulate, monitor and enforce the regulations for the producers to meet those criteria and principles. The roles and authorities of district governments in those areas are clearly defined by the regulations. The terminologies or concepts used in international sustainability principles and criteria, however, are different to those used in laws and regulations. Without harmonizing the terminology used in certification systems with the government terminology, efforts for improving the sustainability of commodity production cannot be included into planning documents and funded by local governments. Directly introducing certification terminology into laws and regulations requires changes in national laws and regulations, which is time consuming and by no means guaranteed. Although the exact

terminology may not be present in laws and regulations, similar principles and criteria already exist in many legal instruments. The principles and criteria mentioned in Box 4 can be translated into the terminologies that are stipulated by the regulations as detailed in Table 6.

Table 6: Themes on Environmental Sustainability based on government's terminologies

Themes based on government's terminologies	RSPO Principles and Criteria
Land Management incl. spatial plan, licensing and monitoring <i>Law 26/2007 on Spatial Planning</i> <i>Environmental Law (Law No. 32 of 2009)</i> <i>Moratorium for new concessions Inpres 6/2017</i>	<ul style="list-style-type: none"> • The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation on or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced. • Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations. • New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values (HCVs). • Extensive planting on steep terrain, and/or marginal and fragile soils, including peat, is avoided.
Waste Management & Pollution Control <i>Environmental Law (Law No. 32 of 2009)</i> <i>Strategic Environmental Impact Assessment (KLHS) Government Regulation 46/2016</i> <i>Ministry of Home Affairs Decree 7/2018</i> <i>Environmental Impact Assessment (AMDAL) Ministry of Environment Regulation 5/2012</i> <i>Procedures for Determining Business Use License Head of Agency Regulation 7/2017</i>	<ul style="list-style-type: none"> • Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement. • Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner
Reducing greenhouse gas emissions to mitigate climate change <i>Presidential Instruction No. 11/2015</i> <i>Environmental Law (Law No. 32 of 2009)</i>	<ul style="list-style-type: none"> • Efficiency of fossil fuel use and the use of renewable energy is optimised. • Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice. • Plans to reduce pollution on and emissions, including greenhouse gases, are developed, implemented and monitored. • No use of fire in the preparation of new plantings other than in specific situations, as identified in the ASEAN guidelines or other regional best practice. • New plantation developments are designed to minimise net greenhouse gas emissions.
Biodiversity management <i>Environmental Law (Law No. 32 of 2009)</i> <i>Strategic Environmental Impact Assessment (KLHS) Government Regulation 46/2016</i>	<ul style="list-style-type: none"> • The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation on or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.

Ministry of Home Affairs Decree 7/2018 Environmental Impact Assessment (AMDAL) Ministry of Environment Regulation 5/2012 Procedures for Determining Business Use License Head of Agency Regulation 7/2017 The Forestry Law 41/1999 Conservation Law 5/1990 Government Regulation 28/2011 Nature Reserve Area and Nature Conservation Government Regulation 57/2016 Protection and Management of Peatland Ecosystem	<ul style="list-style-type: none"> • New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values (HCVs).
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The protection of areas with high conservation values, including soil protection, can only be pursued when there is a good land management framework in place. Land management consists of the process of planning that involves land zoning that decides the development activities that can take place in a specific location. Based on the land zones, the government can then involve private sector to manage areas that are allocated for production, through the licensing process. Finally, the government will monitor the performance of license holders in managing the concessions through a set of reporting tools.

The authority on land management in Indonesia is divided into several sectors, where different ministries/agencies are responsible for land management in different land classifications. In areas classified as forests, the Ministry of Environment and Forestry is responsible for issuing permits for private actors to operate in the land. The Ministry of Environment and Forestry requires technical recommendations from local governments (district head if a concession is within a district; governor if a concession is across districts) for processing the licenses. In areas classified as non-forests and conversion forests, district heads and governors have the authority to issue permits, particularly for plantations and mining. The National Land Agency has the authority to allocate land titles to individuals or other entities. For conversion forests, there will be a transfer of authority from the Ministry of Environment and Forestry to the National Land Agency. Once the area is relinquished from the state forest, then productive activities can be pursued.

In Indonesia, land zoning is formalized through the Spatial Plan (RTRW). Based on the RTRW, areas that can be used for production or that should be protected will be clearly delineated. The spatial plan defines areas that can be legally used for agricultural commodity production. Areas designated for commodity production are not supposed to have forest cover that is important for providing environmental services. Existing government policies do not necessarily allow companies to maintain and manage HCV areas within their concessions simply because there is no legal recognition of HCV. Although the national government has prohibited the conversion of primary forests and peatlands for productive activities, secondary forests, however, with high biodiversity values and rich carbon stocks, can be legally converted to other productive land uses. In a few instances, local governments have reallocated lands that have been set aside by companies as HCV areas for other productive uses. The government's rationale for taking back these lands is that these lands are meant for conversion and they are supposed to be used for productive activities for the sake of the socio-economic development.⁵

⁵ These lands are usually classified as non-forest areas (APL) which are allocated for productive activities such as agriculture and mining and for infrastructure development. Conservation activities takes place in locations allocated as protection and conservation forests. Protection forests provide environmental services such as hydrological regulation, flood prevention, erosion control, avoidance of seawater intrusion and maintenance of

Not cultivating these lands is a violation of the law. To ensure that the HCV areas are well protected, they should be well integrated into the spatial plan as areas that should be protected.

We will discuss below each of the aforementioned themes based on the development phases, where the government, in general, has specific roles and responsibilities (Table 7). The role of governments in ensuring the sustainable production of commodities differs from supply chain schemes in two important ways: scale and process. In contrast to certification schemes, district governments implement policies and regulations at the jurisdictional level, and have more impact than farm or plantation level initiatives. Second, district governments should follow regulated processes to ensure that their actions are legally enforceable and can be financed through the government budget. The roles of the government can be classified as follows: planning, control prior to and monitoring of the implementation of development activities, and finally law enforcement. During each step, the government has tools stipulated by the regulations (Table 7). We discuss these instruments in more detail below.

soil fertility, while conservation forests, which include national parks and nature reserves, are intended to conserve biodiversity.

Table 7: Tools provided for the Environmental Law to ensure sustainability

Development phases	Tools provided by Environmental Law
Planning	Spatial Plan, Five Year Development Plan, and the Plan to Manage and Protect the Environment
Control prior to the implementation of development activities	Strategic Environmental Assessment, Environmental Standard, Environmental Impact Assessment, and licenses issued for development activities
Monitoring & Law Enforcement	Information system, sanction, and others

Planning

SPATIAL PLAN (*Rencana Tata Ruang Wilayah Kabupaten* or RTRWK)

The spatial plan distributes the space and determines specific function or activities that can be legally carried out in the area. Spatial plans, according to Law 26/2007, regulate the purpose of a specific zone. The purposes of an area include cultivation, protected areas, and infrastructure development. The forest classification by the Ministry of Environment and Forestry should be synchronized with provincial spatial plans.

Municipal and district governments are authorized by Law 26/2007 on Spatial Planning to develop local spatial plans according to guidelines and norms established by the national government. Spatial plans, according to Law 26/2007, regulate the purpose of a specific zone. The purposes of an area include those allocated for cultivation, protected areas, and infrastructure development. Spatial planning is a hierarchical and complementary system, starting at the national level down to the provincial and district/municipal level. The national spatial plan is a long-term strategic plan with a timeframe of 25-50 years. Provincial plans are medium-term strategic plans for a period of 15 years. District and municipal plans are short-term operational plans with a time period of 5-10 years. At all levels, spatial plans can be revised every 5 years to adjust the function of an area in accordance with its physical condition. Revisions of district spatial plans are triggered by revisions of the provincial spatial plans. The revised district spatial plans function as proposed changes to the provincial plan and must be approved at the provincial level as part of the finalization of the provincial plan. The provincial spatial plan should also refer to the national spatial plan.

