

THE THIRD MEETING OF THE TERPERCAYA ADVISORY COMMITTEE (PHASE 2)

Minutes of Meeting

<i>Day/date:</i>	<i>Wednesday, October 7, 2020</i>
<i>Time:</i>	<i>09.00-11.40</i>
<i>Place:</i>	<i>Online (Via Zoom)</i>
<i>Moderator:</i>	<i>Josi Khatarina (INOBU)</i>
<i>Participants:</i>	<i>BAPPENAS, Ministry of Home Affairs, Ministry of Agriculture, Ministry of Trade, EU Delegation, German Embassy, French Embassy, British Embassy, Danish Embassy, USAID, GIZ, TFA, TRASE, KEHATI, EFI, WRI, Epistema, AMAN, LTKL, SPKS, INOBU, PATTIRO, JPIK, Madani, FWI, APhi, GAR, Unilever, APRIL, Procter & Gamble, PepsiCo, SIPEF (See Attachment I)</i>

Agenda

1. Discussion on the progress with data identification for the Terpercaya study.
2. Demo of Version 0 of the Terpercaya data platform.
3. Discussion on district performance ratings in Terpercaya.
4. Information on the EU funded KAMI project.

I. Opening and Presentation

- The meeting was opened and chaired by the Director of Food and Agriculture, Bappenas, who conveyed the following messages:
 - One of the approaches in the food and agriculture sector that has been listed in the National Medium Term Development Plan (RPJMN) 2020-2024 is the landscape-based approach. Policies regarding this approach are being developed using an evidence-based and collaborative process involving various stakeholders. Apart from the landscape-based approach, resource efficiency and sustainable management approaches have also received important attention;
 - The Terpercaya data platforms and data sets displayed are expected to support evidence-based policy making and will be completed soon. Existing information in the Terpercaya data platform will be integrated with other development measures, so that they can be used by BAPPENAS to conduct analyses and evaluations of development performance at the national and local levels, especially in terms of food and agriculture management, particularly on palm oil;
 - For example, the RPJMN 2020-2024 plans several items also measured as part of the Terpercaya initiative, such as the plans to establish 350 farmer corporations and how to improve and measure farmers' welfare;
 - Oil palm is a strategic agricultural commodity that has received much attention from the government. Given market demand, palm oil production is encouraged to apply the principles of legality, traceability, and sustainability. These three principles are reflected in Terpercaya;
 - Improving competency in palm oil production, especially in relation to sustainability, is important to access markets. The government does not want exclusion and expects that all business actors or stakeholders can collaborate towards sustainability in the palm oil sector fairly.

- The European Union (EU) Delegation has provided support to promote open dialogue and productive and constructive cooperation. In regards to palm oil, in the near future. The **Keberlanjutan sAwit Malaysia and Indonesia (KAMI)** or **Malaysia and Indonesia Palm Oil Sustainability** project will be carried out as a continuation of Terpercaya. KAMI can also serve as an exchange corridor not only bilaterally but also in the context of trilateral cooperation (involving Malaysia);
- Views from the EU Delegation:
 - The EU Delegation expressed their appreciation for the excellent progress of Terpercaya. The Delegation is also very excited and confident that the KAMI Project, built on the progress made by Terpercaya, will also run well;
 - In relation to palm oil, the EU is currently reviewing options on policy frameworks on deforestation. In conducting the consultations, one of the assessed aspects is the potential impact of future policies. As part of this review, all stakeholders are invited to provide their input;
 - The KAMI project is expected to bridge communication between commodity producing countries including Indonesia, Malaysia and the EU.
 - As part of KAMI, which will be implemented in Indonesia and Malaysia, the parties will be assisted by EFI and various partners, including INOBU.
- Presentation by Bappenas on Terpercaya's progress, consisting of:
 - Report on various activities carried out between February and September 2020;
 - Progress of Terpercaya data collection;
 - Progress of Terpercaya data platform establishment (demo of Terpercaya Platform version 0);
- Questions directed to and to be discussed by the Advisory Committee members were:
 - To what extent are the indicators deemed sufficient to assess whether the agricultural commodities produced by a district have met the sustainability principles?
 - How can the platform bridge the needs of stakeholders in assessing the sustainability aspects of agricultural commodities?
 - How will the principles to assess a district be developed?

