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Abbreviations

CAFÉ	: Coffee and Farmers Equity
COP26	: 26th UN Climate Change Conference of the Parties
CSP	: Cacao Sustainability Partnership
FACT	: Forest, Agriculture, and Commodity Trade
FSC	: The Forest Stewardship Council
GBMF	: Gordon and Betty Moore Foundation
GDP	: Growth Domestic Product
GoI	: Government of Indonesia
ISPO	: Indonesia Sustainable Palm Oil
IS-Coffee	: Indonesian Sustainable Coffee
KJWA	: Koronivia Joint Work on Agriculture
NDC	: Nationally Determined Contributions
PHPL	: Sustainable Forestry Management
RPJMN	: Long Term Development Plan
RSPO	: Roundtable on Sustainable Palm Oil
SLK	: Sistem Legalitas Kayu (Indonesian Timber Legality)
SVLK	: Sistem Verifikasi dan Legalitas Kayu (Indonesian Timber Legality Assurance System)
T20	: Think 20
TFA	: Tropical Forest Alliance
SDGs	: Sustainable Development Goals

About This Study

As the 26th UN Climate Change Conference of the Parties (COP26) President, the UK launched the Forest, Agriculture and Commodity Trade (FACT) Dialogue with Indonesia as co-chairs. This government-to-government dialogue brings together the largest producers and consumers of internationally traded agricultural commodities (such as palm oil, soya, cocoa, beef and timber) to protect forests and other ecosystems while promoting trade and development. In the run-up to the 2022 G20 summit, the Tropical Forest Alliance (TFA), under the Gordon and Betty Moore Foundation (GBMF) grants, conducts targeted technical expert discussions in key producer countries that will help garner input and knowledge to steer the G20 debate and proposal under the FACT Roadmap's Market and Trade Action 3.

This policy brief wraps up the results of the discussion and provides strategic recommendations for policymakers, practitioners, and the general public which identify, build, and mainstream understanding of key factors - from a producer-country perspective - necessary for establishing common expectations among producers and consumer countries around sustainable production as well as effectively developing a 'guiding partnership framework' between producer and consumer countries built based on Indonesia's trade perspective.



Information and Data Collection

This policy brief is written based on primary and secondary data. The primary data was collected through in-depth interviews and focus group discussions with the government, companies, non-profit organizations, associations, and academicians. Meanwhile, the secondary data was gathered through literature reviews and stock-taking from recent discussions, including Think 20 (T20) Indonesia 2022's events

and policy briefs. Following the data collection is an in-depth analysis with the goal of investigating the findings of the issues. The preliminary result of the study was presented in public dissemination¹, in collaboration with Task Force 4, T20 Indonesia 2022. The public dissemination feedback was then gathered and incorporated into the final policy brief document.

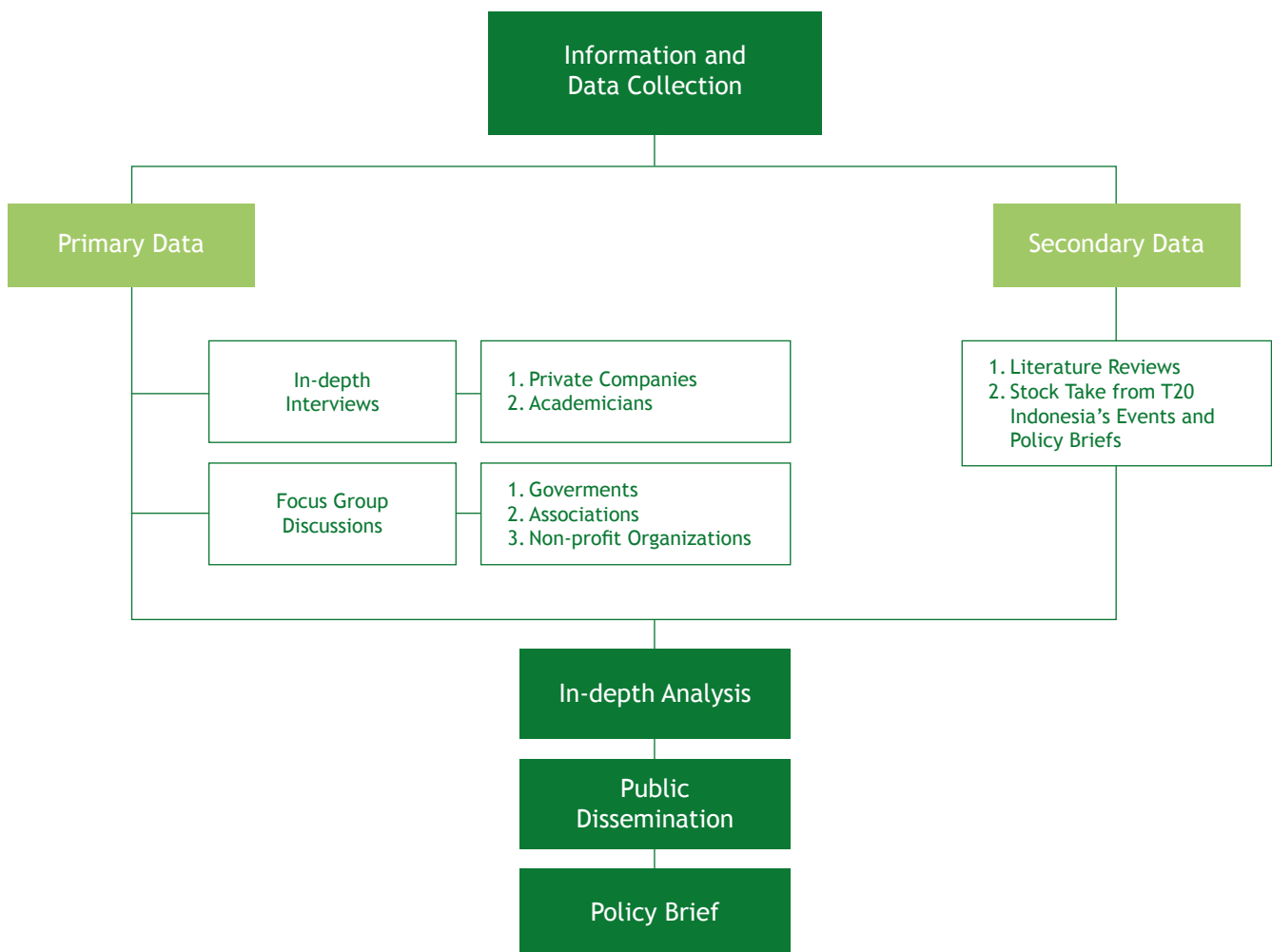


Figure 1. Information and Data Collection Process

¹Policy Brief Dissemination: Challenges and Opportunities for Enhancing Sustainability Standards: Examining the Perspective of Developing Countries.

https://www.youtube.com/watch?v=kuewMb_A8hg&t=488s.

Chapter 1

North-South Interdependency on Commodities and Trade

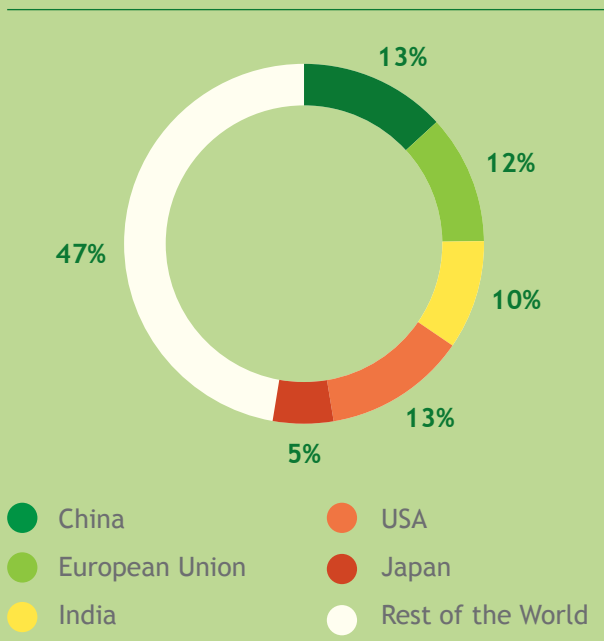


Figure 2. Indonesia’s Selected Commodities Export Destinations, 2021

Source: UN Comtrade

With its unique geographic characteristics, the Global South is home to biodiversity-rich landscapes, which champion most of them, including Indonesia (Convention on Biological Diversity, 2021), as the world’s prominent forestry and agricultural commodity producers

In Indonesia’s context, the top five exported forest and agriculture commodities (palm oil, timber, rubber, cacao, and coffee) amassed an estimated value of USD 40 billion in 2021, with the top five partners contributing to over half of Indonesia’s exports value of the commodities (See Figure 1). USA, EU, and Japan are present as three developed regions and countries with almost one-third of the export value, while China and India complete the list as representatives from developing countries. The United States trailed behind China as Indonesia’s second-largest partner, with an export value worth nearly USD 5.2 billion, followed by the European Union, with a value of around USD 4.7 billion. As one of Asia’s developed countries, Japan ranked fifth, with imports from Indonesia valued at about USD 2.2 billion. This fact highlights the Northern countries’ enormous demands for forestry and agricultural commodities from Southern countries, particularly Indonesia.

