

**Fourth Terpercaya Advisory Committee Meeting
Minutes of Meeting**

Date:	27 June 2019
Time:	09.00-13.00
Venue:	Hotel Ayana Midplaza – Jakarta
Moderator:	Bernadinus Steni (INOBU)
Participants:	EU Delegation, TRASE, KEHATI, SNV, Ministry of Trade, EFI, German Embassy, WRI, Ministry of Foreign Affairs, LTKL, Ministry of Environment & Forestry, Y-IDH, Unilever, Pepsico, Bappenas, Mondelez, Danish Embassy, TFA, RSPO, Auriga, Madani, IPB, AMAN Kobar, Envitec Biogas, GIZ, INOBU (See Annex 1)

Opening Remarks and Presentations

- The fourth Terpercaya advisory committee meeting was officially opened with remarks from the EU Delegation. After thanking representatives from Government ministries, civil society and the private sector for contributions to Terpercaya, the EU representative explained that Terpercaya is expected to help accelerate progress in achieving certification, and help increase production and yield without negative social or environmental impacts. Terpercaya can be used to communicate to European supply chain actors and consumers information on progress and efforts made by palm oil producers in Indonesia towards sustainability. Besides Terpercaya, the EU Delegation also supported Trase, which is a tool to bring transparency to palm oil supply chains in Indonesia and to bring accountability to critical nodes in the palm oil supply chain. Trase is expected to inform European companies and traders as well as Indonesian districts of their social and environmental footprint and help make the necessary changes. The project currently supporting both Terpercaya and Trase will end soon. It now depends on Indonesia to use the tools to promote jurisdictional sustainability and supply chain transparency. The EU Delegation has set aside resources for future engagement and is willing to assist in connecting different stakeholders to future efforts.
- The second set of opening remarks were provided by the National Planning Agency (Bappenas). First, appreciation was extended to the EU Delegation for the support provided to sustainable palm oil development given that palm oil is critical in supporting the Indonesian economy and people’s welfare, particularly those living around plantations. Palm oil is still a priority and is an important consideration in 2020-24 development planning, as is maintenance of natural resources. Bappenas hopes that outputs from Terpercaya and the meeting can be integrated into Bappenas priorities for 2020-2024.
- In the third set of opening remarks, the Ministry of Environment and Forestry (KLHK) explained how Terpercaya’s aims to demonstrate sustainability at the jurisdiction level align with Indonesia’s policies. The Government of Indonesia has a similar initiative whereby the State Audit Board (Badan Pemeriksa Keuangan) of Indonesia has moved beyond assessment of financial accountability of district governments and has also started assessing accountability in terms of ecological or environmental quality. The Ministry of Environment and Forestry has, and is further developing instruments, to support sustainability at the district level and hopes that support can be given not only to monitor sustainability but to help improve the situation at the field level as outlined in laws and the constitution. The Ministry of Environment and Forestry has a number of instruments to support environmental development planning including strategic environment assessment (KLHS) and environmental impact assessment (AMDAL) which, through implementation, can achieve results related to Terpercaya indicators. Since the 2020-2024 medium term development plan (RPJMN) will provide a strong basis for low emission

development, KLHK hopes that Bappenas can include the Terpercaya study in the RPJMN. The results of Terpercaya could help with development and implementation of environmental protection plans and monitoring of business permits to promote progress towards district level sustainability in Indonesia.

- The representative from the Ministry of Agriculture provided a final set of opening remarks by discussing the indicators that are relevant for the Ministry. The Ministry of Agriculture has issued the necessary regulations related to fire prevention and peatland protection, smallholder registration (through STDB letter), conflict resolution and the Indonesian Sustainable Palm Oil (ISPO). A roadmap is currently being developed to resolve smallholder issues including in relation to productivity and smallholder organisations.
- A presentation on Terpercaya indicators and data was provided by INOBU as the basis for discussion. The name of the study - “trustworthy” or terpercaya in Indonesian - denotes aims to support dissemination of information on sustainable commodity production that can be trusted by markets. Terpercaya does not aim to compete with other certification schemes such as RSPO or ISPO but to support the achievement of the certification. Through a multi-stakeholders process, the Terpercaya study has so far selected 22 indicators based on the authority of the district government and the Indonesian legislation. The 22 indicators are divided into four categories, namely environment, social, economic and governance. The presentation file is available upon request.

