Dear Colleague,

We are pleased to send you the latest of a series of informal, periodic updates to share information within the growing “community of practice” that includes individuals and organizations interested in the “jurisdictional approach” (JA) to transforming land use practices in Indonesia, with a particular focus on the palm oil sector. Providing support to that community is one of the objectives of a modest project supported by the David and Lucile Packard Foundation as part of the Climate and Land Use Alliance (CLUA) in Indonesia.

This message includes various updates from initiatives related to JA and links to useful resources that have come to our attention in the past several months, as well as a few upcoming events relevant to our agenda.

We welcome your feedback and suggestions for items to be included in future updates.

With warm regards,
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RECENT JA-RELATED DEVELOPMENTS

The Tropical Forest Alliance 2020 (TFA2020) and Partnerships for Forests (P4F) held the second Southeast Asia Implementation Dialogue on 19 April 2019 in Jambi. Discussions focused on identifying opportunities to collaborate to achieve a vision for sustainability for Jambi’s part of the RIMBA Corridor, an ecosystem that stretches across 19 districts in Jambi, Riau, and West Sumatra. The discussion was attended by government officials, CSOs, and the private sector.

Jambi Province is also the site of a proposed “jurisdictional landscape approach” pilot to be financed with USD15 million from the Initiative for Sustainable Forest Landscapes (ISFL) of the BioCarbon Fund based at the World Bank. The program will seek to improve land management and livelihoods and prepare the province to receive results-based payments for emission reductions. The Government of Indonesia is setting up a national steering committee and a provincial task force to oversee the program.

Sintang District in West Kalimantan has been the site of several JA-related activities. On 25 April 2018, issued a decree to set up a multi-stakeholder Forum on Sustainable Palm Oil to coordinate and consult on the development of sustainable palm oil production in the district. The forum is headed by the District Secretary, with members including representatives of relevant district agencies, a smallholders association, the Secretariat of Lingkar Temu Kabupaten Lestari (LTKL, the Sustainable District Platform), NGOs such as WWF-Indonesia, Solidaridad, and Gemawan, and banks operating in Sintang. Aside from their participation in the new forum, NGOs working in Sintang have regular catch-up meetings to coordinate their efforts in the district. In July, Conservation Strategy Fund (CSF) Indonesia conducted a training on Sustainable Development and Integrated Landscape Policy in collaboration with the district government. The four-day training was designed to support the government in developing a roadmap to achieve a “Green Sintang” by 2021, providing both an overview as well as specific concepts on sustainable development, land governance, economics, and development policy. At the event, Sintang District Head Jarot Winarno emphasized the importance of multi-stakeholder cooperation to attain this vision to promote community well-being while maintaining the district’s forest cover.

On 26 June 2018 in Oslo, the Embassy of Norway to Indonesia hosted a discussion themed Green, Sustainable and Equitable Development for Intact Forest Provinces in Indonesia, focusing on jurisdictions in West Papua and Papua. Domingus Mandacan, Governor of West Papua, which has declared itself to be a conservation province, proposed a global coalition to finance subnational jurisdictions’ efforts to conserve forests. Other officials present included representatives from the Ministry of Environment and Forests (MoEF), Tamberaw district in West Papua, and Papua province, as well as representatives from civil society and donor agencies.

The Oslo Tropical Forest Forum – The REDD+ Exchange 2018 was held on 27-28 June 2018 in Oslo, Norway, and attended by many members of Indonesia’s informal “community of practice”
on the jurisdictional approach. The session “Subnational jurisdictions: The most promising scale for success?” summarized the state of play on the jurisdictional approach around the world, with an opening presentation by Amy Duchelle of CIFOR, and Indonesia represented by Djarot Winarno, Head of Sintang District in West Kalimantan, and Gita Syahrani of the Secretariat of LTKL. The complete series of the working papers prepared for the event is available here (see link for the paper on JA in the next section) and recordings of the sessions here – note that the JA session was not recorded for public broadcast.

On 27 June 2018, Indonesia conducted 171 regional elections simultaneously, with voters going to the polls to choose leaders for 17 provinces, 115 districts, and 39 cities. While most elected leaders did not feature environmental protection in their campaign platforms, a study by Yayasan Madani Berkelanjutan (see the next section) highlights the promises of several elected governors that did. The elected governor of Riau, formerly the District Head of Siak, promoted forest fire prevention, disaster reduction, and mangrove restoration as measures to address environmental problems. In South Sumatra, the new governor mentioned sustainable development, but also stated his intention to promote palm oil and timber plantations, coal mining, and biofuel as alternative energy. The new governor of West Kalimantan mentioned forest fire prevention but also wants to expand palm oil. In Papua, the elected governor mentioned sustainable development, environmental preservation, and ecotourism. He was also the only leader that specifically referred to the rights of indigenous peoples to natural resources.