On top of their imports of forestry and agricultural commodities from Indonesia, Global North countries largely depend on the Global South to supply such commodities for them. As depicted in Figure 2, in total, the demands for forestry and agricultural commodities of Global North countries such as the USA, the UK, Canada, the European Union, and Japan amounted to USD 215 billion in 2021. Almost half of their imports were sourced from only eight Global South countries which include the likes of China, Indonesia, Brazil, and Cote de Ivoire. The presence of Canada and the USA within the top 10 importers list are due to the “gravity” of both countries, courtesy of the proximity between each other and the size of their respective economies (Isard, 1954). Notwithstanding the distance between trade partners, the Global North countries continue to rely heavily on countries in the Global South to supply the necessary agricultural and forestry products and materials.

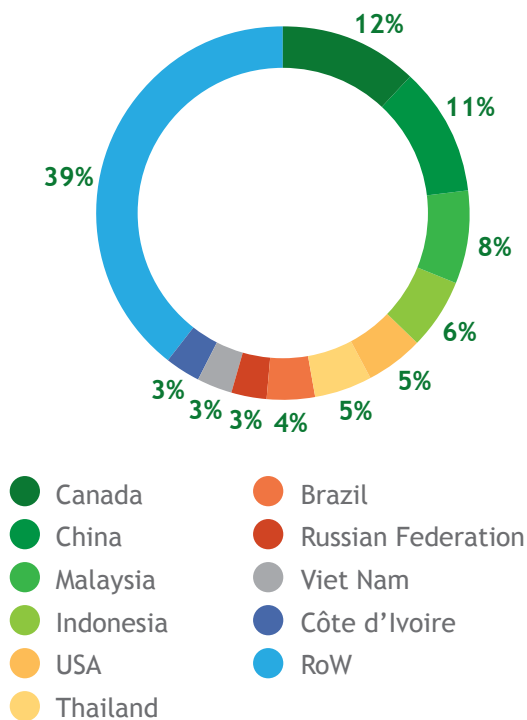


Figure 3. Global North Countries Imports of Palm Oil, Rubber, Cocoa, Coffee, and Wood, 2021

Source: UN Comtrade

Along with the trade interdependency between the Global South and the Global North countries, there is a growing pressure to implement “cleaner” and “greener” supply chains that require traded commodities to meet social and environmental norms. There is an increasing concern from the consumer, particularly in Global North countries, to be more aware of the environmental and social impacts that consumption may have on the factors of production (Mavroidis & Robert, 2016). Initiatives through sustainable standards and regulations are broadening to take into account such concerns (Mavroidis & Robert, 2016).

Recently, there has been a proliferation in the use of standards and regulations as consumers see them as effective means to attain sustainability objectives (Mavroidis & Robert, 2016). Sustainability standards and regulations have also become significant elements of governance within global value chains (Nadvi, 2008; Ponte & Gibbon, 2005).

The application of measurements in sustainability standards and regulations transmits complex information along value chains to producers at local sites of production as well as to consumers in global end-markets (Langford et al., 2022).

Most standards and regulations, particularly in agriculture and forestry commodities, have been created by firms, civil society, and state regulators in the Global North to establish and enforce standards for environmentally responsible production practices from Global South Producers. In supply chains for commodities such as timber (Cashore et al., 2004), flowers (Riisgaard, 2009), cocoa (Bitzer, 2012), and clothing (O'Rourke, 2006), numerous sustainability standards have been recognized as a business, civil society, or multistakeholder initiatives. Many of these initiatives, however, are becoming increasingly questioned due to the widespread perception (Schouten & Bitzer, 2015) that they are led by and serve the interests of Global North actors as consumers, while their Southern counterparts are relegated to the role of mere standard-takers as producers (Freidberg, 2003; Ponte & Gibbon, 2005).

Despite the fact that many standards are developed through multistakeholder initiatives with a wide range of actors, numerous studies have found that Northern stakeholders' role in these processes is much more extensive, both in terms of quantity and quality, than that of Southern stakeholders (Bitzer et al., 2008; Dingwerth, 2008; Fuchs et al., 2011; Klooster, 2010; Pattberg, 2006). Southern discourses, local knowledge, and farmer preferences are often overshadowed by Northern discourses on sustainability, scientific understanding, and the interests of large companies (Ponte & Cheyns, 2013). Moreover, Schouten (2015) argued that standards that aim to set international norms for sustainable production offer little flexibility for local interpretation and adaptation because of their lack of context contingency. Such conditions create challenges for the Global South to meet the sustainability standard at the global level. Different actors, both in the southern and northern, may hold differing views on the required level and nature of standards imposed. The dominance of Global North Countries behind sustainability standard development by neglecting southern capacity at a certain level may raise unwarranted economic and social costs to other countries, particularly developing countries. Developing countries are also particularly vulnerable to facing the double burden of asymmetric information and mobilizing resources to bring process and production methods in line with the requirements of these standards.

Chapter 2

Trajectory of Sustainable Commodity Regulations and Certifications in Indonesia



Source: Shutterstock.com

Indonesia has given attention to the sustainable production of agricultural and forestry sectors for at least the last two decades. Such attention is directed to achieving the Sustainable Development Goals (SDGs) number 12, responsible consumption and production. Furthermore, Indonesia is committed to multiple international agreements pertaining to sustainability goals, such as the commitment to the Paris Agreement that the Updated NDC best represents in 2021.

In particular, Indonesia has also committed to achieving sustainability in FACT as the country dedicated to the Koronivia Joint Work on Agriculture (KJWA) and held a strategic position as a Co-Chairman in the FACT Dialogue in COP26. Given the continuous proliferation to implement regulations and standards, the government has iteratively improved its strategies and plans. These improvements include more detailed instruments in regard to the objectives, the development of hard and soft infrastructures to support the achievement of the goals, as well as practical metrics to measure the progress. Figure 4 below shows Indonesia's milestones in sustainability efforts in both sectors.