Land in Indonesia is generally classified into forested and non-forested lands, which determines the ministry responsible for the use and management of the land. According to The Forestry Law 41/1999, forested lands are classified into *production, protection, and conservation* forests.

- The main function of *production forests* is to produce forest commodities, mainly timber. Some production forests are also classified as *conversion* forests, which can be legally converted to other non-forest land-use activities.
- *Protection forests* provide environmental services such as hydrological regulation, flood prevention, erosion control, avoidance of seawater intrusion and maintenance of soil fertility.
- *Conservation forests*, which include national parks and nature reserves, are intended to conserve biodiversity. Legally, land use change from forests to non-forests can occur in areas classified as conversion forests and areas classified for other purposes (*Areal Penggunaan Lain* or APL).

- According to the Forestry Law, *conversion forests* can be allocated for a number of non-forest purposes, including infrastructure and other land uses such as agriculture, tree crop plantations and mining.

In 1980s, the classification of lands as either forest or non-forest areas was conducted based on a process called the Agreement on Forest Functions (*Tata Guna Hutan Kesepakatan* or TGHK). The TGHK process involved desk studies that produced forest zone maps based on images from remote sensing. The process of TGHK was formalized through the issuance of Ministerial Decree 173/1986. In 1999, the TGHK was then synchronized with the Provincial Spatial Plan (RTRWP), through a process called *Padu Serasi* (harmonization). *Padu Serasi* aimed to reach a consensus on forest zones as the result of the TGHK process and non-forest zone or areas for other purposes (APL) that are proposed in the RTRWP. The *Padu Serasi* process resulted in the designation of approximately 120 million hectares of lands as state forests (62 per cent of total land areas in Indonesia). Conversion forests are not supposed to have significant tree cover or timber potential. In reality, however, primary forests can also be found in areas designated as conversion forests.

RTRW has a different period to the RPJM at the district level. District RTRW has a period of 5-10 years. Although the two plans should be harmonized, however, in reality they are not always synchronized. RTRW documents list potential activities that can be implemented by district governments and financed by APBD in a specific location.

PLAN FOR PROTECTION AND MANAGEMENT OF THE ENVIRONMENT (*Rencana Perlindungan dan Pengelolaan Lingkungan Hidup* or RPPLH)

Biodiversity conservation in Indonesia is highly centralistic at the moment. The Ministry of Environment and Forestry has the authority to designate areas for conservation. These areas are considered as state forest and district governments do not have any authority over forests areas except for Forest Parks (*Taman Hutan Raya*). In addition, district governments may regulate activities within state forests where it relates to their authority, including areas such as pollution, waste and community empowerment. These are parks designated for conserving particular ecosystems that have natural aesthetic values or features and provide habitat for important flora and fauna. Despite these limitations, district governments still have access to legal instruments for protecting and managing the natural environment.

The Environmental Law 32/2009 stipulates various tools to mitigate environmental risks from development activities. One tool that can be used by district government to manage the environment across the entire jurisdiction is the Plan for Protection and Management of the Environment (*Rencana Perlindungan dan Pengelolaan Lingkungan Hidup* or RPPLH). The development of RPPLH is based on several assessments of the natural environment, including its capacity to provide environmental goods and services, the tenurial system, management status, degradation or damage and conflicts that are triggered by the management of the resources. The law also introduced the assessment of the carrying capacity of the environment as part of developing RPPLH. This assessment can address issues that are required by sustainability principles and criteria such as collecting information on high conservation value (HCV) areas including wildlife corridors.

RPPLH developed by a district should be formalized by a local regulation (PERDA) which should be approved by the local parliament. RPPLH should be included in, and used as the basis for, the development of the long-term and medium-term development plans. The use of natural resources should be based on RPPLH. The development of RPPLH should consider: biological diversity and

ecological functions of the environment, population size and expected growth, natural resource potential, local wisdom, community aspirations and climate change.

RPPLH can serve as a comprehensive plan for managing the environment throughout the entire district. According to the regulation, RPPLH entails a plan to:

- a) use and or set aside (*pencadangan*) natural resources;
- b) maintain and protect the quality and function of the environment;
- c) control, monitor, use and conserve natural resources; and
- d) mitigate and adapt to climate change.

Hence, all topics mentioned in the previous section can be included in the RPPLH, including good land management, waste management and pollution control, biodiversity management and reducing greenhouse gas emissions as part of climate change mitigation.

Although RPPLH can be the overarching document for protecting and managing the environment, specific plans for certain issues should be developed according to the regulations, such as strategies and plans for waste management. According to the law on waste management, district governments should develop a policy and strategy for waste management referring to the national and provincial strategies. The strategy should then be formalized by a decree issued by the district head. In 2017, the president has issued the policy and strategy on waste management through the issuance of Presidential Decree 97/2017. The decree includes targets and gives instruction for provinces and districts to develop policies and strategies for their jurisdiction. Additionally, districts, according to Government Regulation 81/2012, should develop a master plan and feasibility study on waste management. The master plan should include a plan to limit waste generation, recycling, collection, transportation and landfill (*pemrosesan akhir sampah*) as well as funding. The master plan should cover a 10-year period.

The distribution of authority for climate change mitigation and adaptation, among different levels of government and line ministries, has not been clearly defined. This creates confusion and also prevents district governments from allocating budget directly on climate change mitigation and adaptation. The national government through the Presidential Decree 61/2011 issued a national action plan to reduce greenhouse gas (GHG) emissions. The decree stipulates that provincial governments should develop provincial action plans to reduce GHG emissions. There is no particular regulation, however, stipulating the role of district governments in reducing GHG emissions. Hence, district governments could use RPPLH to detail activities for reducing emissions from commodity production.

In late 2017, several regulations were issued by the Ministry of Environment and Forestry on the implementation of climate mitigation actions, including Reducing Emissions from Deforestation and Degradation (REDD+). Ministerial Decree 70/2017 specifically stipulates the implementation of REDD+, including the forest reference emission level (FREL), REDD+ National Registry System, Monitoring Reporting and Verification (MRV), Safeguard Information System (SIS) and payments. The details of the NRS are further elaborated in Ministerial Decree 71/2017. The MRV is discussed in detail in Ministerial Decree 72/2017, while the inventory of greenhouse gas emissions is regulated in Ministerial Decree 73/2017. Based on the regulations, district governments can be project implementers for REDD+. Hence, they can submit a district REDD+ strategy to the National Registry System, which can also include efforts to reduce deforestation.

Strategic Environmental Assessment (*Kajian Lingkungan Hidup Strategis* or *KLHS*).

The Strategic Environmental Assessment (*Kajian Lingkungan Hidup Strategis* or *KLHS*) should be carried out when the government is going to implement a policy or plan that may affect the environment. KLHS

should be applied when developing the spatial plan (RTRW) and medium-term development plan RPJMD. This is to ensure that the sustainability principles are integrated into planned development, policies, actions or programs.