On 18 July 2018, the Center for Climate Change and Multilateral Policy (PKPPIM), an agency under the Ministry of Finance’s Fiscal Policy Agency (BKF), convened a meeting with CSOs to discuss the potential of ecological fiscal transfer (EFT) in Indonesia. Ministry officials presented the possibility of including environmental criteria in an existing transfer mechanism made from province to districts as an EFT that can be trialed and implemented in the short term. The criteria could be in the form of an Environmental Quality Index (Indeks Kualitas Lingkungan Hidup, atau IKLH) at the district level, which could be modelled from the IKLH at the provincial level that includes metrics of river water quality, air quality, and forest cover. Presentation slides on this potential EFT from the meeting are in Annex (in Indonesian).

In late July 2018, LTKL hosted the Festival Kabupaten Lestari (Sustainable Districts Festival) themed “Indonesia Innovate: The Nations’ Solution for Sustainable Districts in Palembang and Musi Banyuasin.” Events attended by about 100 representatives from member districts and partners included seminars, innovation sessions, workshops, and a field trip. The festival also marked Gorontalo district and Aceh Tamiang district officially joining the platform.

Also in July 2018, IDH – The Sustainable Trade Initiative headquartered in the Netherlands published a concept note (see Annex) describing the concept of Verified Sourcing Areas (VSA) to link producer jurisdictions and buyers interested in sourcing sustainably produced commodities. Under the VSA model, public and private stakeholders in commodity producing jurisdictions come together in a Production, Protection, and Inclusion Compact to develop a roadmap to achieving sustainability targets. Progress is independently monitored according to the VSA Performance Standard, which covers forest and peat protection, good governance, labor, land tenure, and transparency. IDH is convening a global steering committee and working group to further develop the VSA model and performance standard.
PUBLICATIONS, VIDEOS, AND OTHER RESOURCES

- **Accelerating Action on Deforestation Commitments in Africa**, Tropical Forest Alliance 2020 (TFA2020) Africa Palm Oil Initiative (APOI), May 2018. The briefing note provides updates on progress in each country to agree upon a set of national principles to guide sustainable palm oil development in each country, which will be followed by the development of a national action plan to deliver on the vision.

- **Climate and Land Use Alliance Indonesia Initiative Strategy 2018-2022**, July 2018 (see Annex). The strategy highlights the importance of demonstrating value propositions for low emissions development to local leaders as a priority and targets, among others, that “At least 8 districts demonstrate emissions reductions through improved peatland management, fire prevention and reduced deforestation”.

- **Jurisdictional Approaches to REDD+ and Low Emissions Development: Progress and Prospects**, William Boyd et al., June 2018. The paper highlights important lessons that have emerged from experiences around JA as a government-led, comprehensive approach to forest and land use across one or more legally defined territories. These include the importance of broad, multi-stakeholder processes; the need for a complementary set of cross-sectoral policies and programs grounded in a realistic assessment of implementation capacity within the government and among key partners; and the critical role of political commitment and leadership.

- **The State of Jurisdictional Sustainability: Preview of a Global Assessment**, Stickler, C.M., et al., July 2018. The document provides a preliminary and look into a study of 39 subnational political and administrative areas in 12 tropical countries conducted by Earth Innovation Institute, Center for International Forestry Research (CIFOR), and the Governors’ Climate and Forests Task Force (GCF-TF). Profiles for specific jurisdictions included in the study can be downloaded here – from Indonesia, the profiles of Aceh and East Kalimantan are already available. The full report of the study will be published in September 2018, ahead of the Global Climate Action Summit and the GCF-TF Meeting in San Francisco, the U.S.

- **Indonesia Regional Elections 2018 and the Fate of Forests and Peatlands**, Yayasan Madani Berkelanjutan, Aug. 2018. The report discusses the state of forests and deforestation rate in the 17 provinces that in June elected new leaders, along with the environmental platforms of winning candidates. It also explores the authority of provincial governments in the forestry...
sector, including social forestry, based on the 2014 Regional Government Law, and on GHG emissions reduction programs.

- IDH has published a series of case studies on the business case for adopting landscape approaches to mitigating the adverse environmental and social impacts of agricultural production. One of the case studies features Bumitama Agri Ltd in West Kalimantan.