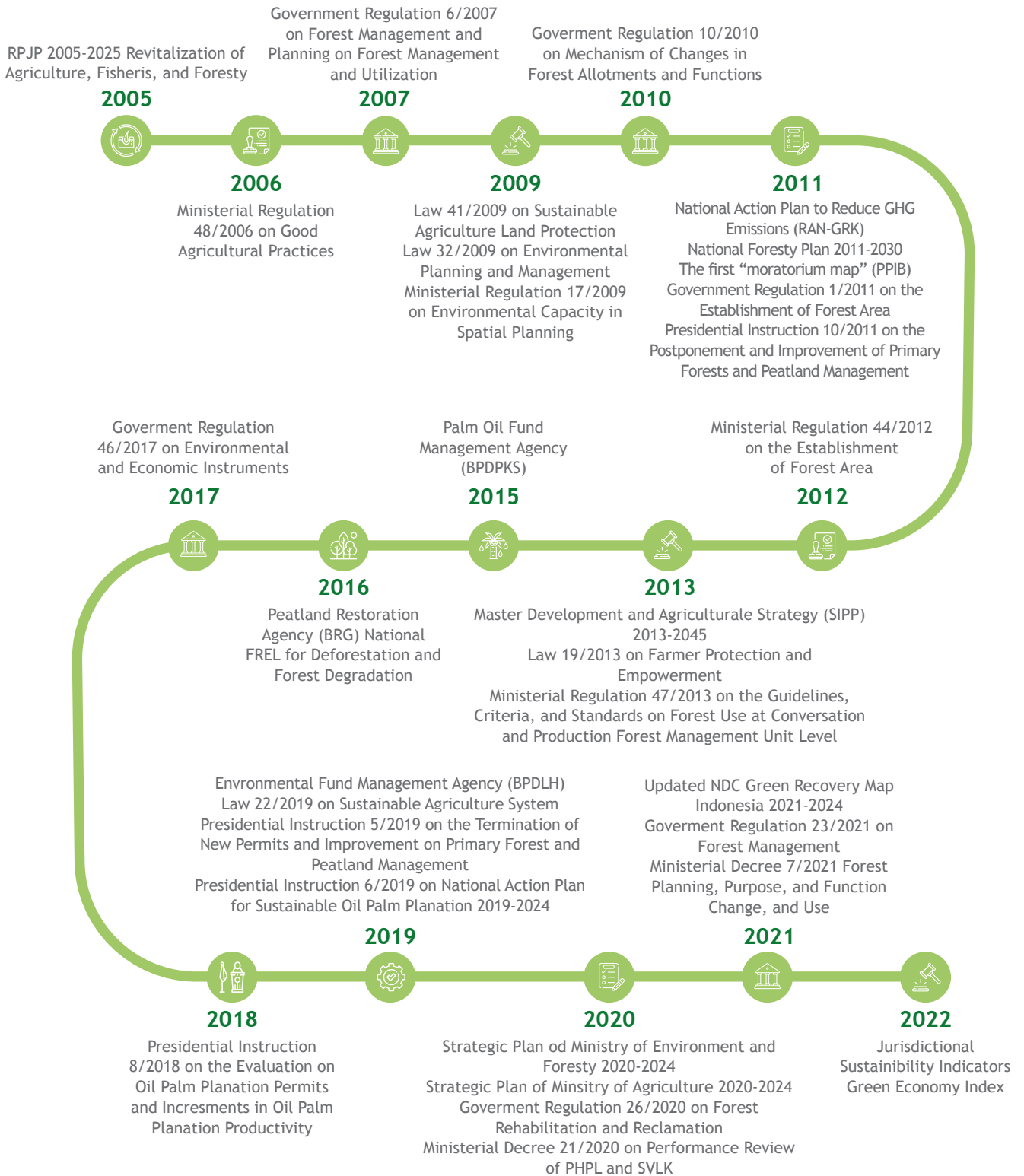


Figure 4. Indonesia’s Sustainability Efforts on Agricultural and Forestry Commodities

Source: Compiled from various sources

In light of the potential benefits that sustainable practices, notably in agriculture and forestry, could offer, the country's increasing efforts to enhance the environment that supports them make sense. When compared to activities that are not sustainable, the adoption of sustainable practices has the potential to produce a higher yield and enhance the cost efficiency of the production process. Furthermore, there is a direct link between the country's green growth and sustainable practices. Sustainable practices will reduce the carbon produced by the land use sector, which is recognized as Indonesia's largest source of carbon emissions. According to the Indonesia Low Carbon Development Initiative, keeping economic growth on the low-carbon path would lead to a 6% annual Gross Domestic Product (GDP) growth between 2019 and 2045 and a 4.2% reduction in poverty (Low Carbon Development Indonesia, 2019). In contrast to the business-as-usual view, less sustainable practices were adopted, which only maintained the GDP growth rate of 4% to 5% annually.

Indonesia's efforts in pursuing sustainability practices began at least in 2005 when Indonesia embedded the revitalization of the agricultural sector and the development of sustainable agricultural practices in the Long Term Development Plan (RPJMN) 2005-2025. Following that, Indonesia accomplished significant milestones through various provisions for good agricultural practices, forest and peatland management, land-use and spatial planning, etc. These initiatives are outlined in various levels of regulation (e.g., Government Regulations, Ministerial Regulations, etc.) and several planning documents (e.g., RAN-GRK, Ministerial Strategic Plans, etc.). In addition, several institutions, such as the Palm Oil Fund Management Agency, the Peatland Restoration

Agency, and the Environmental Fund Management Agency, were established to help Indonesia achieve sustainable practices. A detailed list of Indonesia's efforts can be found in **Annex 1**.

In accordance with the aforementioned regulations that take executive power as mandatory, the enabling environment of voluntary sustainability standards has also been advancing. Due to a growing emphasis on sustainability among governments, businesses, interest groups, and consumers, such standards and certifications have proliferated across various industries. It designs to promote complementarity between public and private collective action and thus accelerate sustainability. In a narrow sense, such sustainability standards list the detailed requirements for better social and environmental practices in the production process. Producers who wish to be certified under such standards need to prove that they fulfill these requirements in the certification process. Such standards are not just defined by the listed requirements but also by corresponding and strict process criteria for verification, marketing, support, revision, and governance. It is still relevant since the standards are intended to facilitate improved resource management, increased traceability, and global comparability and accountability in an increasingly globalized market. Although the significance of certification is open to debate, the standards link to the SDGs in many ways, and having it in place would be a strong catalyst for key players to adopt sustainable production practices. Listed in **Table 1** below are sustainable certifications adopted by the top five of Indonesia's exported commodities.



Source: istockphoto.com

Table 1. Sustainability Certifications for Selected Commodities in Indonesia

Source: Compiled from various sources

No	Commodity	Eco-certification	Initiating stakeholders	Scope	Working area	Voluntary/Mandatory
1.	Rubber	Forest Stewardship Council (FSC)	Non-profit Organization	Global	All Indonesia	Voluntary
2.	Timber	Sistem Verifikasi dan Legalitas Kayu (SVLK)	Government	National	All Indonesia	Mandatory
		Forest Stewardship Council (FSC)	Non-profit Organization	Global	All Indonesia	Voluntary
3.	Palm Oil	Indonesia Sustainable Palm Oil (ISPO)	Government	National	All Indonesia	Mandatory
		Roundtable on Sustainable Palm Oil (RSPO)	NGO & Private	Global	All Indonesia	Voluntary
		International Sustainability and Carbon Certification	Private	Global	Sumatera, Sulawesi	Voluntary
4.	Coffee & Cacao	UTZ	NGO & Private	Global	All Indonesia	Voluntary
		Rainforest Alliance based on the Sustainable Agriculture Network (SAN) standard	NGO & Private	Global	All Indonesia	Voluntary
		C.A.F.E	Private sector	Global	Sumatera, Sulawesi	Voluntary
		Fair Trade	NGO	Global	Sumatera, Sulawesi	Voluntary

Rubber

To this point, the certification of the commodity has been carried out in accordance with the criteria established by the Forest Stewardship Council (FSC). However, the scope of this standard's application is still somewhat limited. Rubber certification is a time-consuming and challenging procedure because of the industry's complicated supply chain, as evidenced by ICRAF's initiative to certify rubber agro-forest areas. Since the majority of end-market intermediaries do not engage in consumer marketing, small-scale farmers have a tough time connecting with them. Due to these barriers, it was challenging to increase consumer and decision-maker knowledge of the importance and advantages of certifying sustainable rubber (Bennet, 2009).

Timber

To guarantee the legality of timber produced from within Indonesia, the Indonesian Government (GoI) established the Indonesian Timber Legality Assurance System in 2009. This method is required of all businesses that use timber forest products at any stage of production. The Sustainable Production Forest Management Certification (PHPL) and the Certification of Timber Legality are the two types of certifications offered by this system (SLK). By deregulating licenses in the regions, implementing improved management methods, attaining increased compliance, and increasing openness and public information availability, SVLK has implications for bettering forest governance in Indonesia. The Forest Stewardship Council (FSC) accreditation is also well-known in Indonesia's timber and forestry industry, complementing the government standard that emphasizes legality. The FSC certification for forest management demonstrates the fact that the forest is being managed in a way that protects biological variety, enhances the lives of locals and employees, and ensures long-term economic viability. Strict environmental, social, and economic requirements are followed in the management of FSC-certified forests.

Palm oil

Around mid-2000, the international standard for palm oil issued by the Roundtable on Sustainable Palm Oil (RSPO) was popularly adopted in Indonesia. Later, the GoI issued Minister of Agriculture Decree No. 19/2011 on Indonesia Sustainable Palm Oil (ISPO). ISPO is the first national-level palm oil sustainability standard in the world. Then, under Presidential Decree No.44/2020, the regulation mandates all of Indonesia's palm oil business actors, which

include plantation companies and/or farmers, including independent farmers, to obtain ISPO certification by 2025. The aforementioned actors that do not comply with the regulation are at risk of receiving a penalty and might lose their business license.