KLHS should assess the following: carrying capacity, environmental risks and impacts, ecosystem services, efficiency in natural resource management, vulnerability and capacity to adapt to climate change, and biodiversity potential and preservation. If the results of KLHS show that the carrying capacity of the environment has exceeded the natural limits, then the proponent of the program, activity or policy should rectify the issues by adopting the KLHS recommendations. If the proposed activities, policies or programs still exceed the carrying capacity of the environment, they should not be implemented.

KLHS can integrate the RPPLH into the spatial and development plans. When done properly, a spatial plan can control where activities take place. For instance, it defines the areas for commodity production as well as areas that should be conserved. This is important for ensuring the results of the assessment of HCV areas, for instance, are formally regulated and enforced. Another example is ensuring that areas designated for dangerous waste disposal should not be close to residential areas.

Recently, the Ministry of Home Affairs have issued the regulation 7/2018 on Strategic Environmental Assessment (*Kajian Lingkungan Hidup Strategis* or *KLHS*), as the prerequisite for developing RPJMD. The KLHS includes the assessment of the efforts of district governments in achieving SDGs and scenarios for the next five years to achieve those targets. This KLHS is new, however, so only one municipality has carried it out prior to the time of preparing this report.

The Ministry of Home Affairs' regulation 7/2018 is an ex-ante analysis of the RPJMD, focused on how the RPJMD will contribute to the achievement of the SDGs. The assessment should focus on the following factors:

- General situation in the district that includes information on the carrying capacity, geography, demography and fiscal capacity.
- SDGs related indicators that are relevant and an analysis on the conditions for achieving SDGs (analisis kondisi pencapaian SDGs). Information on the conditions for achieving SDGs will be used as the basis to develop scenarios for sustainable development in the district. The scenarios developed will be based on: with no additional effort, what will be the achievement of SDGs (Scenario 1)? if there is additional effort to achieve SDGs, how many goals will be achieved (Scenario 2)? For Scenario 1, districts can project the targets for achieving the SDGs based on the national targets. For Scenario 2, districts can project higher targets based on the comparative advantage, innovation, carrying capacity and finally local needs.
- Distribution of work between stakeholders according to the regulations, which includes an analysis of the contribution of different stakeholders for achieving SDGs.

The aforementioned scenarios should be the basis when formulating the strategic issues, problems or challenges faced in trying to achieve SDGs and SDGs targets (*merumuskan isu strategis, permasalahan, dan sasaran strategis daerah*). The result of this formulation will be integrated into the KLHS RPJMD. The validation of the KLHS will be carried out at the provincial level.

Control during the Development Process

Licensing process

Companies that intend to operate in state-owned lands should obtain necessary permits or licenses from different government levels. A plantation company should first obtain a Location Permit (*Izin Lokasi*) from a district head to operate in state-owned lands. The acquisition of the land, set out in the Location Permit, is subject to the release of rights and interests of other parties in the land. Land acquisition should be conducted by a plantation company after it has secured a location permit. This should be done through selling and purchasing, giving compensation, land consolidation or other methods based on an agreement with the rights holders or concerned parties and the existing regulations. The process should be completed before the permit expires in three years after the issuance. If the permit holder can only obtain 50% of the land from communities or parties who have claim over the land after three years, then, the permit cannot be extended and the land can be allocated for other party. Only after the relevant land has been acquired does the Location Permit holder have the authority to use the land in accordance with the purposes mentioned in the investment plan.

Based on Ministerial Decree of Land 5/2015, the rights of the holder of a location permit are: i) acquire the lands from those who have claim over them; ii) before the lands are acquired then no activities can be pursued. After they acquire the land, activities should be undertaken according to the spatial plan and the business or investment plan.

Companies then should obtain a Plantation Business Permit (*Izin Usaha Perkebunan* or *IUP*) from the local government, either the head of district or municipality. The proponent should submit the following documents to obtain the license: location permit from the district head, environmental license (*Izin Lingkungan*) from the district head, recommendations related to the suitability of the activity to the district spatial plan (RTRWK) and the medium-term development plan (RPJMD) from the district head. The proponent should also obtain the technical consideration if the land is within state forests. After obtaining the IUP, companies should obtain The Use Right (*Hak Guna Usaha* or *HGU*) permit no later than 2 years after the issuance of the IUP.

When oil palm plantations operate in conversion forests, the company should obtain a permit (*Izin Pelepasan Kawasan*) from the Ministry of Environment and Forestry. The company should submit a request together with the location permit, business permit and the recommendation from the governor or head of district or municipality to the Ministry of Environment and Forestry. The company should obtain the permit for forest clearing prior to commencing any operation. When timber exists on the land, the company should obtain a license from the Ministry of Environment and Forestry to extract the timber (*Izin Pemanfaatan Kayu*)

The company also needs to ensure that the title being transferred is equivalent to that to which it is entitled. In the case of acquisition of private land, under use rights (*hak pakai*) or ownership rights (*hak milik*) for example, the company must then re-register the land with the Land Agency. Lands for new plantations are first transferred from communities or individual owners to the Land Agency, in the interest of the company, considering the location permit. In arranging the land transfer, the head of the local National Land Agency should hold a coordination meeting to explain to the district or provincial head that there is an obligation to consult with rights holders. The land agency should also collect relevant social and environmental data from the community and get the community to propose the amount of compensation. Upon the receipt of compensation, a formal written agreement on the transfer or the release of land title should be prepared by the land title holder. These two documents together transfer the community or individual properties to the State, or relinquish existing HGU, HGB or Use Rights to the State. By so doing, the original owners relinquish all rights in the released land. Thus unencumbered, the Land Agency may in turn transfer the land to the company under a HGU or HGB permit. The decree for a Land Permit should be signed by the district or municipal head.

The result of the whole process, therefore, should be that the company acquires long-term leaseholds on state lands for its estates (HGU) and mills (HGB), while any lands to be allocated to smallholders as associated plasma are likewise unencumbered and can be titled to them as individual property rights (*Surat Hak Milik* or *SHM*).

The licensing system provides an opportunity to ensure the environment is protected, through the environmental impact assessment (*Analisa Dampak Lingkungan* or *AMDAL*), and the Environmental License. Through IUP, the government can ensure that companies are operating sustainably. The proponent of IUP is asked to guarantee that they have sufficient capacity, infrastructure and systems to control pests and opening land without burning. They should also have a plan to build partnerships with communities through the establishment of community plantations.

Environmental Impact Assessment (*Analisa Dampak Lingkungan Hidup* or *AMDAL*)

An environmental impact assessment (*Analisa Dampak Lingkungan Hidup* or *AMDAL*), is compulsory for any activity, including commercial activity, that has potential impacts on the environment. AMDAL is probably the most applicable tool for preventing the adverse effects of commodity production as producers are required to undertake AMDAL. AMDAL assessments should include:

- assessment of the impact of the activity;
- evaluate the effects of the activity in the surrounding location;
- inputs and comments from surrounding communities;
- evaluate holistically the possible impacts to the environment to determine the feasibility of the activity; and
- the plan to manage and monitor the environment, especially mitigating any adverse effects.

AMDAL should involve local communities in the surrounding area by comprehensively and transparently disseminating information about the proposed activity. Local communities can also file their objections to the proposed activity in the AMDAL document. The AMDAL report should be submitted and further assessed by an AMDAL committee established by a minister, governor or district or municipal head. If done properly, AMDAL can be a powerful tool for assessing the implementation of all sustainability principles and criteria.