LOOKING AHEAD

- The GCF-TF 2018 Annual Meeting will be held on 10-12 September 2018 in San Francisco. Member states and provinces will provide updates on progress in their areas, including on sustainable supply chain initiatives and indigenous peoples and local communities initiatives. From Indonesia, representatives of most member provinces are expected to attend, with the Governor of North Kalimantan Irianto Lambrie confirmed and scheduled to speak about indigenous peoples’ engagement in the province. Other speakers from Indonesia include those from AMAN and Samdhana. Results from the meeting will feed into the Global Climate Action Summit taking place in San Francisco 13-14 September 2018, at which initiatives by sub-national and non-government actors will be highlighted.

- The International Conference on Biodiversity, Ecotourism, and Creative Economy (ICBE) Conference will be held on 7-10 October 2018 in Manokwari, West Papua. The conference aims to introduce the concept of the sustainable province, and plans to have a Special Regulation declaring West Papua as a Sustainable Province signed then. The agenda of the conference includes discussions around sustainable development, indigenous peoples’ rights, biodiversity conservation, and green financing.
INDONESIA INITIATIVE STRATEGY
2018-2022

This document provides an overview of the 2018-22 CLUA Indonesia Initiative Strategy approved by CLUA’s Board of Directors in December 2017. Objectives and targets described herein will inform the development of CLUA’s workplans annually, including for grant making purposes. CLUA will continue to learn from and respond to changes in external circumstances, new information, and new insights and the implementation of CLUA’s strategies and workplans will adapt accordingly.

INITIATIVE GOAL

Forest and peatland GHG emissions reduced by up to 1.0 Gt CO₂-e while enhancing local livelihoods and low emission development by 2030¹.

STRATEGIC FOCUS & PRIORITIES

The CLUA 2018-2022 strategy is designed to promote a paradigm shift towards low emissions development in Indonesia with an aim to achieve real emissions reductions results by reducing contradictions within policies and development targets, improving sustainability of land use practices particularly on peatland and reducing fires². Alignment between Indonesia’s medium and long-term economic plans, ongoing investments and climate change goals is necessary to enable the achievement of the Government of Indonesia’s commitment made in 2010 to reduce emissions by 26% (41% with international support) by 2020. Unsustainable land use continues due to lack of clarity over community rights, weak governance and rule of law, and powerful vested interests in maintaining the status quo.

Securing community rights and creating an alternative business case to the existing industrial scale monoculture plantations in various landscapes can help in creating new models of low emission enterprises and development pathways at the local level. These may include focusing on value addition of specific products that can be managed by communities and marketed at scale to multiple markets or supplying various supply chains through sustainable smallholder models to established corporate partners. This may require a public subsidy, national or international, such as carbon finance. There is likely to be a diversity of models

¹ Indonesia’s 2016 NDC targets an emission reduction from forestry of 497-650 Mt CO₂ relative to a 2030 business-as-usual (BAU) projection of 834-1,081 for the Mt CO₂ for the sector. Our assessment of available mitigation (Zarin and Wolosin 2017), based on the NDC and a variety of additional official government data sources, suggests a wider range of 453-1,049 Mt CO₂-e relative to BAU, including conservatively accounting for the biophysical effect of forests on radiative forcing.

² The term low emission development LED is used by CLUA in this strategy to convey a practice of development planning and implementation at all levels that aims to reduce greenhouse gases, increases resilience to climate change impacts and achieves social, economic and environmental development goals.
emerging but this will also require changes in policies that support natural resource governance including shifting the current practices of corporate actors involved in oil palm and pulp and paper, as well as obtaining/increasing wider public support.

The CLUA Indonesia Initiative aims to contribute to achieving four inter-related strategic objectives to address the current contradictions in economic development policy, planning, and implementation:

1. Public policies that affect land use promote low-emission development and deliver GHG emission reductions;
2. Community rights to land are institutionalized, supported by increased local capacity, and contribute to GHG emission reductions and low emission development;
3. Indonesia–based palm oil and pulp and paper industries and HTI plantations’ practices and corporate behavior improved to comply with their own NDPE commitments, and move towards equitable low emission pathways and responsible supply chains with higher levels of accountability, transparency and compliance with the rule of law.
4. Indonesian society embraces equitable low emission development and values forests and peatlands.