Cacao and coffee

In comparison to palm oil, training in higher productivity has so far been a priority over eco-certification in cacao. Initiated by cacao industry players and NGOs, a multistakeholder forum called Cacao Sustainability Partnership (CSP) was established in 2007 in Makassar. Through the CSP, the aspiration to develop national certification guidelines for cacao is relatively strong. Although the CSP facilitates information on market-driven voluntary certification, there is no intention among CSP members to mandatory certification of cacao farming in Indonesia (Leimona & Munawir, 2012). The government, however, is planning to develop a mandatory certification for cacao (Indonesian Sustainable Cacao) to maintain the sustainability of cacao in the long term. When it comes to coffee, the certification has been voluntary and market-driven for about ten years. Until recently, there has been no national certification for coffee in Indonesia (Media Perkebunan, 2013). The discussion on Indonesian Sustainable Coffee (IS-Coffee) standards has begun but is still in a very early stage. All of the existing certifications are global certifications, such as Rainforest Alliance/SAN, UTZ, Organic, Fairtrade, Coffee and Farmers Equity (CAFE). CAFE Practices was endorsed by a single private entity (Starbucks), while the other coffee certification schemes were chosen by multiple international private sector buyers and producers.

The high economic value of Indonesian commodities in the global market evidently drives Indonesia to continue to adopt regulations and certifications that meet market demand. Indonesia's trajectory, as described above, demonstrates a commitment to realizing this, which is also in line with some of the country's climate commitments. However, various challenges are still constraining the country from adopting the regulations and standards completely. These challenges are not limited to Indonesia; most countries in the Global South face similar difficulties in complying with sustainability regulations and certifications.

Chapter 3

Challenges Constraining Commodity Regulation and Certification

End-to-end influencers for sustainability adoption

The formation of sustainability regulations and certifications is influenced by various actors. They affect producers' behavior through "push forces" (demands/requirements), "pull forces" (incentives/rewards), or both (Daemeter & Tropical Forest Alliance, 2020). It is essential to identify the role of each actor to map challenges and formulate strategic recommendations to improve their contributions toward regulation and certification adoption.

- Consumer countries' governments: Set and enforce laws that bind sustainability standards that need to be met by products entering consumer countries. They can also provide technical assistance, technology transfer and investment to help producer countries achieve the required sustainability standards.
- Producer countries' governments: Set and enforce laws related to sustainability that need to be met in the commodity production process.
- Buyers: Source materials from off-takers and influence the sustainability requirements they demand from their suppliers. They also offer rewards for meeting sustainability requirements in the form of financial (e.g., premiums) and non-financial (e.g., terms of contracting) benefits.
- Sustainability association: Set requirements for their members, especially producers, via multistakeholder processes and certification-based assurance (e.g., RSPO). They can also offer benefits to their members, especially those who are already certified, in the form of assurance, access to markets or credit, etc.
- Civil Society Organizations (CSOs): Advocate for and support sustainability improvements on the ground as well as interact directly with buyers and consumer countries' governments to shape their priorities. They can also provide assistance or co-delivery of sustainability projects.
- Donors: Support training and capacity building, as well as enable a diversity of programs aimed at advancing sustainability. They can also help finance CSOs' activities.
- Financial sector: Set sustainability requirements for doing business (e.g., NDPE policy commitments and implementation requirements). The financial community can also offer discounted credit or access to more desirable investments for sustainable programs.
- Producers: Central actors in commodity production as implementers of regulations and certification. Smallholder producers, in particular, will be one of the primary focus in the formulation of challenges and recommendations.

The chart below shows how the position of each actor influences the behavior of producers.

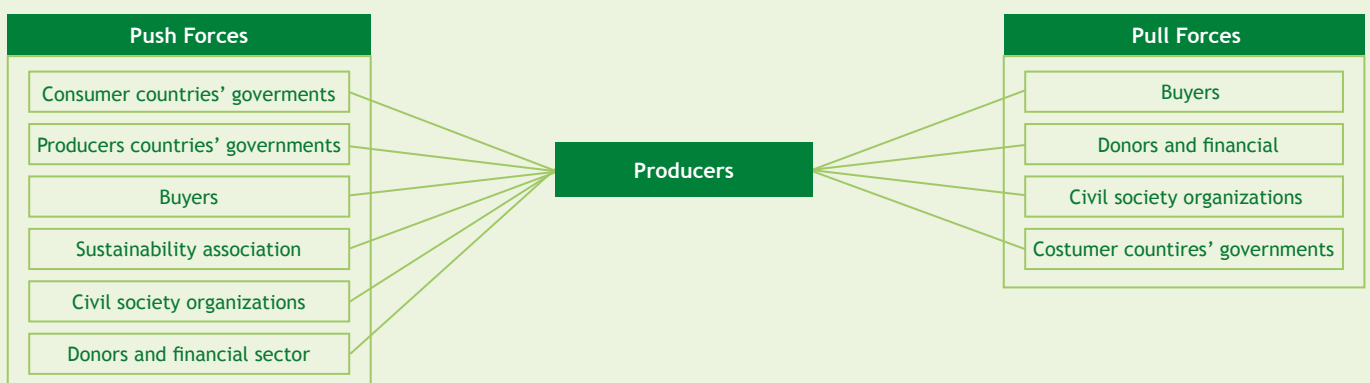


Figure 5. End-to-end Influencers for Sustainability Adoption

Source: Daemeter & Tropical Forest Alliance (2020). Modified.

Challenges Identification

Aiming to identify the challenges behind the dynamics of sustainable standards and regulation adoption, this study conducted multiple discussions with relevant experts in this field (government, private, and academic). The discussions took two forms: in-depth interviews and focus group

discussions. To make the analysis more comprehensive, this policy brief extends the analysis by putting down additional perspectives from comprehensive desk studies. Below are the challenges faced by countries in the Global South in adopting sustainable standards and regulations.

Table 2. Challenges in adopting sustainability regulations and certifications

Source: Compiled from various sources

Challenges	Details
Unagreed definitions and frameworks regarding sustainability standards	Difficulties in achieving common agreement on the definition of deforestation
	Difficulties in achieving common agreement on the framework of sustainability metrics
Frequent changes in global standards	The rapid stringency of sustainability standards and regulations
Development of sustainability and regulations is quite biased for its fairness	The development of sustainability standards are considered to be unilateral where it is less accommodating for Global South countries' capacity
	Global South countries' efforts to be more sustainable are not adequately recognized
	Global South countries have limited space to vocalize their concern about the sustainability standard
	Some of indicators of sustainability standard are less evidence-based and scientific-based
Limited capacity of developing countries, particularly the smallholders, to meet the standards	Smallholder farmers have limited access to understanding and adopting the sustainability standard
	Most of the agricultural practices are still developed traditionally where there is limited availability of advanced technology to support the adaptation of certain sustainability standard
	Lack of institutional capacity in implementing sustainable agricultural practice, data gathering, and traceability system
	The complication of land legality status for plantations
The unequal sharing of responsibilities	In many cases, the responsibilities and costs of meeting sustainability standards are borne almost entirely by producers
	With the current endowments from producing countries, it is difficult to meet the stringent and dynamic sustainability standards of consumer countries
High costs of certification and regulation compliance	Certification requires high costs, both to obtain and maintain
	Smallholders and MSMEs in producing countries do not have the adequate financial capacity and have limited access to financing
	The financial benefits of the sustainability standards are still uncertain. Several commodities have not benefited from a price premium. For commodities with a price premium, in some cases, benefits are given to the company and not passed on to the farmers
	Lack of financing to implement legality and traceability system



Source: istockphoto.com



Challenge #1: Unagreed definitions and frameworks regarding sustainability standards

Difficulties have been present in achieving a common agreement between the producing and consuming countries on the definitions and frameworks of sustainability standards, especially regarding the issues of deforestation and forest degradation. This problem stems from at least two main factors: governments or organizations declare their own understanding of deforestation and a lack of communication between producer and consumer countries. The former issue emerged as governments or organizations act responsibly upon the impacts of their consumption and economic activities, particularly on forests, while also considering the best of their present and future interests. As the interests pertinent to the issue might differ between countries or organizations, the exercise of the available regulatory power to act accountable for the economic impacts of deforestation issue conflicts with the interests between countries or groups, in which the case between producer and consumer countries in FACT commodities is exemplary. A sovereign definition that defines the rule of the game in and out of a territory, while possible to be declared unilaterally, should be backed up with transparent evidence and data to promote its acceptance among different parties (Elverdin et al., 2022; Lamy et al., 2022). An example of a definition that differs from the international standard is within the proposed EU legislation's approach to deforestation where deforestation is narrowly defined as the conversion of forest area into lands for agricultural use, but not to any other use (Lamy et al., 2022). This difference results in multiple interpretations and, as a result, different responses. For instance, the difference in interpretations of deforestation between Indonesia and international organizations emanate from different deforestation rate calculations, in which the country defines deforestation through Forest Minister Regulation No 30/2009 as a human-induced land-use change of forest areas into the non-forest area (Pradipta, 2018). While the international definition categorizes the

conversion of forests into industrial timber estates as an act of deforestation, the Indonesian legislative does not recognize such as one. Moreover, the lack of communication between both sides of the market in the commodity trade also persists, which does not help in formulating a common sustainability standard or framework. The power imbalance (Ravenhill, 1990; Odeh, 2010) between Global South and North countries have also hampered the achievement of such an agreement, with Global North countries dominating in pushing for globally recognized sustainability standards (Cheyns, 2011; Ponte & Cheyns, 2013).