Monitoring and Law Enforcement

District heads have the authority to monitor the protection and management of the environment, or, alternatively, delegate this authority to technical staff. They should also monitor the compliance of businesses with their Environmental Licenses. The national government can monitor the licenses issued by local governments when there are serious violations. The Environmental Law specifically stipulates the activities that can be pursued while monitoring activities and licenses, and businesses are prohibited from preventing the officials conducting their roles.

Several other tools for enforcing environmental laws are:

1. *Administrative sanctions* – district heads have the authority to issue administrative sanctions including issuing a warning letter, freezing the environmental license and withdrawing the environmental license.
2. *Environmental dispute* – individuals or institutions can sue others in court for any violation of the Environmental Law.
3. *Investigation and verification* – other than police officers, government officials with the proper authority can investigate possible criminal acts in the environment.

4. *Criminal action* – for those committing crimes, penalty and imprisonment will be applied.

District governments, however, do not have the direct authority for forest areas, although they do have the authority for people living (and farming) within forest areas. There are several areas where district governments require the support of higher levels of government:

- Forest management;
- Protected areas including national parks, wildlife sanctuaries and protection forests;
- Forestry concessions;
- Community and social forestry; and
- Relinquishing areas from the forest estate.

Under the Local Government Law, provincial governments have the delegated responsibility for forest areas, although, many issues with require coordination with the central offices of the Ministry of Environment and Forestry. Consequently, achieving reductions in deforestation and degradation in state forest areas will require close coordination with the Provincial Forestry Agency and the Ministry of Environment and Forestry.

PARTNERSHIP MODELS FOR ENVIRONMENTAL PROTECTION AND RESTORATION	
NATIONAL/PROVINCIAL GOVERNMENT	
<ul style="list-style-type: none">• Joint implementation for REDD+ activities• Support the buffer zone for conservation areas• Support the empowerment of communities living inside and surrounding forests	
COMPANIES	
<ul style="list-style-type: none">• Share data with the district government on environmental assessments such as High Conservation Value and High Carbon Stock area assessments• Commit to support assessments and plans with contributions as well as improving the environmental performance of plantations, processing facilities and supply chain actors	
NON-GOVERNMENT ORGANIZATIONS	
<ul style="list-style-type: none">• Share environmental data with the district government where appropriate• Coordinate environmental protection and restoration activities with the district government to improve landscape functions such as habitat connectivity and watershed protection	
DONORS	
<ul style="list-style-type: none">• Make substantive commitments of support for the protection and restoration of the environment	
RESEARCH ORGANIZATIONS	
<ul style="list-style-type: none">• Support research into understanding and improving the protection and restoration of biological diversity and ecosystem services in the district	

4.4 SOCIAL PROTECTION AND INCLUSION

Commodity production should be inclusive as well as sustainable. Small-scale producers should be able to sell their produce to market supply chains that demand and reward sustainable produce. To access these markets, small-scale producers should have their land rights acknowledged through certificates and other documentation. Commodity production should also not disadvantage indigenous and local communities, and the principles of Free, Prior and Informed Consent should be regulated at the district level.

ACTIVITIES AND INSTRUMENTS
Free, prior and informed consent in licensing
<ul style="list-style-type: none"> Government Regulation No. 68/2010 Regulation of Head of the National Land Agency No. 2/2011 The Investment Law 25/2007
Conflict Resolution
<ul style="list-style-type: none"> Law No. 12 of 1992 on Plant Cultivation Systems (Articles 16, 60 and 61) Law No. 18 of 2004 on Plantations Presidential Decree No. 45 of 2015 on the Ministry of Agriculture Decree of the Minister of Agriculture No. 4027/Kpts /OT.160/4/2013 on the Integrated Team for Handling Business Disruptions and Plantation Conflicts
Acknowledgment of Customary Villages
<ul style="list-style-type: none"> Law No. 6 of 2014 on Villages
Acknowledgement of Customary Forests
<ul style="list-style-type: none"> Constitutional Court Ruling No. 35 of 2012 Law No. 41 of 1999 on Forestry
Acknowledgement of Customary Land
<ul style="list-style-type: none"> Agrarian Law (Law No. 5 of 1960) Presidential Regulation No. 88 of 2017
Labor Protection
<ul style="list-style-type: none"> The Human Rights Law (Law No. 39 of 1999), The Labor Law (Law No. 13 of 2003), The Child Protection Law (Law No. 35 of 2014), The Health Law (Law No. 36 of 2009).

STEPS
Year 1
<ul style="list-style-type: none"> District governments should issue comprehensive five-year plan for social protection and empowerment Local governments should initiate processes for recognizing the land rights of customary communities based on requests from those communities
Year 2
<ul style="list-style-type: none"> Issue local regulation that stipulates specific steps for consulting communities that reflect the principles of Free, Prior and Informed Consent, including establishing a complaint mechanism District governments should establish mechanisms for reporting, handling, monitoring and reporting plantation related conflicts Local governments should establish mechanisms, including online registries, for simplifying the process for recognizing customary land rights Monitor, supervise and report the compliance of companies in regards to prevailing labor laws
Year 3
<ul style="list-style-type: none"> District governments can create an online system for transparently registering and handling plantation conflicts, supported by a local regulation stipulating the process Systematic programs should be developed for identifying, registering and recognizing the rights of customary communities Establish online mechanisms, supported by regulations, for transparently reporting, monitoring and enforcing compliance with prevailing labor laws

Year 4
<ul style="list-style-type: none"> Information about the system should be systematically disseminated to communities throughout the district, including providing technology and training to communities in using the system Companies develop policies that implement best practices or better in regards to labor in commercial land uses or downstream industries
Year 5
<ul style="list-style-type: none"> Impact studies, or third-party auditing should be conducted to demonstrate progress according to indicators, summarized in a publicly available report.

	Basic Legality	Legality +	Sustainability Partnerships
Free, prior and informed consent during plantation development	Consult and compensate rights holders during land acquisition processes	Issue local regulation that stipulates specific steps for consulting communities that reflect the principles of Free, Prior and Informed Consent, including establishing a complaint mechanism	Companies, in partnership with the local government, ensure that communities are properly informed, through the preparation of communication materials and hiring experts as well as through preparing alternative models of plantation development that are more advantageous to local communities.
<i>Indicator</i>	FPIC is integrated in the process of applications for plantation permits, which begins with the location permit Permit applications for plantations are publicly available		
Conflict mitigation and handling	District governments should establish mechanisms for reporting, handling, monitoring and reporting plantation related conflicts	District governments can create an online system for transparently registering and handling plantation conflicts, supported by a local regulation stipulating the process	Information about the system should be systematically disseminated to communities throughout the district, including providing technology and training to communities in using the system
<i>Indicator</i>	Number of plantation related conflicts resolved		
Recognizing customary land rights	Local governments should initiate processes for recognizing the land rights of customary communities based on requests from those communities	Local governments should establish mechanisms, including online registries, for simplifying the process for recognizing customary land rights	Systematic programs should be developed for identifying, registering and recognizing the rights of customary communities
<i>Indicator</i>	Percentage of customary lands recognized as customary villages, customary forests or customary land integrated in medium-term development targets		
Labor Protection	Monitor, supervise and report the compliance of companies in regards to prevailing labor laws	Establish online mechanisms, supported by regulations, for transparently reporting, monitoring and enforcing compliance with prevailing labor laws	Companies develop policies that implement best practices or better in regards to labor in commercial land uses or downstream industries
<i>Indicator</i>	Reported incidents of labor law violations and successful prosecutions		
Improving smallholder productivity and participation in sustainable markets	District consolidates data and maps on oil palm license and smallholders and report them to the Governor	District integrates policies and programs for supporting the legality and productivity of smallholders in medium-term plans	Partnerships, either programmatic or institutional, for improving the legality and productivity of smallholders
<i>Indicator</i>	Smallholder productivity (in relation to baselines and industry best practices)		

DISTRICT GOVERNMENT AUTHORITY

Although there is a clear pathway to integrate environmental considerations into the development planning process, as stipulated by the Environmental Law, social issues are not addressed comprehensively in regulatory instruments. Several different regulations, such as KLHS or AMDAL, require social safeguards be incorporated into development planning without proposing specific tools or approaches. In this section, we present the opportunities provided by the regulations to implement social safeguards in commodity production and also propose mechanisms for a more integrated approach.