These four objectives intersect around key priorities for CLUA including:

- Informing public policy on natural resource governance at national and subnational levels on the topics of climate change, land use, and low emission development (LED) priorities, including energy, transportation and manufacturing.
- Identifying specific jurisdictions performing as “sustainable” and ”non-sustainable” and aligning CLUA interventions around incentives and disincentives in a proof-of-concept effort to demonstrate the value proposition of LED for local level leaders. This would integrate all four CLUA objectives at a specific jurisdictional level including accelerating the recognition of community rights. This is likely to build on lessons from applying incentives and disincentives to performing and non-performing districts similar to systems elsewhere in the world such as Brazil. CLUA will be focusing on high carbon stock (HCS) customary forest areas such as in Papua and Kalimantan, home to the largest peatland areas. This jurisdictional approach would also explore linking incentives and disincentives to early warning systems for fire prevention and management at the local level.
- Supporting the institutionalization of community rights to land through identification of overlapping boundary claims and ensuring integration of recognized community-mapped areas into government data management systems. This would include articulating the contribution of those community-mapped areas formally to both economic development and climate change targets and building capacity of communities to participate in enterprises conducive to low emission development.
- Building innovative models of sustainable LED business with communities whose rights have been secured through strategic financing pipelines and business support services. Special attention will be given to efforts in Tanah Papua where large areas of

3 Objective 4 is core to accelerating and amplifying the achievement of the other three objectives.
HCS customary forests are focused on building sustainable private sector-community partnerships.

- Building the capacity of local NGOs to adequately monitor “No Deforestation, No expansion on Peat and No Exploitation of communities” (NDPE) commitments and overall corporate governance performance of the pulp and paper and oil palm industries at the field level and engage in corporate transformation processes. Strategic communication with priority target audiences to create a “home-grown” vision for LED and sustainable natural resource governance and management including communication and behavior change research around issues such as fires and palm oil consumption.

The CLUA Indonesia Initiative will convene key players and donors around specific areas of investment to leverage the collective impact of both grantees and others in specific geographies and policy themes. These diverse grantee partnerships and networks will be leveraged to promote collaboration, align strategies, and push for change from different entry points. CLUA will further develop its niche through deliberate convening and facilitation of partners and key influencers around specific issues, and build capacity for strategic collaboration and leadership.

Specific entry points and issues will be prioritized annually based on our niche and ability to strategically support transformation given the dynamics in the political space and depending on the objective⁴.

The major risks to this strategy are shifts in political commitments to climate change goals from the 2019 elections and climate change itself with the “El Nino” cycle set to increase incidences of fire in Indonesia and hence emissions. The changing political dynamics may well put at risk the traction for increased accountability and transparency with the anti-corruption agency and other players. Other risks include the phenomena of “stranded assets” of plantation companies in high forest cover landscape areas being liquidated or transferred to less scrupulous companies as a result of their commitments to no deforestation when the area is not profitable for further development from a conversion/plantation perspective.

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⁴ This strategy outlines the strategic directions that the CLUA Indonesia Initiative will take in the period 2018-2022. It is a comprehensive analysis of the existing situation and identifies a wide range of strategies that will later be prioritized in the development of the annual work plans. In order to monitor progress against the key objectives and identify key lessons for adaptive learning within the strategy, CLUA Indonesia will develop a separate Monitoring Evaluation and Learning Plan that will define key terms and assign key baseline values prior to implementation in 2018.
OBJECTIVE 1

Public policies that affect land use promote low-emission development and deliver GHG emission reduction

A shift towards a resilient low-carbon economy in Indonesia will require supportive policies aligned and implemented effectively at the national and subnational level. To date, there has been a siloed approach to policy development for economic development and climate change adaptation and mitigation, resulting in a contradiction between economic development planning and policies intended to reduce land-based emissions in line with the government’s commitment to reduce emissions by 29% from BAU (41% with international support) by 2020. For example, high investment in infrastructure projects and low incentives for investment in renewable energy projects. Policies and regulations are rarely analyzed for their projected impacts on emissions reductions and there is no accepted reference source of data on emissions. Further, there is a huge loss of state assets from unreported timber production and under-collection of non-tax forestry revenues. There is a need to improve and inform the policy discourse, by providing targeted evidence based on an analysis of economic, investment and financial policies, and by enhancing the participation of a wider group of stakeholders, at both the national level and in priority local jurisdictions. The lack of a clear value proposition for leaders in the form of incentives and disincentives to change the business as usual economic development models at the sub-national level needs to be addressed within the national policy framework in order to deliver real emission reduction results.

Baseline Conditions for this Objective

Current Status

Policies and regulations related to economic development tend to contradict Indonesia’s own commitments on climate change and are rarely analyzed for their projected impacts on emission reductions. There are efforts to mainstream climate change into development planning such as the Medium-term Development Plan (RPJM) and Government Work Plan (RKP), but problems such as lack of transparency of spatial data create barriers to informed decision-making.