Sustainability issues are not only limited to environmental aspects as they also cover complex social issues which pertain to cultures, values, traditions, and local wisdom. The difficulty in aligning diverse points of view between the producers and the consumers—which may involve clashes between cultures, socioeconomic motives, and backgrounds—on sustainability aspects stymied the formulation of a common definition and framework and made it rather cumbersome. A case of this is the use of child labor in agricultural production. Labor standards created by the developed countries, as well as the ILO, prohibit children from being involved in production, which is detrimental to the well-being and basic rights of the children. To some extent, the ILO supports the participation of children in the production, particularly where it is fruitful for their personal development. Production activities during holidays and assisting parents at their work could be considered educational and appropriate for children. However, the collection of evidence that children are doing activities that are within the legal boundaries of eligible workers underpins objectivity and clarity. The assessment of child labor should be able to distinguish which types of activities interfere and harm children. For instance, children may regularly come to their parents' workplace to help them in production activities. Such culture is possibly ingrained in their norms and traditions and cannot be easily eliminated. This implies that the impracticality of identifying the circumstances must be embraced to obtain accurate data.



Challenge #2: Frequent changes in global standards

Furthermore, while the discussions and efforts to implement the sustainability standards are ongoing and countries have been adjusting their soft and hard infrastructures to comply with those standards, global standards and regulations on sustainability otherwise have been changing over time. Recently, the development of such standards and regulations were not initiated by state actors only, but there is increasing awareness from private as well.

Global standards are swiftly becoming more stringent while, on the other hand, countries have barely achieved compliance with the previous standards. Such dynamic adjustments in the global standards have made countries, especially producer countries, inefficiently allocate their resources to adopt standards that do not last for long. One of the causes of this problem is that the stipulations of sustainability standards are often made without taking the capacity of producer countries to adopt such measures into consideration.

Even though the standards serve generous aims of better sustainability production, such frequent changes may impress as a form of trade protectionism, disabling producer countries from entering the market as they continue to adjust their capacity to adopt the increasingly strict regulations. Thus conditions potentially create macroeconomic disadvantages since the economic structure of most global south countries, particularly Indonesia, depends on exported agricultural and forestry commodities. The Wood Legality Verification System (SVLK) developed by the Indonesian government is one of the cases. The government has been developing the certification since the European Union initiated the EU Timber Regulations, yet the certification would not be adequate in the near time for Indonesian producers to ship their products into the EU market since the EU proposal on deforestation and degradation forces producers to also cover the products with a due diligence statement on its compliance to sustainability aspects.

Moreover, the stringency of global standards development may bear the risk of a zero-sum game, a condition where no positive change in wealth exists. Considering the limited capacity of developing countries, the stringency of sustainability standards and regulations may diminish the global south countries' effort to adopt such standards and regulations. There is a high possibility that countries to shift their market into the less sustainable one. If it happens, the

global north countries will be threatened by the feedstock availability. Therefore, considering the capacity of related stakeholders comprehensively behind the development of sustainability standards and regulations does matter to avoid that risk.



Challenge #3: Development of sustainability standards and regulations is biased in its fairness

In the midst of the burgeoning stringency in the development of sustainable standards and regulations, there are rising concerns about power relations behind sustainability initiatives. Various discussions have highlighted that the global north countries' participation in standard development outweighs the participation of the global south countries. Even though the standard takes place through multistakeholder initiatives, most Southern actors just take on the role of standard-takers. Several gaps, such as those in understanding and awareness of sustainability, between countries in the global south and those in the global north may be the causes of these problems.

When more powerful actors dominate the development process, such conditions raise concerns about the fairness and ethics underlying the development of sustainability standards and regulations. In addition, there is also a rising worry about using such standards and regulations as a green political instrument. As a consequence, the standards and regulations applied by some countries could not achieve the goal of the standards and regulations. Moreover, adopting such standards which less accommodate the capacity of global south countries might be inappropriate and impose an unwarranted economic and social cost on other countries, particularly developing countries.



Source: istockphoto.com

In situations where certain related stakeholders are unintentionally excluded, such as the stakeholders from Global South countries, from the development of the standards, the excluded stakeholders may create other standards to proclaim their own visions of how best to implement sustainability and thereby challenge the legitimization efforts of existing standards. A plethora of standards has emerged as southern countries begin to supplement their governance roles by developing their own standards. Among the most prominent examples is the Indonesian Sustainable Palm Oil (ISPO), which aims to complement the palm oil sustainable standard at the global level, namely the Roundtable for Sustainable Palm Oil (RSPO). Yet, in most cases, the market is more humble in welcoming the RSPO compared to the ISPO. Several outstanding benefits, such as price premiums and credits, are available for RSPO certification, while there is no global market incentive for certified ISPO commodities. As a result, some argue that the global south's efforts to meet sustainability standards are underappreciated because it is the vulnerable actor with less bargaining power.

In addition, there is a lot of debate concerning the standards' outcomes, and some indicators' evidence and scientific credibility have also been called into question. While some studies (Hagen & Alvarez, 2011; Rueda & Lambin, 2013) identify positive socioeconomic benefits for producers, others (Blackman & Rivera, 2011) only detect insignificant or highly variable effects (Ruben & Zuniga, 2011). According to Bitzer (2012), outcomes seem to be more uncertain for small-scale producers, which is reflected in the challenges standards face in gaining widespread acceptance outside of large-scale producers (Fortin, 2013). Even when producers comply with such standards, there is little certainty that the new practices will lead to the desired level of sustainability (Djama et al., 2011), since the issues addressed are highly complex and not easily solved (Wijen, 2014)



Challenge #4: Limited capacity of developing countries, particularly the smallholders, to meet the standards

In the case of developing countries, such as Indonesia, smallholder farmers take a vital role in agricultural and forestry commodities production (Sudaryanto, 2016). The scheme (plasma) and the independent smallholder farmers are the two main categories of smallholders in Indonesia. According to the Ministry of Agriculture Decree No. 98/2013, a farmer's plantation must be smaller than 25 hectares in order to be considered a smallholder in Indonesia. On average, smallholders manage around 2 hectares per farming household (Glenday & Paoli, 2015). Smallholder farmers typically play a significant role in the production of agricultural commodities at the national level. For instance, the smallholder oil palm sector holds at least 3.1 million ha of oil palm, or more than 40% of the nation's total palm oil area (Glenday & Paoli, 2015). Then, in the cacao industry, smallholders control up to 99% of the country's output (Yunianto, 2020).

These facts might provide insight that smallholder farmers are critical for transitioning to more sustainable forms of agricultural practices (International Institute for Sustainable Development, 2016). The encouragement of sustainable agricultural practices also could provide a significant opportunity that potentially leads to substantial benefits for them, such as poverty reduction, gender equity, more productive yield, and a healthier environment (International Institute for Sustainable Development, 2016). Moreover, most farmers that are certified in sustainable agricultural practices, such as RSPO, gain better access to financing and other direct financial benefits, such as a premium price and sales of RSPO credit (Hidayat, 2015).

In contrast, empirical findings highlight that most smallholder farmers have a limited capacity regarding sustainability means (Suhada, 2018). Such limitations make most of them struggle to access and participate more equitably in sustainable agricultural practices. Most smallholder farmers, particularly the independent ones, are not connected to any particular company or mill (Suhada, 2018). That disconnection makes the farmers not receive training and support from eligible parties and only receive limited support from the government (Suhada, 2018). As a consequence, the farmers only have a limited space of exposure in regard to good agricultural practices. At least, these facts make the farmers have a lower concern for sustainability means.



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Moreover, less awareness of sustainable means is also influenced by the ingrained traditional agricultural practices. Such practices have long been applied in different parts of Indonesia and have become local wisdom in each area with various norms. It involves the application of indigenous knowledge, traditional tools, natural resources, organic fertilizers, and the cultural beliefs of the farmers. Despite the debates on the pros of traditional practices, such farming practices are gaining the attention of serious challenges such as climate change and environmental degradation. The unsustainable way of creating new corps by land burning is such an example of traditional practices. The remaining use of traditional practices also happened in the use of low-quality inputs of fertilizers and pesticides that contain much of chemicals that could leach into the ground or run off into the water supply.