Box 5: The RSPO principles and criteria on social protection

- Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.
- There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.
- There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.
- Any negotiations concerning compensation on for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.
- Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.
- The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.
- Children are not employed or exploited.
- Any form of discrimination on based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.
- There is no harassment or abuse in the work place, and reproductive rights are protected.
- Growers and millers deal fairly and transparently with smallholders and other local businesses.
- Growers and millers contribute to local sustainable development where appropriate.
- No forms of forced or tracked labour are used.
- Growers and millers respect human rights.

RSPO has several principles and criteria for social ensuring social safeguard in palm oil production as listed in Box 5. Similar to the environmental principles and criteria, these principles and criteria can be translated into similar terminology that used in government laws and regulations, including:

- Social safeguard applied in the process of land acquisition;
- Resolution of conflicts occurring due to specific commercial activities, such as plantation development and operations, as stipulated under the Plantation Law;
- Acknowledgement of customary rights based on Human Rights Law and Basic Agrarian Law;
- Labor management according to the Labor Law and Child Protection Law; and
- Good governance in the decision-making and development process.

Themes based on government's terminologies	RSPO Principles and Criteria
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Social obligations during the licensing process	<ul style="list-style-type: none"> - Any negotiations concerning compensation on for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. - Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.
Resolution of conflicts caused by specific commercial activities	<ul style="list-style-type: none"> - There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.
Acknowledgement and protection of customary rights	<ul style="list-style-type: none"> - Any negotiations concerning compensation on for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.
Labor management	<ul style="list-style-type: none"> - Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages. - The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel. - Children are not employed or exploited. - Any form of discrimination on based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited. - There is no harassment or abuse in the work place, and reproductive rights are protected.
Good governance in the decision-making and development process	<ul style="list-style-type: none"> - There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.

For each theme, the government can issue a regulation to formalize standard operating procedures for the implementation of each of the themes. When the SOP is regulated by a local law or decree, then it has a strong foundation for being incorporated into the RPJMD. Different to the environmental principles and criteria, there is are no specific tools stipulated in the relevant laws and regulations.

Licensing Process

The government's responsibility to ensure public participation in the spatial planning process is regulated by Government Regulation No. 68/2010. Some of the obligations of local governments, among others, are to:

- Provide regular forums and mechanisms for coordinating land uses and zoning;
- Provide a minimum service standard for community participation;
- Create a spatial information system; and
- Provide a complaint mechanism against alleged irregularities or violations of land zoning.

The government shall make use of forums and mechanisms for regular coordination on spatial planning as a place for publicly discussing objections and grievances. As a follow up, the local government may

impose administrative sanctions or criminal penalties for offenders who violate the spatial plan through unsanctioned activities or land uses.

Community participation in the licensing process is regulated as part of the technical considerations of location permit (Regulation of Head of the National Land Agency No. 2/2011). This regulation contains several steps to issue the location permit, which include community consultation. The technical team and the permit applicant should consult with the community to obtain information and data as the basis of the technical review of the location permit. As part of the review process, the Land Technical Review Summary should be issued, which should contain the following information:

- 1) Terms and conditions of the use and utilization of the land;
- 2) Acknowledgment of the community's civil rights;
- 3) Confirmation that the Land Technical Review Summary is not a land title and land clearance permit;
- 4) If the land is located within the Forest Zone, the recipient of the Land Technical Review is required to obtain the Decree of Forest Area Relinquishment; and
- 5) Obligations to be fulfilled by the recipients of the Land Technical Review.

Related to the analysis of land availability, there are three options provided by this provision in regards to obtaining a location permit:

1. The proposed location permit is granted in its entirety if the proposed land use is in accordance with the function of the area and if there is no other party that controls the land or the other party that controls the land is willing to relinquish it;
2. The proposed location permit, should be partially granted if in the requested location there are non-transferable assets of the government and local government, forest cover, cultural sites, archaeological sites, springs, dams, reservoirs, rivers, beaches, roads, oil/gas pipes, electricity infrastructure and other public utilities;
3. The proposed location permit, should be rejected entirely if, based on the result of location review and coordination meeting, the application cannot be continued, partly because the requested activity is not in accordance with assigned functions of the area in the Regional Spatial Plan.

Based on these three options, the principles of free, prior and informed consent (FPIC) should be incorporated into the process of granting site permits by ensuring that:

- the affected people should consent to partially or wholly transferring their rights to the proponent; and
- the affected people should consent to the impacts on individual and communal rights such as access rights to roads, reservoirs, rivers, beaches, springs, and cultural sites.

The Land Technical Review Summary is set forth in the Minutes submitted to the Head of District/Governor for the consideration in issuing the location permit.

The validity period of the location permit is related to the size of the area. Location permits of area less than 25 hectares are valid for 1 year. For areas of 25-50 hectares, it is valid for 2 years and for areas of more than 50 hectares, it is valid for 3 years. During the valid period of the location permit, the applicant must resolve all of the social issues listed in the Land Technical Review Summary.

During the licensing process, companies, particularly those operating in state lands, should obtain licenses prior to starting their operations. Companies should consult with communities about acquiring their lands, and the agreement reached with the communities, including the terms and conditions of

the acquisition, should be detailed in the minutes of the consultation process. The obligations of the company to the community should then be included in the license issued to the company.

The Investment Law 25/2007 further regulates the social obligations of companies. These obligations include respecting local culture, tradition and consultation with local communities. In the licensing process, agreements with local communities should be detailed in letters issued by village heads. The letters are prerequisite for district heads to issue location permits. In certain investments, the national government requires companies to fulfil specific social obligations. Industrial plantations, for instance, are required to develop partnerships with local communities for establishing their own plantations, which should be equal to 20 per cent of the concession area. The investment board (*Badan Koordinasi Penanaman Modal* or *BKPM*) is mandated to ensure that plantation or mill licenses should have all the required documents, permits and licenses, including proof of consent from local communities.

Although there is no overarching instrument for ensuring the incorporation of FPIC into the concession licensing process, local governments can design their own instruments through a local regulation (*PERDA*) or a head of district regulation (*Peraturan Bupati* or *PERBUP*). An investment protocol could be issued that ensures that communities are properly consulted and compensated during the licensing process, including preventing and handling any conflicts that typically emerge during plantation development. More national instruments, however, are beginning to incorporate the principles of FPIC, such as the regulation from the Ministry of Environment and Forestry No. 34/2017 that enables local communities to file objections regarding projects that may potentially affect the environment that is tied to traditional knowledge and practices.

Conflict resolution

The government defines plantation conflicts as a disruption to plantation operations, which involve both internal and external disturbances. Internal disturbances are the effects of plantation operations on health and/or threatening human safety as well as disturbances and damages to natural resources and/or the environment. This provision is stipulated in Law No. 12 of 1992 on Plant Cultivation Systems (Articles 16, 60 and 61). External disturbances relate to the disruption to plantation operations caused by external parties. This definition is stipulated in Law No. 18 of 2004 on Plantations. In the implementation of a number of derivative policies of the Plantation Law, the definition of plantation disturbance combines both internal and external disturbances.