II. Input

II.A. General

- Participants welcomed the progress that Terpercaya has achieved;
- Key aspects discussed include:
 - **Regional development planning and evaluation.** The Ministry of Home Affairs will utilize Terpercaya platforms and indicators in the management of national and local development planning.
 - **Fiscal incentives.** Bappenas considers the use of a fiscal transfer policy (Special Allocation Funds/DAK) as well as a Ministry of Agriculture budget item that is allocated to the local governments (up to 80%), to serve as an incentive or support mechanism for the local governments to produce commodities in a sustainable manner. Civil society welcomes this idea and encourages that such a mechanism be integrated with DAK from forestry and the environment, which already contains indicators related to environmental management, such as waste management.
 - **Instrument in trade negotiations.** The Ministry of Trade said that the platform and information provided by Terpercaya is very useful in trade negotiations with other

countries, including the European Union. The government is currently negotiating a comprehensive economic partnership agreement (CEPA) with various countries/jurisdictions, led by the Ministry of Foreign Affairs. Based on the available information on this platform, the negotiation team can pinpoint areas that are performing well and committed to the principles of sustainable development. The Director of Food and Agriculture emphasized that from the start, the Terpercaya initiative has been intended to increase market confidence in Indonesian agricultural commodities. One of the expectations is that Terpercaya can help support the EU-Indonesia CEPA, especially for palm oil, where Terpercaya can demonstrate the government's strong commitment to produce sustainable products.

- **Exploration for inter-jurisdictional cooperation.** The director expressed his desire to develop cooperation with jurisdictions that have implemented a sustainable jurisdictional approach, for example between sustainable jurisdictions in Indonesia with one of the local governments in Germany or other regions in Europe.
- **Implementation is gradual and immediate.** GAR recommended that there should be phasing in the indicators based on data availability, because if the implementation is only started after all the indicators are available and perfect, the time needed will be much longer. If the implementation starts sooner, the plan to develop an incentive mechanism for the jurisdictional approach, both from the market and the government, can also be immediately realized. Once implemented, the system would be gradually improved. In line with this, the Ministry of Agriculture also expects that policies related to Terpercaya will be implemented in stages, initially in several provinces which have relatively complete data and are willing to join this initiative.
- **KAMI supports Terpercaya.** EFI conveyed that in the KAMI project, discussion on incentives and disincentives for district governments and support for areas categorized as less developed (based on a traffic light system, for example) will be of concern. As such, Terpercaya will be a potential source of data so that the right policies can be taken based on the needs at the local level.

II.B. Data, Platforms and Principles in Assessment

● Regarding data, indicators and methodologies:

- **Data availability.** It is reported by the Secretariat that about 90% of the data for Terpercaya have been collected. The rest are data that do not exist (e.g. data related to FPIC), or exist but cannot be released (for example, District Spatial Planning (RTRWK) shapefile data); or data that are not all compiled by a central government agency (e.g. ISPO data);
- **Data collection.** The Director of Food and Agriculture reminded that based on the Presidential Regulation on One Data, development-related data are coordinated by Bappenas, therefore the missing data will be followed up on;
- **Data collection manual.** For data collection, a manual is needed so that those who have data, both at the national and subnational levels, can understand the required data and the collection mechanism.
- **Suggested additional indicators/emphasizing the importance of an indicator:**
 - A suggestion from The Asia Foundation to measure state revenues from **tax compliance** as one of the indicators. In this regard, there are proposals

to involve/contact the Ombudsman, both at the regional and national levels.