Inputs and Feedback to the Sustainability Indicators

- The discussion session was guided by two questions posed to the committee as follows. First, did we miss any important indicator in the 22 indicators identified thus far? Second, how can the information associated with the 22 indicators be condensed into three simple categories (green, yellow, and red for illegal practice)?
- The committee members provided several suggestions to improve the indicators as follows:
 - Two words that are missing in the indicators are “transparency” and “spatial plan”. Both should be clearly mentioned as part of one of the indicators.
 - The indicator of conflict resolution should also be able to capture informal mechanisms preferred by local communities.
 - A key issue with jurisdictional sustainability concerns legality and land tenure and associated indicators should be included in Terpercaya and should take into account implementation of the TORA (agrarian reform) programme.
 - Terpercaya should capture efforts at the village level for instance to assess sustainability in relation to village development plans.
 - The indicator related to replanting should not contradict the indicator related to productivity as often the two indicators do not correlate positively.
 - The indicators have not included the issue of gender equality and child/forced labour as included in the SDGs.
 - The ratio of productive and unproductive areas within and outside forestland in Indonesia is low and this should be made an indicator to encourage solutions and reduce unproductive area. An indicator could be developed to help track continuity of policy implementation following district head (Bupati) change.
- The participants have also provided suggestions for next steps including:
 - Testing indicators should be considered as the next step. With reliable indicators, the implementation of national level regulations in the regions can be assessed. The Terpercaya-Trase system should be piloted at jurisdiction level, engaging volunteer plantations to determine how they contribute to district level sustainability. Terpercaya indicators will determine if business and environment permits are being applied to

contribute to sustainability and meet the ISPO standard. With trials conducted to assess the indicators, the indicators will be more reliable.

- Regarding the pilot activity, we need to know how to measure the indicators and set thresholds. We should also pay attention to measure gradual progress.
- Terpercaya can also consider implementing a 2000 cut-off date for palm oil deforestation to ensure that not all palm oil is characterised as ‘bad.’
- Terpercaya indicators could be classified into three levels: (i) Legal data trustworthy, (ii) legal data not trustworthy, (iii) legal data not available, taking into account that some data owned by private sector, government and/or civil society cannot be used. Indicators should be clustered according to those which are mandatory, those which are voluntary, and those which are innovative in nature.
- Consideration should be given to weighting indicators, particularly given nuanced likely behaviour of some, e.g. indicator 13 on smallholder productivity can be negatively influenced for 7-10 years by replanting which in fact aims at increasing productivity.
- A composite index may be required to measure how each indicator contributes to achieve a healthy landscape overall.

Presentation and Discussion on Trase

- Presentation on ‘Mapping the Indonesian Palm Oil Supply Chain: Initial results and potential applications.’ Giorgio Indrarto, Trase/Global Canopy. Presentation available on request. Trase demo version for Indonesia: <https://indonesiademo.trase.earth/>
- Comments and questions from the participants regarding Trase include:
 - Can the supply chain assessment be extended to the plantation level given that many NGOs and private actors are working at the site level?
 - Trase should consider updating data and linking to initiatives underpinned by the recent ‘One Data’ Presidential Regulation.
 - Currently Trase is aiming at elucidating palm oil links to the district level and although 85% of exporting in Indonesia companies have sustainability commitments, the source of palm oil from companies without commitments may be classified as ‘unknown’ if shipment data can’t be accessed.
 - By focussing Trase and Terpercaya on lower spatial scales than districts, there is a risk of losing the message that Terpercaya has the capability to communicate to a wide audience.

Discussion on the Institutional Setting for Moving Terpercaya Forward

- The Director of Food and Agriculture Development in the Ministry of Planning (Bappenas) indicated willingness to host a Terpercaya meeting in September and the framework for government level discussion should be considered
- The Director of Prevention of Environmental Impacts and Regional and Sectoral Policies, General Directorate of Planning (Planologi), Ministry of Environment and Forestry is leading development of jurisdiction scale environmental instruments and various local level initiatives.
- Key institutions and divisions to be involved in Terpercaya need to be identified, e.g. MoEF departments. In forest areas, different divisions and departments will be relevant, and at the district level the Ministry of Agrarian Affairs and Spatial Planning, and the Ministry of Agriculture and Financial Services Authority (OJK) need to be involved, the latter in relation to guidelines on sustainable palm oil, the development of which Bappenas is involved in.
- A leading institution to coordinate Terpercaya is also needed and could be KEMENKO, or Bappenas, with the National Land Agency, Ministry of Trade, Ministry of Environment and Forestry, and the banking sector also involved.