The Directorate of Plantation Protection, within the Directorate General of Plantations, is responsible for handling disruptions to plantation operations, as stipulated by Presidential Decree No. 45 of 2015 on the Ministry of Agriculture. The Directorate of Plantation Protection has developed technical guidelines for addressing plantation disturbances, which are updated almost every year. The Minister of Agriculture has issued a decree for handling plantation conflicts and disruptions (Decree of the Minister of Agriculture No. 4027/Kpts /OT.160/4/2013 on the Integrated Team for Handling Business Disruptions and Plantation Conflicts).

In 2018, local governments were provided guidance on how to resolve conflicts in the technical instructions issued by Directorate of Plantation Protection. The process of handling disturbances to plantation operations is also regulated in the Technical Guidelines, which consist of a number of important steps, including:

- Complaint/Grievance mechanisms;
- Information systems and data on disturbances to plantation operations;
- Ground check process;
- Facilitation discussions among the different parties; and

- Settlement options.

Districts and municipalities should provide reports on conflicts and disturbances to plantation operations, including how they were handled, to the provincial plantation office. The provincial plantation office should collate the reports from districts and municipalities and provide them to the Directorate General of Plantations.

Acknowledgement and protection of customary rights

The acknowledgement of indigenous peoples' rights is mentioned in the 1945 Constitution, the Basic Agrarian Law (Law No. 5 of 1960), the Human Rights Law (Law No. 39 of 1999), and various other laws. There are only a few laws and regulations, however, that provide specific guidance for local governments on how to acknowledge and protect customary rights. After the ruling of the Constitutional Court No. 35 of 2012, the acknowledgement of indigenous peoples' rights can be pursued by local governments⁶ through several instruments, namely customary villages, customary forests, and customary lands. Although all of these instruments are legally valid, some may be more appropriate than others considering the local context. Below we detail the requirements for acknowledging customary rights for each of the instruments.

Acknowledgment of Customary Villages

Acknowledgement of Customary Village is regulated in Law No. 6 of 2014 on Villages. Based on this Law, to acknowledge a customary village, local governments should undertake the steps described in Table 8.

Table 8: Steps for acknowledging customary villages according to the Village Law

Result	Process
The identification of customary villages	Identification should be conducted by the team established through a decision or decree of the head of district/mayor
There is a customary village map and a number of social requirements are fulfilled and acknowledged by the village or other communities	The village maps and other social processes shall receive acknowledgement from neighboring communities and set forth in meeting minutes which is approved and signed by all parties
Local regulation on customary village acknowledgement	Approval process with Local Parliament and evaluated by the governor
Village registration number and village code from minister in charge of villages	Registration number issued by the governor and village code by the minister who is in charge of villages once the local regulation on the acknowledgement of customary villages is approved by the Governor
A head of district/mayor regulation on the authority of the local, traditional villages	Identification of the authority of local, traditional villages conducted by the team appointed by the head of district/mayor. The process of detailing the authority of traditional villages shall be developed by the village itself based on the participation of villagers. The team shall conduct an inventory for one district/city which will subsequently be proposed as a draft of the authority of customary

⁶ When an issue falls within a single district, it falls within the authority of the district government. If the issue crosses two or more districts, it falls within the authority of the provincial government.

	villages.
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Acknowledgement of Customary Forests

After the issuance of Constitutional Court Ruling No. 35 of 2012, customary forest ownership can be legally acknowledged. This ruling changed the formulation of customary forests in Law No. 41 of 1999 on Forestry by removing customary forests from state forest areas, then stipulating that indigenous peoples have rights to customary forests. There are several things that local governments should do regarding the acknowledgement of customary forests as described in Table 9.

Table 9: Steps for acknowledging customary forests

Result	Process
A local regulation on the acknowledgement of customary communities	This local regulation should include an indicative map of customary territories, in addition to supporting studies that explain the origin, history, land use and customary laws of the customary community or communities.
A customary forest that has clear borders	The proposal on customary forest should be submitted to the Ministry of Environment and Forestry, followed by a verification process. As a result of this process, customary forest proposals must be agreed by all stakeholders, both local government representatives, the Ministry of Environment and Forestry, and other communities bordering the customary forest area. This agreement should be detailed in the meeting minutes. In the event of a conflict or some stakeholders not approving the proposal, a conflict mediation approach will be taken in an attempt to resolve the conflicts and approve the proposal.
Post-acknowledgement empowerment	Indigenous peoples are assisted to utilize forests sustainably and to obtain sustainable management certification, either through the Timber Verification and Legality System (<i>Sistem Verifikasi Legalitas Kayu</i> or SVLK) or other schemes

Acknowledgement of Customary Land

The legal basis for acknowledgement of customary land is older than that for the customary forests and customary village schemes. Acknowledgement of customary land has been stipulated in the Basic Agrarian Law (Law No. 5 of 1960) and was even mentioned during the Dutch colonial era. In the Local Government Law, the authority for designating customary lands is assigned to provincial and district/city governments. Within the law, the central government does not have any authority for designating customary lands.

Through the Presidential Regulation No. 88 of 2017, the process for assigning land rights to communities with lands in forest areas was clarified. Under this provision, the process for designating and relinquishing customary land from forest areas is described in Table 10.

Table 10: Steps for acknowledging customary land

Results	Process
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Customary land is proposed to be relinquished from the forest area	This process involves the IP4T ⁷ team that identifies customary land proposals and then verifies and submits the proposals for relinquishment from the state forest area to the Ministry of Environment and Forestry. During the verification process, the following evidence will be sought by the team in order to verify the customary land proposal: availability of maps, evidence of control and physical use, juridical data such as letters or information from village authorities as well as environmental considerations.
Decree on the Relinquishment of Customary Land from the State Forest Area	The Minister of Environment and Forestry issues a Decree on the Relinquishment of Customary Land from the State Forest Area which is integrated into the revised Spatial Plan.
Customary land registration	The National Land Agency can register a parcel of customary land once it is relinquished from the state forest area by the Ministry of Environment and Forestry.

Labor protection

The authority of local governments regarding labor protection is mandated by a number of national labor laws. The main laws are the Human Rights Law (Law No. 39 of 1999), the Labor Law (Law No. 13 of 2003) and the Child Protection Law (Law No. 35 of 2014). In addition, there are other laws related to the obligations of local governments for ensuring occupational health and safety such as the Health Law (Law No. 36 of 2009). In Table 11, the roles of government in relation to labor protection are detailed.

Table 11: The roles of local government in labor protection

Results	Process
Labor supervisory unit established in Labor Office	The labor supervisor has the duty of monitoring and supervising the compliance of companies or employers with the labor law and submitting reports to the Minister of Labor.
The existence of supervisory reports on the workforce	The labor supervisor submits regular reports on the compliance of companies with the labor law in one province or district/city
Decree on the Establishment of a Wage Council at the provincial and district/city level	The Wage Council shall be established by a Governor's Decree and a Head of District/Mayor's Decree for a period of three years. The Council consists of experts and representatives of government, employees and employers
The existence of a Governor's Regulation on Minimum Wages	According to the Labor Law, minimum wages are set by taking into consideration the necessities of a decent standard of living and with due regard to productivity and economic growth, as well as recommendations from the Provincial and / or District / Municipal Wage Council

⁷ The team for conducting an inventory of the authority over, ownership, use and utilization of land (*Inventarisasi Penguasaan, Pemilikan, Penggunaan dan Pemanfaatan Tanah*)

To ensure occupational health and safety, the Minister of Labor, through the Regulation of the Minister of Health No. 03/Men/1982 on Labor Health Services, mandates the company to provide health services, with the type of services in accordance with the number of employees and occupational risks. One of the programs of the labor supervisor is to monitor the compliance of companies with this provision.