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5 KPK’s study indicates that state losses from under-collection of Reforestation Fund (DR) and Forest Resource Provision (PSDH) revenues totaled on average, between US$ 539 million and US$ 749 million per year – during the 12-year study period. State loss from unreported timber production is between US$ 5.0 billion and US$ 6.8 billion per year. (Preventing State Losses in Indonesia’s Forestry Sector, Corruption Eradication Commission/KPK, October 2015).

6 National Planning Agency and Ministry of Environment and Forestry (then Ministry of Environment) have been producing different documents to mainstream climate change into development planning; the 2014-2019 Mid-Term National Development Planning (RPJM) is the first development document mentioned climate change as national threat and challenges. Since 2014, the RKP (Annual Development Plan) uses climate change as criteria of GoI’s project selections.
multi-stakeholder decision-making. KPK has led the National Movement of Saving Natural Resources/GNPSDA (2013-2017)\(^7\) to promote good governance and fight anti-corruption in natural resource management, but it is unclear how this will move forward in the future. GoI has created One-Stop Licensing Agencies (*Pelayanan Terpadu Satu Pintu*) at provincial and district level, but there is a significant lack of capacity. This adds confusion about implementation of the moratorium and regulations, especially in Tanah Papua. The value proposition of low emissions development models is not yet apparent to local level leaders, and there is no real incentive or model for its delivery. Despite this, there is a growing commitment from provincial and district Governments to “green” development, but competing agendas and contradictions in policies affect implementation.

### Targets and Strategies

**Target 1.1: Incentives and disincentives within national policy framework developed and implemented to promote low emission development (LED) in land use and to contribute to demonstrating the value proposition of LED in land use by 2020**

Local level LED is unlikely to become mainstream without a clear value proposition for local leaders. The government is currently developing regulations on an environmental economic instrument. Other national level economic environment instruments are also of relevance, including the Public Service Agency (BLU) that will facilitate Norway’s remaining funding for REDD+, and the mechanism that is currently being developed by KPK, which includes indicators to monitor and evaluate corruption in national resource management to be used in conjunction with various economic instruments to create incentives and disincentives. This should also include analyzing the costs, benefits and tradeoffs of government policy support and fiscal incentives for mega-scale pulp mills and HTI development are rigorously analyzed and results widely shared among stakeholders. This will require quantitative analysis of the value of tax holidays, low forest royalty rates, discounted land rental fees, financial guarantees, and other forms of support that the government has allocated to Indonesia’s pulp and paper producers.

**Target 1.2: By 2021, GoI provides annual reports of credible, expert-reviewed and spatially explicit data and analysis linking deforestation, GHG emissions and land use change**

This target is a foundation for informing and influencing future economic development plans and climate change related policy at national and local levels. Currently there is no transparent, spatially explicit, universally accepted report on deforestation that can be used by the GoI and stakeholders as a reference and to hold decision-makers accountable. Different agencies are making references and decisions based on different sources of data, further confusing attempts to navigate the different interests in the land-use change sector. Such annual reporting would demonstrate the government’s serious commitment to better transparency.

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\(^7\) GNPSDA consists of 19 government agencies led by KPK to ensure the sustainable, equitable, transparent, participative, decentralized, and accountable natural resource management that also protect the civil rights through good government and integrated anti-corruption system.
Target 1.3: Central Government expands and enforces regulations, including moratorium, that limit high-emissions land uses in favor of long-term, low-emissions options. The moratorium on new licenses in primary forest and peatland is the focus of this target, but it should also encompass relevant new initiatives that may emerge. Even after six years of the moratorium, forest governance in Indonesia is still lacking in transparency and contains serious loopholes. For example, the moratorium in its current form only covers primary forest and is therefore putting areas of secondary and regenerating forest at risk. The Indicative map of the moratorium shows millions of hectares were removed from the moratorium. The moratorium needs to be strengthened and made into a Government regulation to become permanent.

Target 1.4: At least 8 districts demonstrate emissions reductions through improved peatland management, fire prevention and reduced deforestation

While targets 1.1-1.3 address national level policies and incentive mechanisms, this target addresses the implementation of those policies and mechanisms in a specific jurisdiction. This target builds on aligning all of the different threads of the CLUA strategy at the local level to demonstrate “proof of concept” in improving land use management practices and low emission development for emission reduction results at a local level. It will focus on specific targeted jurisdictions.