In addition, there is also an emergency in traditional land ownership that creates another barrier for the smallholder to meet sustainable practices (Glenday & Paoli, 2015). A challenge tied to legality is that few smallholder farmers have formal land ownership or use rights over their plantation area. While there is no reliable data on the area of smallholder land without freehold land title (Sertifikat Hak Milik (SHM)) issued by the National Land Agency (BPN), initial field discussions suggest this is a very large percentage of the total area. Instead of such a title, many smallholder farmers hold a Surat Keterangan Tanah (SKT), which is a letter of ownership issued by the village head (Glenday & Paoli, 2015). SKT, however, often conflicts, creating overlapping land claims, and is not accepted as a formal land title for all purposes head (Glenday & Paoli, 2015). The absence of clear land titles creates a number of challenges for farmers, especially in their ability to use the land as collateral to access finance. Further, it can prevent the formation of formal partnerships with companies that might be unable to lease community land.



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Challenge #5: The unequal sharing of responsibilities

Externalities stemming from agricultural and forestry commodities should be borne by all stakeholders, from upstream producers to consumers. However, consumer involvement in sustainability efforts is still limited in practice. The stringent and dynamic pressure of producing countries' standards and regulations is not matched by support for producing countries that have relatively low endowments. Producers typically encounter a lack of access to training, information, inputs, and financial support to meet standards and regulations. At last, this increases the risk of further marginalization and market exclusion, especially for small and medium-sized producers in exporting developing countries. To that end, the current landscape of consumer-producer responsibility-sharing sharing must be urgently reviewed.



Challenge #6: High costs and limited financing for certification, legality, and traceability system

Producers, unfortunately, face challenges in meeting the high costs of certification. Independent smallholders and MSMEs, which constitute the majority in producing countries, typically lack adequate financial capacity. They are not affiliated with companies which can help manage and finance the certification process. With a small scale and scattered production, accompanied by the absence of adequate collateral, they also have limited access to funding. Furthermore, the financial benefits of fulfilling sustainability certification are still uncertain. Several commodities have not benefited from a price premium. For commodities with a price premium, in some cases, benefits are given to the company and not passed on to the farmers. All of these barriers cause farmers to be hesitant to pursue certification.

The aforementioned challenges serve as a reminder that there are still several gaps that must be addressed before countries may successfully pursue the generous goal of sustainability. The problem does not only come from producing nations, which are acknowledged to have weaker sustainability capacities than consumption countries. At least, there is still a difference between the global north and south in terms of the development and implementation of sustainability measurement. As a result, both countries must make a greater effort to further the goal of the initiated sustainability regulations and standards.

Chapter 4

Required Actions to Meet the Global Standards

Recognizing the challenges highlighted in Chapter 3, global south and north countries must devote more ambitious efforts to achieving the goal of sustainable means that might benefit the country's social, economic, and environmental conditions. Gaps that have been previously identified would be filled with collaborative efforts between the global south and north countries. In order to have a more seamless acceptance and development of global sustainability standards and regulations, this study provides some strategic recommendations that are aligned with the challenges identified in the previous section.



Initiate a multistakeholder forum between all parts of the value chain, including south-to-south dialogue, and take advantage of international forums to boost trade

A multistakeholder forum is a viable option to bridge the differences in perspectives and understanding between actors in the value chain of forestry and agriculture commodities, as well as the stakeholders, particularly from global south countries, who oversee and are impacted by the implementation of sustainability measures. The multistakeholder forum is also part of the global south's effort to address the issue of less fairness

in the ethics of developing sustainability standards and regulations. As key stakeholders in the development of sustainability standards and regulations, countries in the global south have the right to correct any inequity in the standards' development. As a result, such a forum could help to strengthen the power of countries in the global south in negotiating and influencing the development of sustainable measures that adhere to the fairness ethic. Under the multistakeholder forum, the inclusive participation of various stakeholders, such as states, non-state actors, and also academia, does matter.

This sort of solution need not be developed from scratch but instead built upon previous agendas, agreements, or platforms that have already served as media for different actors to align their interests and cooperate, such as an FTA or a joint economic agreement. Producer countries could also initiate cooperation in this specific sector to improve their bargaining power in facing demands from consumer countries and justify the stringencies of their proposed sustainability standards that accommodate their capacity. Indonesia, as a producer country, could take advantage of the Indonesia-EU CEPA agreement to bolster its position in sustainability standard negotiations by taking such agenda into the dialogues with the EU. On a wider scale, the ASEAN Economic Community could also serve as a platform to strengthen cooperation between Southern countries—between Southeast Asian countries and with producer countries outside the region. However, it should be noted that clear incentives in pursuing bargaining power in sustainability must be present and clear for all producers to reduce competition between them and urge them to consolidate.



Proposing a joint roadmap as a staging approach to ensure robust and implementable indicators to enforce a decent regulatory framework

To mitigate the stringency of sustainable standards and regulations, it is necessary to develop a robust and implementable regulatory framework in place and to ensure that the implementation of the standards and regulations are controlled and enforced. Therefore, there is a pressing need for the creation of a joint roadmap that establishes a step-by-step and staging approach and indicators to help with more inclusive and participatory forms of sustainable production (Halimatussadiah et al., 2022). Such a roadmap functions to highlight the agreed milestone of sustainable production that is developed holistically. Moreover, a roadmap also illustrates the sustainability benchmarks that must be met by a predetermined period. Hence, the development of a joint roadmap is also critical as a guideline and an instrument to evaluate the progress of sustainability adoption.

In developing the joint roadmap, the multistakeholders participatory, including state and non-state actors from global south-north countries, without the dominance of particular actors, are also critical aiming to ensure the ethical fairness behind the development of such standards and regulations. The joint roadmap may help in accommodating the capacity of participating stakeholders, both the global south and north countries, in adopting the standards and regulations. Furthermore, the agreed timeline and milestones under the joint roadmap document may serve to avoid the frequent changes in standards and regulations, which previously often resulted in additional costs for the global south countries. If it could be established prominently, the road map would

be able to ensure and monitor the consistency of the agreed standards and regulations. For this reason, while being ambitious, an overburdening of the agreed standards and regulations at the weaker party should be avoided.

In addition, technical improvements are needed to be made to the current process of adopting sustainable standards. Most sustainable standards currently only have a binary outcome of being certified or not. Such a rule would discourage non-certified stakeholders from reapplying for certification because doing so would incur significant additional expenses. Therefore, to address this issue, there is a proposal to add an additional outcome of “semi-compliance” for parties that do not completely meet the sustainability indicators during the certification process. It would be preferable since it could provide additional space for the stockholders to improve their sustainability without incurring an expensive cost compared to the current state. Moreover, to make the process run smoothly, there is a need for participation from the more prominent-sustainable countries, mostly the global north ones, to provide capacity building to the less-prominent ones, which are the global south countries. Such an initiative would be significant to improve global south countries’ capacity to catch up to the agreed standards and regulations.

Such road maps should be developed through a participatory process and dialogue involving key stakeholders from developing and developed countries, including private sector members, representatives of indigenous peoples and local communities, and smallholders. Existing sustainability standards or certifications can be used as a temporary measure while developing this approach (Halimatussadiah et al., 2022). They must be in line with a plan that both the global south and north countries agree on.



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Umbrella program to support the adoption of sustainable regulations and certifications

Producers in Global South countries are frequently constrained by a lack of capacity to implement sustainability regulations and certifications. Customers in the Global North, on the other hand, have all of the solutions to the problems because they are more aware of what sustainability means (Halimatussadiyah et al., 2022). Therefore, there is a need for the development of an umbrella program to support more sustainable forestry and agricultural production that can be developed through international fora, such as the G20. The goal of this program is to accelerate technology transfer and capacity building from producing countries to consumer countries. Guarantee mechanisms for certified commodities are another type of support that can be included in the program. This program can take the form of a price premium guarantee as well as an off-taker guarantee.

The umbrella program needs cooperation and agreement between both developing and developed countries. The developed countries are responsible as the main sources for capacity building and technology transfer. On the other

hand, the program also needs developing countries' support to develop supporting infrastructure as well as enable the environment as a prerequisite for participation. To improve the enabling environment, there is a need for unilateral reform in developing countries aiming to strengthen the awareness of the stakeholders about sustainability. The effort of complying to meet sustainability standards and regulations will no longer be made as a formality but rather as a need once awareness levels continue to rise.