- The Ministry of Home Affairs stated that in order to be integrated into the subnational development planning and evaluation mechanism, **5 main macro-indicators for development** were proposed to be included, namely poverty, economic growth rate, unemployment, Gini ratio and inflation.
- Indicators to assess the effectiveness of **conflict resolution** mechanism are very important, considering that the implementation Law on Job Creation could lead to higher conflicts, especially in relation to tenurial rights.
- **Traceability** as an indicator is recognized by the Ministry of Agriculture as one of the crucial issues in plantation commodities. Work on traceability is in progress but will require more time and support from various parties, including assistance to communicate progress at the national level.
- **Data credibility and independent monitoring.** EFI said that in order to ensure the credibility of data that is used for KAMI Sustainable Performance Indicators and Verifiers (SPIV), the KAMI project will assess options for an independent monitoring mechanism.
- **Regarding the platform:**
 - GAR suggested Terpercaya to not only provide incentives for those deemed to have good performance, but also utilize existing data to identify the support needed by districts with many issues, to improve their performance. In other words, in the context of development planning, the Terpercaya platform is expected to show the problems experienced by the district and provide accurate information to the national government about the necessary areas of intervention. This is in line with the concept of sustainable development, namely “no one left behind”.
 - The platform is expected to provide information about districts that are performing well or information about certified producers in the district as well as the contact person from the district (for example their official contact numbers and e-mails), so buyers from other countries can follow up if they are interested in trading with such districts. The Ministry of Home Affairs will confirm whether the contact in the districts will be the Local Development Planning Agency (Bappeda) or other related agencies (such as the Plantation Agency or Trade Agency). The Trade Agency, for example, has the authority to issue a Certificate of Origin (SKA), a useful document for overseas buyers.
- **Regarding the principles in the assessment:**
 - Bappenas has been conducting performance assessments using the traffic light method. As such, this method can also be considered for Terpercaya. Some members of the forum, however, noted that under this method, the districts that will fall into the red category will be discouraged. In addition, there are concerns from producers that if a district is categorized as red, all producers in that district will also be categorized as red, even though there may be producers whose plantation management practices are good and should be categorized as green.

III. Conclusion and Follow Up Plan

- **Closing.** The Director of Food and Agriculture expressed his gratitude for the support for Terpercaya. It is expected that given all the input from various parties, Terpercaya and its related policies can be implemented immediately. Furthermore, through Terpercaya, it is expected that the partnership and cooperation with the European Union to encourage the production and trade of sustainable agricultural commodities can be maintained and developed further. Essentially, the Terpercaya information (which is not a new certificate) is developed so that Indonesia can offer more to the market and the implementation of sustainable development principles at the district level can be accounted and demonstrated.
- **Follow up plan.** In response to the input from the Advisory Committee, the following items will be followed up by the Terpercaya Secretariat:
 - To further study the input on various additional indicators, including traceability, which has often been raised by buyers in several fora;
 - To continue policy discussions regarding the development of a fiscal incentive mechanism and budget support for the districts in producing sustainable agricultural commodities;
 - To further discuss with the Ministry of Home Affairs on how to integrate Terpercaya into subnational development management;
 - To further discuss with the Ministry of Trade regarding the potential use of Terpercaya in trade negotiations with various other countries/jurisdictions, including cooperation between countries to support subnational governments to implement sustainable jurisdictional approaches;
 - To complete data collection and platform development.