Good governance in the decision-making and development process

The code of conduct of government entities and officials is regulated through Law No.5 of 2014 on the State Civil Apparatus and Law No. 30 of 2014 on Government Administration. Through these laws, the behavior of government officials is regulated to ensure they practice good governance, which includes the following obligations:

- Preventing government officials from surpassing their authority, obscuring the extent of their authority or acting arbitrarily;
- Using authority and making decisions and/or actions under the laws and the general principles of good governance;
- In case of necessary discretion, the official concerned shall describe the purpose, objectives, substance, and administrative impact(s) that may potentially alter the state's financial position and report both verbally and in writing within 5 (five) days prior to the use of discretion;
- It is legal to refuse to provide official assistance if: (1) it influences the performance of the Government Agency and/or Officials which provides the aid, (2) the assistance is state secrets, and (3) it is prohibited by law;
- Officials with potential conflict of interest are prohibited from stipulating and/or carrying out Decisions and/or Actions; and
- Issuing Licenses, Dispensation and/or Concession with reference to the general principles of good governance and in accordance with the provisions of laws and regulations.

In addition to the principles regulating the conduct of government officials, Law No. 30 of 2014 also provides a mechanism for citizens to file reports of alleged conflicts of interest by government officials in their decisions or actions. Officials are also required to disseminate information on any decisions or actions that may incur a charge to citizens no later than 10 days before a decision is made. Officials should also create Standard Operating Procedures (SOP) for decision making.

Officials who do not comply with the aforementioned mandatory principles are subject to administrative sanctions. Two actions that are subject to severe administrative sanctions are abuse of authority and conflict of interest. The most severe form of sanction is the permanent dismissal without financial and other benefits as well as having the sanction published in the mass media.

PARTNERSHIP MODELS FOR SOCIAL PROTECTION AND INCLUSION	
COMPANIES	
	<ul style="list-style-type: none"> • Provide support for the mapping and registration of small-scale producers
NON-GOVERNMENT ORGANIZATIONS	
	<ul style="list-style-type: none"> • Support the mapping and registration of small-scale producers • Support indigenous groups and local communities to map their lands and lodge land claims • Empower communities to negotiate with concessionaires and lodge complaints where necessary
DONORS	
	<ul style="list-style-type: none"> • Provide funding for activities such as mapping small-scale producers as well as the land rights of indigenous and local communities
RESEARCH ORGANIZATIONS	

- Support collaborative research into local tenure systems and institutions, as well as supporting mapping and registration efforts

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5. INDICATORS SUSTAINABLE COMMODITY PRODUCTION AT THE DISTRICT LEVEL

5.1 ENVIRONMENTAL PROTECTION INDICATORS

SDG GOALS

- Goal 3: Ensure healthy lives and promote well-being for all at all ages
- Goal 6: Ensure access to water and sanitation for all
- Goal 15: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

	Basic Legality	Legality +	Sustainability Partnerships
Protecting forests	Forests in Protection and Conservation areas should be protected. No new licenses should be issued in primary forests	Forests outside of state forests can be designated as protection areas through the spatial plan	Communities and can companies can be provided with incentives for voluntarily conserving forests in lands under their control
<i>Legal basis</i>	<i>The Forestry Law 41/1999</i> <i>Conservation Law 5/1990</i> <i>Eradication of forest destruction Law 18/2013</i> <i>Moratorium for new concessions Inpres 6/2017</i>	<i>Law 26/2007 on Spatial Planning</i> <i>Environmental Law (Law No. 32 of 2009)</i> <i>Moratorium for new concessions Inpres 6/2017</i>	
<i>SDG indicators</i>	15.1.1 Forest area as a proportion of total land area 15.5.1 Red List Index		
<i>Indicator</i>	All protected areas remain protected % Additional forests conserved Forest patch size and connectivity		
<i>Means for verification</i>	Satellite images overlaid with licenses ⁸ Check the content of the spatial plan document or decrees on assigning areas outside state forests as protected Agreement between multiple stakeholders for voluntarily protecting forests Landscape analyses		
Protecting biological diversity and ecosystems	Forests and other ecosystems in protected areas and conservation areas should be protected. No new licenses should be issued on peatland.	Forests and other ecosystems, including peatland, outside of forest areas should be protected.	Communities and can companies can be provided with incentives for voluntarily conserving biological diversity and ecosystems in lands under their control
<i>Legal basis</i>	<i>The Forestry Law 41/1999</i> <i>Conservation Law 5/1990</i> <i>Government Regulation 28/2011 Nature Reserve Area and Nature Conservation</i> <i>Government Regulation 57/2016 Protection and Management of Peatland Ecosystem</i>	<i>Law 26/2007 on Spatial Planning</i> <i>Environmental Law (Law No. 32 of 2009)</i>	

⁸ Currently, Indonesian laws and regulations do not permit plantation licenses to be published. There is scope for discussion on improving the transparency of plantation spatial and non-spatial data.

<i>SDG indicators</i>	15.1.2 Proportion of important sites for terrestrial and freshwater biodiversity that are covered by protected areas, by ecosystem type 15.9.1 Progress towards national targets established in accordance with Aichi Biodiversity Target 2 of the Strategic Plan for Biodiversity 2011–2020		
<i>Indicator</i>	All protected areas and peatland remain protected % Additional biologically diverse ecosystems protected Ecosystem extent and health		
<i>Means for verification</i>	Satellite images overlaid with licenses ⁹ Check the content of the spatial plan document or decrees on assigning areas outside state forests as protected Agreement between multiple stakeholders for voluntarily protecting biologically diverse ecosystems Landscape analyses		
Protecting areas critical for ecosystem services	Forests in sloping and riparian areas should be protected	Areas critical for ecosystem services, including sloping areas, upper areas of watersheds and coastal and riparian areas can be protected through the spatial plan	Communities and companies can be provided with incentives for voluntarily conserving or restoring forests in lands under their control, beyond the legal requirements.
<i>Legal basis</i>	<i>Land and Water Conservation Law 37/2014</i> <i>Forestry Planning Regulation 44/2004</i>	<i>Law 26/2007 on Spatial Planning</i> <i>Environmental Law (Law No. 32 of 2009)</i> <i>Land and Water Conservation Law 37/2014</i> <i>Management of Coastal Area and Small Islands Law 27/2007</i>	
<i>SDG indicators</i>	3.9.2 Mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene (exposure to unsafe Water, Sanitation and Hygiene for All (WASH) services) 6.5.1 Degree of integrated water resources management implementation (0–100) 6.6.1 Change in the extent of water-related ecosystems over time		
<i>Indicator</i>	Forests in sloping and riparian areas % Additional forests protected Forest extent in critical areas		
<i>Means for verification</i>	Satellite imagery Check the content of the spatial plan document or decrees on assigning areas outside state forests as protected Agreement between multiple stakeholders for voluntarily protecting biologically diverse ecosystems		
Preventing and mitigating fire	All fires should be prevented	Districts can improve the infrastructure for mitigating, monitoring and handling fires, including supporting alternative livelihoods	Non-government actors can contribute to the infrastructure for mitigating, monitoring and handling fires, including supporting alternative livelihoods
<i>Legal basis</i>	<i>Presidential Instruction No. 11/2015</i> <i>Environmental Law (Law No. 32 of 2009)</i>	<i>Law No. 25/2004</i> <i>The Ministry of Home Affairs Decree 13/2006.</i> <i>The handling of fired area within forest concessions</i> <i>MoEF Regulation 77/2015</i> <i>Procedures revoking Business Use License on</i>	

⁹ Currently, Indonesian laws and regulations do not permit plantation licenses to be published. There is scope for discussion on improving the transparency of plantation spatial and non-spatial data.