Reaching this target will depend on the success of CLUA’s efforts in engaging grantees and others in collective action, and in particular, a shared theory of change and collective analysis and measurement of change. This will include creating plans of mutually reinforcing activities within specific jurisdictions.

Implementing strategies for Objective 1

- Operationalising economic environment instruments to transform existing fiscal policies to incentivize LED. For example, reduce the proportion of the CPO fund, which is used to subsidize biofuel use, and introduce environmental criteria to enable the Village Fund and the General Allocation Fund (DAU) to be a driver of low-carbon activities. This will involve supporting grantees to link fiscal incentives and financing to transparency of deforestation data (e.g. BLU, GCF). (Targets 1.1, 1.2)
- Supporting strategies to ensure that Indonesia is an active “demand-side” player helping to shape and access new sources of climate finance. (Target 1.1)
- Enhancing transparency and accountability by corporate actors actively influencing natural resource management in terms of addressing tax evasion and money laundering. There are strong indications that major producers in Indonesia’s forestry, pulp and paper, and oil palm sectors have avoided and/or evaded paying large amounts of corporate tax, and have likely engaged in money laundering by moving this offshore to affiliates located in secrecy jurisdictions. The companies’ ability to do so amounts to a significant financial incentive for destructive high-emission land-use practices. (Target 1.1).
- Accelerating the alignment of spatial data with overlapping boundaries and promoting an Indonesian roadmap and action plan towards zero deforestation: this would include monitoring of moratorium infringements, collaboration with the corruption...
eradication commission and advocating for consolidation and annual publication of transparent data on deforestation. It could include a user-study of available real-time geo-spatial applications related to deforestation. (Target 1.2)

- **Improving evidence based policy analysis and inclusivity in public policy processes:** ensuring key stakeholders are informed by providing quality evidence on policy impacts through a climate change lens and creating enabling conditions for wider stakeholder participation in the development and/or review process. This would include supporting stakeholders to provide and review data in SRN (National Registry System for Climate Change Actions). This is to ensure that actions taken by communities are properly considered, verified and included in NDC’s reports. (Targets 1.1, 1.3)

- **Within a target jurisdiction, consolidating and aligning CLUA and other interventions and multi-stakeholder partnerships around positive incentives for sustainable and non-sustainable districts.** After designing a credible process for identifying priority target jurisdictions, CLUA will select at least eight districts where extra effort will be made in alignment and partnerships. This selection will build on work done during the previous strategy period. Types of incentive structures may include public financing, preferential sourcing, reducing perverse subsidies, reduced financial incentives for non-performing districts and local action for emissions reductions and LED at subnational levels. This will build on creating a shared vision for what is a “sustainable district”. This also implies convening and supporting multi-stakeholder forums in spatial planning review, development planning and monitoring processes. This will also include supporting access to finance for bankable projects at provincial and district level. To support the monitoring of emission reduction where districts have no practical systems in place, a system needs to be designed to support the development of baseline emission levels and a monitoring system including fire monitoring. For this strategy and the one below, CLUA will be focusing on HCS customary forest areas in Papua and Kalimantan (Target 1.4).

- **Identify and test punitive actions through policy work that can incentivize poor performing districts to improve performance in emission reduction.** This is complementary to the strategy above, but focusing on poor performing districts and regulatory penalties that emerge from the policy and jurisdictional incentive framework. This strategy will take into account lessons and principles of the Brazil model focusing on dis-incentivizing high rates of illegal deforestation (Target 1.4).

- **Collective action and movement building by key groups to catalyze collaboration, consolidate action and accelerate and expand impact around improving governance and reducing corruption related to natural resource governance.** This could include supporting more better communication around specific issues (Target 1.1, 1.2, 1.3, 1.4)

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8 This does not imply CLUA will only work in eight districts, it does however encourage CLUA partners and grantees to prioritize and align within given jurisdictions and will be a focus for CLUA engagement work in selected districts.

9 Sustainable district may build on concepts of peatland villages “desa gambut”
Objective 2

Community rights to land are institutionalized, supported by increased local governance and management capacity, and contribute to GHG emissions reductions and LED\textsuperscript{10}

Community stewardship of land and forests based on secure rights in Indonesia is critical to achieving results in emissions reductions. Weak rule of law creates opportunity for violations of rights and unsustainable land management practices such as clearance with fire and deforestation leading to increased emissions. Clear and secure property rights for indigenous people and local communities, community-based low emission enterprises, and incentives for protecting forests provide an integrated mechanism for the protection of large areas of forest which might otherwise be subject to conflict and vulnerable to clearance. Overlapping land claims between government, private sector and communities has led to conflict and unsustainable management practices, as vested interests and insecurity undermine any incentive for long-term investment by communities and private sector. This objective is aligned with the government’s targets of at least 12.7 million hectares to be secured as social forestry and 4.1 million ha for agrarian reform. It is instrumental to achieving CLUA’s goals, as securing rights and strengthening community natural resource management systems provide a pathway to ensuring community lands are effectively protected and managed for the benefit of local people.