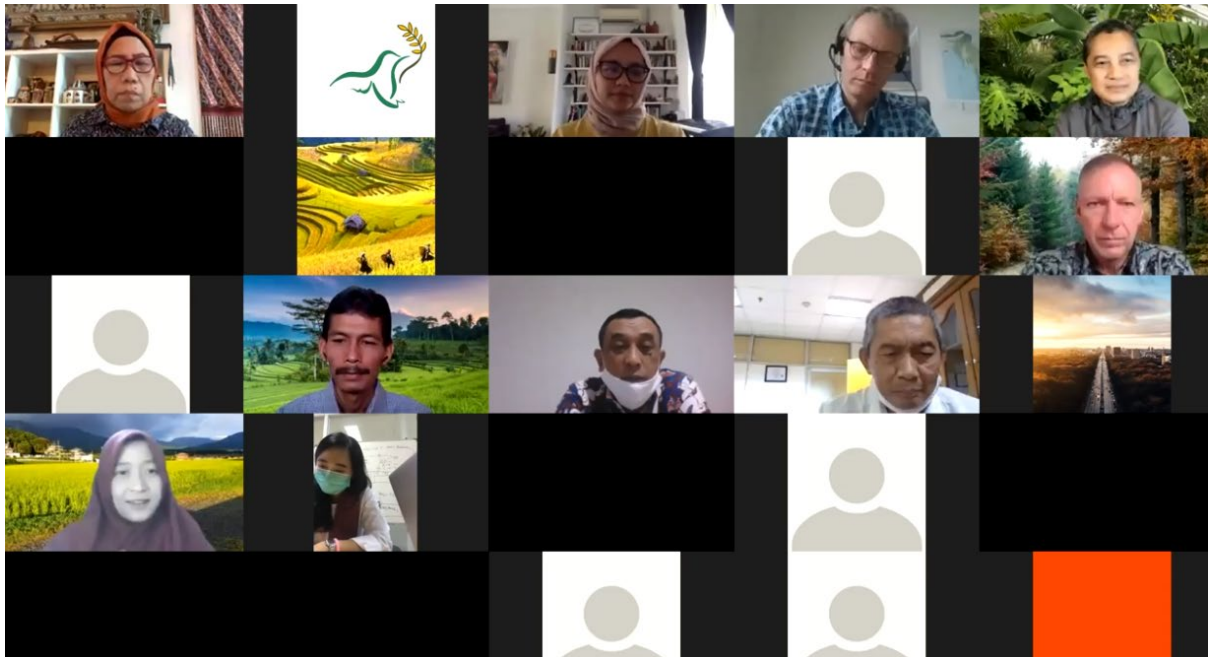
Attachment I Attendance List

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Attachment II Documentation



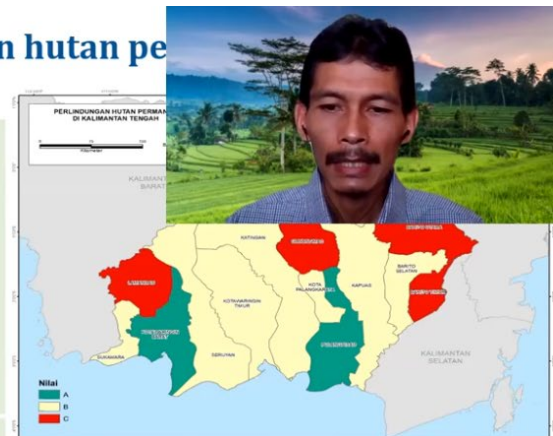
Indikator 1: Perlindungan hutan pe

$$HP_i(\%) = \frac{(HL_i + HK_i + M_i)}{Area_i} \times 100\%$$

HL_i : luas hutan lindung pada kabupaten i (ha)
 HK_i : luas hutan konservasi pada kabupaten i (ha)
 M_i : luas hutan pada moratorium untuk izin baru (PIPIB) pada kabupaten i (ha)
 $Area_i$: luas kabupaten i (ha)

PIPPIB

RTRWK



Nilai:
 A – Hijau: di atas rata-rata
 B – Kuning: pada rata-rata
 C – Merah: di bawah rata-rata

Kotawaringin Barat,
Pulangpisau

Lamandau, Barito Timur,
Gunungmas, Barito Utara

Kotawaringin Timur
 Katingan
 Kapuas
 Seruyan
 Sukamara
 Barito Selatan
 Palangka Raya
 Murung Raya