Moreover, the umbrella program also encourages the participation of non-state actors to improve the enabling environment for sustainability measures. The incentives to implement the standards and regulations are not instigated solely by the state actors; instead, the non-state actors, which also take on a role as certification providers, are encouraged to provide such incentives. The incentives are not limited to the price premium and whatnot; instead, the technical support to improve the producer, particularly the smallholder, should be provided by the non-state actors. Then, the integration of support and incentive provisions from state and non-state actors might escalate the adoption of sustainability practices among smallholder farmers. By doing so, the adoption of and access to sustainable certifications would be more inclusive for smallholder farmers.



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Investment hub and innovative financing schemes to facilitate investment for smallholders

Commodities certification necessitates a significant investment. Nonetheless, many smallholders live in areas with underdeveloped capital markets and have limited access to financial products. They frequently lack a credit history, significant collateral, and the ability to implement more sustainable practices that would increase their resilience and productivity.

There is a need to establish an investment hub and use innovative financing schemes to solve these financing problems. The need for an investment hub stems from the idea that problems in this area of financing come from not only farmers who lack the means but also investors that do not necessarily know the investment opportunity. The hub should have at least three main mandates: pooling funds from investors, sorting projects, and managing fund distribution. The function of pooling funds is critical as investors tend to congregate in one place with a large amount of money. Due to the numerous commodities that must be financed, there needs to be a staging process in channeling funds starting from priority or potential commodities. This is where the role of the project sorter comes in, determining which commodities and projects should be funded. To ensure the staging process runs smoothly, a comprehensive database is required. In this case, the hub should have representation and engage in jurisdictional-level investment that collaborates with the local government to enhance data collection and pooling investment opportunities for each commodity. The role of the project sorter can also be extended to the aggregation of smallholders into groups, allowing them to consolidate supply, gain benefits from economies of scale, as well as de-risk the engagement for investors. After a project has been selected, the investment hub is responsible for distributing the fund. This includes determining the type of funding to be provided for the project (e.g., equity, loan, or grant).

Smallholders inherently have a high-risk profile, which can hinder investors from providing funding. Investors need a cushion to be able to place their funds. On the other hand, smallholders have funding needs with lower interest rates and longer tenors. This is to support the financing of several crops that require high initial costs and a long period before their production becomes profitable (e.g., coffee). In this case, de-risking instruments and innovative financing need to be present to complement the role of the investment hub. Various forms of de-risking instruments can be applied, financially or otherwise. Financially, it can be done by combining loans from private investors with equity and grants (co-financing) whose sources can come from, among others, the government, philanthropy, MDBs, and climate funds. Global North and Global South countries can also terminate cooperation in the form of a debt-for-nature swap. In addition, guarantee and insurance schemes (e.g., insurance for sustainable crops) can help reduce investment risk. Policy signaling from the government by making this financing program one of the top priorities can also be a de-risking policy for investors.

Recognizing the interdependence between producer and consumer countries is pivotal in enhancing cooperation and collaboration in forest and agricultural commodity trade and essentially overcoming the barriers of interests to which the intertwined parties have been subject to collide. The dialogue and partnership must not be limited only to the dichotomy of and between producer and consumer countries but within the producer countries as well. Commitments should also be accompanied with adequate financial and resource support to ensure that the implementation of sustainability standards is financially sustainable, not to mention that innovative schemes should be applied to promote inclusivity and empower all stakeholders involved in and out of the supply chain. Therefore, strong partnerships and cooperations in multiple dimensions, along with practical impacts, are key in addressing an issue that pertains to the welfare and livelihoods of many.

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Annex 1 – Indonesia’s milestone in pursuing sustainability in the forest and agriculture commodities

No	Item	Subject	Category	Year	Topic/Issue	Relevant Objectives and Elements
1.	RPJP 2005-2025	Ministry of National Development Planning	Roadmap	2005	Sustainability practices	Long-term plan focused on the revitalization of the agricultural sector. Priorities included ensuring food security, developing sustainable agriculture, and creating employment opportunities for those who are vulnerable.
2.	Revitalisasi Pertanian, Perikanan, dan Kehutanan (RPPK) 2005-2025	Ministry of Agriculture	Roadmap	2005	Sustainability practices	Integrated revitalization strategy for agriculture, fisheries, and forestry. Provided strategies on food security development, agricultural financing, agricultural export product development, use of agricultural land resources, and development of new agricultural products.
3.	Agriculture Ministerial Regulation 48/2006 on Good Agricultural Practices	Ministry of Agriculture	Regulation	2006	Sustainability practices	Provisions on good agricultural practices based on land-use planning from the local government. Sustainability in the technical aspects of agriculture is included from the start to the end process.
4.	Government Regulation 6/2007 on Forest Management and Planning on Forest Management and Utilization	Central Government	Law	2007	Land-use and spatial planning	Provisions on the management of forests based on their purpose (e.g., production, conservation and social forests). Stipulates the Sustainable Production Forest Management (PHPL) which is related to SVLK and the overall timber industry.
5.	Law 41/2009 on Sustainable Agriculture Land Protection	Central Government	Law	2009	Land-use and spatial planning	Provisions on the management of land use for agricultural activities. Also a part of Indonesia’s effort to enforce Agrarian Reform, ensuring that the ownership of agricultural land is distributed in an efficient and just manner.

No	Item	Subject	Category	Year	Topic/Issue	Relevant Objectives and Elements
6.	Environment and Forestry Ministerial Regulation No. 17/2009 on Environmental Capacity in Spatial Planning	Ministry of Environment and Forestry	Regulation	2009	Environmental planning and strategies	Provisions on the arrangement of environmental capacity as a consideration in spatial planning.
7.	Law 32/2009 on Environmental Planning and Management	Central Government	Law	2009	Environmental planning and strategies	Provisions on environmental management that includes planning for environmentally friendly development and economic activities, funding for environmental management, and incentives and/or disincentives for conservation.
8.	Government Regulation 10/2010 on Mechanisms of Changes in Forest Allotments and Functions	Central Government	Regulation	2010	Land-use and spatial planning	Provisions on mechanisms to change zoning, purposes, and functions of forest areas. Includes the terms and conditions of shifting the status of forest areas.
9.	Government Regulation 1/2011 on Establishment of Sustainable Agriculture Land	Central Government	Regulation	2011	Land-use and spatial planning	Provisions on the establishment of the status for sustainable agriculture area. Stipulated the terms and conditions for an area to be established for sustainable agriculture purposes.
10.	Government Regulation 1/2011 on the Inauguration of Sustainable Agriculture Land	Central Government	Regulation	2011	Land-use and spatial planning	Provisions on enactment and conversion of sustainable agriculture land.
11.	Presidential Instruction 10/2011 on the Postponement of New Permits and Improvement Primary Forest and Peatland Management	President	Regulation	2011	Land-use and spatial planning	Provisions on suspension of new license issuance for forest and peatland conversion.

No	Item	Subject	Category	Year	Topic/Issue	Relevant Objectives and Elements
12.	RAN-GRK	Ministry of Environment and Forestry	Roadmap	2011		<p>A plan to achieve the national emission reduction target, ranging from 26 to 41 percent emission reductions. Strategies include:</p> <ol style="list-style-type: none"> 1. Sustainable peatland management 2. Reduction in deforestation and land degradation 3. Development of carbon sequestration 4. Promotion of energy efficiency 5. Development of alternative and renewable energy sources 6. Reduction in solid and liquid waste 6. Shifting to a low-emission transportation mode <p>Includes obligation for local governments to develop calculation of mitigation potential, strategy for emission reduction, proposal for selected local GHG mitigation actions, identifying the key stakeholders/ institutions and financial resources</p>
13.	Forestry Ministerial Regulation 44/2012 on the Inauguration of Forest Area	Ministry of Environment and Forestry	Regulation	2012	Land-use and spatial planning	<p>Technical guidance of the establishment and management of forest area borders. Also stipulates the rights and responsibilities of the third parties whose properties were within the newly inaugurated forest area.</p>
14.	Law 19/2013 on Farmer Protection and Empowerment	Central Government	Law	2013	Sustainability practices	<p>Provisions to promote protection and empowerment for farmers in facing challenges from economic fluctuations, the global market, and climate change impacts and risks. Protection is eligible to smallholders with plots not more than 2 hectares.</p>
15.	Forestry Ministerial Regulation 47/2013 on the Guidelines, Criteria, and Standards on Forest Use at Conservation and Production Forest Management Unit Level	Ministry of Environment and Forestry	Regulation	2013	Sustainability practices	<p>Provisions for guidelines, criteria, and standards for use in several forest areas.</p>