- The medium term development planning process is now being initiated and will be finalised in January 2020. Terpercaya and Trase related processes could be integrated, including efforts to link from the site level to district level.
- An important issue in palm oil sustainability and trade is the European public's trust of regulators in Indonesia and jurisdictional approaches could help to improve matters, particularly if the private sector supports district level regulatory compliance and understands its role in creating a level playing field for all producers, including those without sustainability commitments, and enabling producers with sustainability commitments to use palm oil produced by currently illegal smallholders. Making a case for Terpercaya would help prevent the private sector from seeing it as a threat due to a perception of an associated increase in government regulation and involvement in the palm oil sector.

Discussion on the Next steps and Concluding Remarks

- Funding for Terpercaya through the EU Partnership Instrument is over but dialogue is improving and the model could be used as basis for future efforts. EFI can provide resources if an Indonesian institution is willing to host the meetings. The next Terpercaya meeting is planned for September and the hope is that one ministry will step forward as a host.
- Trase is planning engagements with stakeholders (one-to-one meetings with government, private sector and NGOs) for model verification and improvement beginning with today's meeting; Data available will be extended to cover 2013-2018 (rather than just 2015 present).
- An EU Partnership Instrument funded project for €4.5 million will bring together Indonesia, Malaysia, development partners, and stakeholders interested in mapping/demonstrating progress in palm oil sustainability at scale and will aim to adapt the Terpercaya approach to cross-border assessments in volunteer districts/clusters using an agreed set of performance indicators and verifiers. Keberlanjutan sAwit Malaysia Indonesia (KAMI) project. Baseline assessment will be carried out in 2020, and development partners will be asked to work with interested 'yellow' second tier districts to support transitions to 'green' sustainability. In 2022, progress will be measured to assess which 'yellow' districts have moved to 'green.'
- There is no EU mandate defining the role of Terpercaya in the future but EU Delegation can communicate with staff involved in CEPA negotiations, if, for example, there were an endorsement related to district sustainability levels.

Annex 1. List of Participants

No.	Name	Affiliation
1	Michael Bucki	EU
2	Giorgio Budi Indrarto	TRASE
3	Diah Suradiredja	KEHATI
4	Seth Van Doorn	EU
5	Ismene Stalpers	SNV
6	Puspita Demitria	SNV
7	Maitsa Nadhila	Ministry of Trade
8	Valerie Merckx	EFI
9	Manuel Ziem	German Embassy
10	Arief Wijaya	WRI
11	Ade Rina	Ministry of Foreign Affairs
12	Ristika Putri Istanti	LTKL
13	Erik Teguh Primantoro	PDLKWS, Ministry of Environment and
14	Zakki Hakim	Y-IDH
15	Lana Kristanto	Unilever
16	Reuben Blackie	Pepsico
17	Nono Rusono	Ministry of National Development
18	Andi Sitti Asmayanti	Mondelez
19	Per Rasmussen	Danish Embassy
20	Erwin Widodo	TFA
21	Tiur Rumondang	RSPO
22	Timer Manurung	Auriga
23	Desriko Malayu Putra	LTKL
24	Trias Fetra	Madani Berkelanjutan
25	Prayono Atiyanto	Ministry of Foreign Affairs
26	Teguh Surya	Madani Berkelanjutan
27	Christieni Maria	Ministry of Agriculture
28	Dini Maryani	Ministry of Environment and Forestry
29	Yehezkiel Bunga	Ministry of Environment and Forestry
30	Rizaldi Boer	IPB University
31	Mardani	AMAN Kotawaringin Barat
32	Thomas Wagner	Envitec Biogas
33	Georg Bucholz	GIZ
34	Janne Siregar	TFA
35	Jeremy Broadhead	EFI
35	Bernadinus Steni	INOBU
36	Silvia Irawan	INOBU
37	Michael Padmanaba	INOBU

Annex 2. Agenda

Time	Activity	Speaker/Moderator
08.00 – 09.00	Breakfast (Rasa Restaurant)	
09.00 – 09.30	Opening remarks	Kemenko, Bappenas, and EU Delegation
09.30 – 09.50	Terpercaya indicator review and data presentation	Silvia Irawan (INOBU)
9.50-11.30	Discussion on Terpercaya indicators	Bernadinus Steni (INOBU)
11.30-11.45	Presentation on supply chain links to districts and districts indicator, and information from their Indonesia briefs Q&A	Trase
11.45-12.30	Discussion on Next Step	Bernadinus Steni (INOBU)
12.30-12.35	Concluding Remarks	EU Delegation

Annex 3. Photos