		<i>burned area - Head of Land Agency Regulation 15/2016</i>	
<i>SDG indicators</i>	3.9.1 Mortality rate attributed to household and ambient air pollution 15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation neutral world 15.5.1 Red List Index		
<i>Indicator</i>	Number of fires Plan and budget allocated for preventing, handling and monitoring fire		
<i>Means for verification</i>	Hotspot and burn scar analyses Number of plans Agreement between multiple stakeholders for voluntarily protecting biologically diverse ecosystems		
Preventing adverse effects from development activities	Local governments should conduct strategic environmental impact assessments in addition to environmental impact assessments	Local governments should encourage investments that positively contribute to the environment	Non-government actors, including companies and investors, should invest in sustainable enterprises
<i>Legal basis</i>	<i>Environmental Law (Law No. 32 of 2009)</i> <i>Strategic Environmental Impact Assessment (KLHS) Government Regulation 46/2016</i> <i>Ministry of Home Affairs Decree 7/2018</i> <i>Environmental Impact Assessment (AMDAL) Ministry of Environment Regulation 5/2012</i> <i>Procedures for Determining Business Use License Head of Agency Regulation 7/2017</i>		
<i>SDG indicators</i>	All of the above		
<i>Indicator</i>	New developments do not cause damage to the environment New green/ sustainable investments in district		
<i>Means for verification</i>	Environmental Impact Assessment (AMDAL) documents Green investments included in development plans Agreements/Licenses issued for green investments in district		

5.2 SOCIAL PROTECTION

SDG GOALS

- Goal 1: End poverty in all its forms everywhere
- Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 3: Ensure healthy lives and promote well-being for all at all ages
- Goal 5: Achieve gender equality and empower all women and girls
- Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 10: Reduce inequality within and among countries

	Basic Legality	Legality +	Sustainability Partnerships
Free, prior and informed consent during plantation development	Consult and compensate rights holders during land acquisition processes	Issue local regulation that stipulates specific steps for consulting communities that reflect the principles of Free, Prior and Informed Consent, including establishing a complaint mechanism	Companies, in partnership with the local government, ensure that communities are properly informed, through the preparation of communication materials and hiring experts as well as through preparing alternative models of plantation development that are more advantageous to local communities.
<i>Legal basis</i>	<p><i>Government Regulation No. 68/2010</i></p> <p><i>Regulation of Head of the National Land Agency No. 14/2018</i></p> <p><i>The Investment Law 25/2007</i></p>		
SDG Indicators	1.4.2 Proportion of total adult population with secure tenure rights to land, (a) with legally recognized documentation, and (b) who perceive their rights to land as secure, by sex and type of tenure		
<i>Indicator</i>	FPIC is integrated in the process of applications for plantation permits, which begins with the location permit Permit applications for plantations are publicly available		
<i>Means for verification</i>	SOP for location permit Web-based permit application		
Conflict mitigation and handling	District governments should establish mechanisms for reporting, handling, monitoring and reporting plantation related conflicts	District governments can create an online system for transparently registering and handling plantation conflicts, supported by a local regulation stipulating the process	Information about the system should be systematically disseminated to communities throughout the district, including providing technology and training to communities in using the system
<i>Legal basis</i>	<p><i>Law No. 12 of 1992 on Plant Cultivation Systems (Articles 16, 60 and 61)</i></p> <p><i>Law No. 18 of 2004 on Plantations</i></p> <p><i>Presidential Decree No. 45 of 2015 on the Ministry of Agriculture</i></p> <p><i>Decree of the Minister of Agriculture No. 4027/Kpts /OT.160/4/2013 on the Integrated Team for Handling Business Disruptions and Plantation Conflicts</i></p>		

SDG Indicators			
<i>Indicator</i>	Number of plantation related conflicts resolved		
<i>Means for verification</i>	Registry of plantation conflicts from the Ministry of Agriculture New licenses		
Recognizing customary land rights	Local governments should initiate processes for recognizing the land rights of customary communities based on requests from those communities	Local governments should establish mechanisms, including online registries, for simplifying the process for recognizing customary land rights	Systematic programs should be developed for identifying, registering and recognizing the rights of customary communities
<i>Legal basis</i>	<i>Law No. 6 of 2014 on Villages</i> <i>Constitutional Court Ruling No. 35 of 2012</i> <i>Law No. 41 of 1999 on Forestry</i> <i>Agrarian Law (Law No. 5 of 1960)</i> <i>Presidential Regulation No. 88 of 2017</i>		
SDG Indicators	1.4.2 Proportion of total adult population with secure tenure rights to land, (a) with legally recognized documentation, and (b) who perceive their rights to land as secure, by sex and type of tenure		
<i>Indicator</i>	Percentage of customary lands recognized as customary villages, customary forests or customary land integrated in medium-term development targets		
<i>Means for verification</i>	Customary land titles issued Maps of customary lands		
Labor Protection	Monitor, supervise and report the compliance of companies in regards to prevailing labor laws	Establish online mechanisms, supported by regulations, for transparently reporting, monitoring and enforcing compliance with prevailing labor laws	Companies develop policies that implement best practices or better in regards to labor in commercial land uses or downstream industries
<i>Legal basis</i>	<i>The Human Rights Law (Law No. 39 of 1999),</i> <i>The Labor Law (Law No. 13 of 2003),</i> <i>The Child Protection Law (Law No. 35 of 2014),</i> <i>The Health Law (Law No. 36 of 2009).</i>		
SDG Indicators	8.5.1 Average hourly earnings of female and male employees, by occupation, age and persons with disabilities 8.7.1 Proportion and number of children aged 5–17 years engaged in child labour, by sex and age 8.8.1 Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status 8.8.2 Level of national compliance with labour rights (freedom of association and collective bargaining) based on International Labour Organization (ILO) textual sources and national legislation, by sex and migrant status		
<i>Indicator</i>	Reported incidents of labor law violations and successful prosecutions		
<i>Means for verification</i>	Registry of legal proceedings		
Improving smallholder productivity and	District consolidates data and maps on oil palm license and smallholders and report them to the Governor	District integrates policies and programs for supporting the legality and productivity of	Partnerships, either programmatic or institutional, for improving the legality and productivity of smallholders

participation in sustainable markets		smallholders in medium- term plans	
<i>Legal basis</i>	<i>Moratorium for oil palm plantation (Presidential Instruction 8/2018)</i>		
<i>SDG Indicators</i>	2.3.1 Volume of production per labour unit by classes of farming/pastoral/forestry enterprise size 2.3.2 Average income of small-scale food producers, by sex and indigenous status 2.4.1 Proportion of agricultural area under productive and sustainable agriculture		
<i>Indicator</i>	Smallholder productivity (in relation to baselines and industry best practices)		
<i>Means for verification</i>	Smallholders database will be used to support smallholders ISPO certification		

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