No	Item	Subject	Category	Year	Topic/Issue	Relevant Objectives and Elements
16.	Strategi Induk Pembangunan dan Pertanian (SIPP) 2013-2045	Ministry of Agriculture	Roadmap	2013		Strategy to achieve 'agriculture for development' and 'sustainable agriculture bio-industry'. The long-term plan relies on seven pillars: 1. Optimization of natural resources 2. Development of competent human 3. Innovation systems through science and engineering 4. Agricultural infrastructure 4. Integrated farming systems 5. Bio-industry value chain 6. Environmental bio-business enabler
17.	Government Regulation 46/2017 on Environmental Economic Instruments	Central Government	Regulation	2017	Environmental planning and strategies	Provisions on the incentives/ disincentives for environmental services as well as environmental damages. Also stipulates the PES mechanism.
18.	Presidential Regulation 16/2018 on Government Procurement	President	Regulation	2018	Environmental planning and strategies	Provisions on sustainability aspects in government goods and services procurement. Products from the green industry are within a priority.
19.	Presidential Instruction 8/2018 on the Postponement and Evaluation on Oil Palm Plantation Permits and Increments in Oil Palm Plantation Productivity	President	Instruction	2018	Land-use and spatial planning	Instructions to improve governance in sustainable palm oil, protect the environment, reduce GHG emissions, and increase oil palm productivity. The Instruction stipulates the postponement of new permits for oil palm plantations and enforces evaluation and verification on existing plantations as well as evaluation of spatial use and planning.
20.	Law 22/2019 on Sustainable Agriculture System	Central Government	Law	2019	Sustainability practices	Provisions on a Sustainable Agriculture System that aims to increase the production and export of agricultural commodities, improve farmers' welfare, and expand the opportunities for entrepreneurs and labors while taking sustainability aspects into account. The Sustainable Agriculture System encompasses the entire cultivation process, from the planning and spatial use, the use of resources, control and management, harvest and post-harvest, as well as

No	Item	Subject	Category	Year	Topic/Issue	Relevant Objectives and Elements
						capacity building and R&D. Aspects in planning include human resources, environmental capacity, medium-long term government plan, and stakeholders interest.
21.	Presidential Instruction 5/2019 on the Termination of New Permits and Improvement on Primary Forest and Peatland Management	President	Instruction	2019	Land-use and spatial planning	Provisions on preserving the existence of primary forests and peatland, as well as enhancing emission reduction through reduction in deforestation and forest degradation. Termination of new permits applies in primary forests and peatland areas for all types of purposes (conservation, protection, and production).
22.	Presidential Instruction 6/2019 on National Action Plan for Sustainable Oil Palm Plantation 2019-2024	President	Instruction	2019	Environmental planning and strategies	Instruction to increase the capacity and capability of farmers and land legalization and improve diplomacy to achieve sustainable oil palm. The Instruction stipulates the enforcement of the National Action Plan for Sustainable Palm Oil across different ministries and agencies.
23.	Government Regulation 26/2020 on Forest Rehabilitation and Reclamation	Centrak Government	Regulation	2020	Environmental planning and strategies	Provisions on forest rehabilitation, reclamation, revegetation, and reforestation. To garner forestry's advantage while maintaining sustainability and conservation of forests. Stipulates the role of government funding and incentives to enhance forest rehabilitation efforts.
24.	Environment and Forestry Ministerial Regulation 21/2020 on Performance Review of PHPL and Timber Legality Verification	Ministry of Environment and Forestry	Regulation	2020	Sustainability practices	Provisions the evaluation of PHPL management and timber legality verification. A revision to the similar 2016 version.
25.	Renstra KLHK 2020-2024	Ministry of Environment and Forestry	Roadmap	2020		Strategic plans to increase forestry commodity exports up to USD 16 million by 2024 by taking into consideration sustainability aspects and policies related to SVLK. Also aims to increase non- timber forestry commodities.

No	Item	Subject	Category	Year	Topic/Issue	Relevant Objectives and Elements
26.	Renstra Kementan 2020- 2024	Ministry of Agriculture	Roadmap	2020		<p>Strategic plans for increasing the competitiveness of agricultural commodities while ensuring the sustainability of the commodities. The ministry's strategy for maintaining the sustainability of resources for agriculture:</p> <ol style="list-style-type: none"> 1. Improving the use of land and water resources 2. Revitalization in funding and institution for farmers 3. Improving availability and monitoring of seeds, fertilizer, and pesticides 4. Improvement in the procurement and modernization of agriculture
27.	Renstra Kemendag 2020- 2024	Ministry of Trade	Roadmap	2020	Sustainability practices	<p>Strategic plans to increase non-oil and gas exports. Not entirely relevant to sustainable agriculture, but the ministry's plans are to standardize products as well as improve Indonesian products' image. The ministry plans to bolster FACT by formulating specific policies for the commodities, increasing downstream capacity, and increasing the value added of the products. Value-added FACT growth target in 2024: 6 percent. No information on sustainable products.</p>
28.	Government Regulation 22/2021 on Environmental Protection and Management	Central Government	Regulation	2021	Land-use and spatial planning	Provisions on environmental impact assessment.
29.	Environment and Forestry Ministerial Regulation 7/2021 on Forest Planning, Forest Area Purpose Changes, Forest Area Function Changes, and Forest Area Use	Ministry of Environment and Forestry	Regulation	2021	Land-use and spatial planning	Integrated regulation on forest planning, management, and land- use.

No	Item	Subject	Category	Year	Topic/Issue	Relevant Objectives and Elements
30.	Government Regulation 23/2021 on Forest Management	Central Government	Regulation	2021	Land-use and spatial planning	Provisions on forest management, forest area use, shifts in use and functions, social forestry, and monitoring.
31.	Updated NDC - Indonesia	Central Government	Roadmap	2021		<p>Guidance for NDC implementation, including for the forestry and agricultural sector.</p> <p>Key programs in adaptation includes:</p> <ol style="list-style-type: none"> 1. Sustainable agriculture and plantations <p>Mainstreaming and integrating climate change adaptation into the agricultural sector. Development of implementation of adaptive climate technologies.</p> <ol style="list-style-type: none"> 2. Reduction of deforestation and forest degradation <p>Enforcing sustainable utilization of natural forest resources which follows local wisdom and empowerment of the locals</p> <ol style="list-style-type: none"> 3. Land conservation
32.	Green Recovery: Roadmap Indonesia 2021-2024	Ministry of National Development Planning	Roadmap	2021		<p>Framework to address the challenges to prioritizing green recovery initiatives with five strategies and an action plan. One of the main programs is the Plantation Rejuvenation Program which aims to increase the productivity of plantation crops by increasing direct cash assistance to farmers when crops are yet to mature to production levels and reduce deforestation. It is expected to increase productivity by 7-15%, produce at least Rp 25 trillion once crops are productive, and increase indirect economic impact by increasing the supply of raw materials for the manufacturing industry to Rp 5-10 trillion per year. It will also increase the potential for avoidable carbon sequestration.</p>

No	Item	Subject	Category	Year	Topic/Issue	Relevant Objectives and Elements
33.	Green Economy Index: A Step Forward to Measure the Progress of Low Carbon & Green Economy in Indonesia	Ministry of National Development Planning	Roadmap	2022		Index that serves as a tangible and measurable indicator for Indonesia to track the country's progress in achieving its long-term Green Economy and NZE goals. The GEI sets some remarkable targets, including preserving and increasing the forest cover threshold from at least 30 to 54%, decreasing the percentage of degraded peatland by at least 30 percent of the peatland to no degraded peatland at all.



Source: istockphoto.com



The Tropical Forest Alliance

TFA is a global multistakeholder partnership platform initiated to support the implementation of private-sector commitments as well as to amplify demand-side engagement in major economies towards the transition to reduced deforestation commodity supply chains. Hosted by the World Economic Forum, TFA partners with 170+ organizations - companies, government entities, civil society, indigenous peoples, local communities and international agencies. TFA operates regional platforms in Latin America, West and Central Africa, China, and Southeast Asia.

LPEM FEB UI

Institute for Economic and Social Research - Faculty of Economics and Business, University of Indonesia, or better known as LPEM FEB UI, is a research institute under the Faculty of Economics and Business, University of Indonesia, and the largest community of academic researchers at the University of Indonesia. For more than 60 years, LPEM FEB UI has become one of Indonesia's leading educational institutions, which plays an essential role in contributing ideas through research, consulting, and education.

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