Baseline Conditions for this Objective

**Current Status**

AMAN has already mapped 14.8 million hectares of indigenous land. The maps were submitted to the Ministry of Environment and Forestry for integration into official spatial systems of government in 2014. This follows the constitutional court decision that removed Indonesia’s Indigenous Peoples’ customary forests from state control in 2013\textsuperscript{11}. The Body for Registration of Customary Domain (BRWA)\textsuperscript{12} was established to manage indigenous territory mapping data, verify claims and interface with government agencies. The vast majority of above and below ground carbon is within customary forests (hutan adat). This is especially evident in Tanah Papua (West Papua and Papua provinces), which had 6.9 million ha of peatland and some 22 million ha of primary forest in 2012, which is 38% of Indonesia’s forest. BRWA reports that 8.4 million ha representing claims on customary forests have now been verified in Indonesia, but this is only 10% of the potential estimated to be claimed by indigenous people\textsuperscript{13}. Despite the government’s social forestry targets of 12.7 million hectares in community forestry permits by 2019, and President Jokowi’s promise of other regulations related to indigenous people rights in 2014, there is no

\textsuperscript{10} Including women, indigenous peoples, youth, and people with disabilities

\textsuperscript{11} Constitutional Court Decision No. 35/PUU-X/2012

\textsuperscript{12} BRWA was established by AMAN, JKPP, FWI, KpSHK, and Sawit Watch in 2010

\textsuperscript{13} BRWA (2016)
integration of these lands into spatial data systems of government and no structures and procedures to ensure that this will happen. To date, areas formally licensed under the social forestry program do not yet exceed 300,000 ha, a disappointing result after 15 years of implementation and ambitious government targets.\(^\text{14}\)

There are already a number of management planning requirements based on guidance from the government that are in place to ensure communities manage their recognized areas sustainably. Currently these processes are cumbersome and overly detailed and are not always fit for purpose for communities in relation to their management objectives for the area.

Mediation has been identified as one of the conflict management approaches with the most potential for addressing conflicts in Indonesia. However, the quality of mediation approaches used is diverse, and the agreed outcomes not always sustainable. There is no clear system for establishing agreed principles of best practice for mediation, nor for documenting the track record of particular mediators at a national level.

### Targets and Strategies

**Target 2.1: Integration of 90% of customary “adat” community areas mapped by CSOs pre-2018 are integrated into official maps and planning systems by 2022**

Without institutionalizing community mapping processes and outcomes into formal government architecture, this objective will never be achieved on a sufficient scale to ensure significant emissions reduction results. The most challenging will be the customary “adat” maps by which indigenous forests are recognized as these are still under contention due to a lack of clear standard and protocol. To start, areas mapped and verified by BRWA and recognized under the social forestry program to the end of 2017 must be integrated into official government spatial systems.\(^\text{15}\) This target holds government commitments accountable to the array of recent regulations and targets that have been put in place around social forestry and hutan adat, and will also effectively help the government demonstrate they are achieving those targets. Strategically, this also enables communities to be seen as legitimate land stewards with clear rights and responsibilities, and enable their equal participation in further spatial planning processes and decision-making.

**Target 2.2: 75% increase in the area of community lands mapped pre-2018 and registered as a result of the accelerated implementation and promotion of the Government’s social forestry programs.**

There is still significant mapping of community areas to be carried out, and areas not secured with clear rights are effectively under conflict or open to threat of further mismanagement and deforestation, opening the door for further emissions. This target aims to ensure responsible government agencies and their respective targets effectively


\(^{15}\) This would be approximately 7.4 Million ha 90% of 8.4 Million ha areas mapped by BRWA but will be further clarified when setting of baselines values for MEL plan are developed.
The Indonesian Network for Participatory Mapping (JKPP) launched the indicative map of indigenous territories in Indonesia during a seminar on “Acceleration and Expansion of Indonesian Economic Development (MP3EI) and Living Space Sovereignty of Rural People of the Archipelago” in Bogor 29 January 2014.

A baseline for this target will be developed at a later date but this would include formally recognized areas under the social forestry program by 2017 including hutan adat.

Target 2.3: By 2020, the contribution of community-managed forest and peatland areas is valued and articulated clearly by key decision-makers with respect to national climate change targets

This target focuses on demonstrating the active contribution of communities officially to emissions reductions results and economic development targets. It is critical not only to secure rights, but also demonstrate that these areas are making an effective contribution to national targets on climate change primarily in terms of their conservation or “avoided deforestation” efforts and fire management systems. This could build on the indicative map already supported by CLUA in 2014 that overlays indigenous land claims over the formal map of forest estate. This already starts to identify key areas where communities are already making a contribution. Systems and proxies for measuring such a contribution and community capacity for communicating their stories of contribution needs to be enhanced. Communities may not always be making a direct contribution to reducing emissions to meet the “additionality” criteria against a baseline required by instruments such as the NDC. However, articulating their forest management efforts within a climate change framework needs to be conceptualized and articulated further through proxy measures and as far as possible articulated against government targets. This is a key tool to accelerate recognition of community rights by clearly articulating their value proposition to the bigger picture including where relevant contributions and business models relevant to low emission development.

Target 2.4: 25% of recognized communities within the national “social forestry” program have well-functioning profitable enterprises that benefit their community members

In order to ensure communities can realize benefits from the recognition of their rights and create incentives for long-term sustainable resource management, they also need support for their own low emission economic development demonstrating alternative low carbon models of business and natural resource management enterprises. This target is integral to strengthening their resilience and building a low emission economy. It seeks to demonstrate how recognizing and institutionalizing rights can also make a valuable contribution within the economy providing secure collateral for business models and investment to communities as opposed to maintaining the status quo of land under conflict or industrial plantations usually with a high rate of emissions. Although this target

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16 The Indonesian Network for Participatory Mapping (JKPP) launched the indicative map of indigenous territories in Indonesia during a seminar on “Acceleration and Expansion of Indonesian Economic Development (MP3EI) and Living Space Sovereignty of Rural People of the Archipelago” in Bogor 29 January 2014.

17 A baseline for this target will be developed at a later date but this would include formally recognized areas under the social forestry program by 2017 including hutan adat.
may appear ambitious, the strategy aims to build momentum for business development and financing around two or three key products that can be rolled out across different sites not small-scale income generating activities. Some of the selected community areas will coincide with the selected priority jurisdictions.

**Target 2.5:** Rural communities and CSOs use legal frameworks to secure community rights and access to land and forests within HTI concessions. The new requirement that 20% of HTI concessions must be provided for community use has achieved little recognition on the ground. Communities must be supported to assert their legal claims and to secure access to use this land for agro-forestry and other acceptable activities.

**Target 2.6:** By 2022 national government has institutionalised a natural resource conflict resolution program/policy that is effective and equitable.

A functional national conflict resolution approach is necessary to ensure the sustainable management of the large tracts of land currently under conflict in Indonesia. This target will help to institutionalize and mainstream an approach to both prevent and resolve conflict that is integral to levelling the playing field for communities in clarifying their own rights in relation to others across ministries and government agencies. It will also further strengthen the institutionalization of community rights in the formal spatial planning systems of the government if the systems are well coordinated and linked with other government processes.

**Implementing strategies to achieve Objective Two**

- Supporting acceleration of community rights recognition including institutionalization of relevant community mapping spatial data
- Supporting the work plan and accountability monitoring of two processes:
  - *The Indigenous Peoples Task Force to be appointed by President Jokowi:* It is anticipated that this task force will be established in 2017 and will identify its priorities and work plan including priorities on institutionalizing current spatial data within government systems.
  - *The Tenure Coalition:* This is an NGO/donor coalition to support the implementation of Agrarian Reform and Social Forestry targets. The Coalition works closely with the Ministry of Environment and Forestry, The Office of the President, Ministry of Village, and Agrarian Reform Institutions *(Targets 2.1, 2.2)*
- Supporting an alliance of mapping partners to develop and implement a Training of Trainers (TOT) and other measures to institutionalize and manage data within government systems: This would be targeted at engaging both government officials and communities themselves; enable integration into GOI one map spatial data pipeline or other mechanisms so conflicting claims are resolved; and enhance communities’ own access to mapping and spatial monitoring technologies such as drones and cell phones. In Papua, as the new frontier, it is now critical to build on the extensive mapping work that has been done and accelerate these processes through CLUA sustained engagement. *(Targets 2.1, 2.2)*
- *Design and implement a system to assess community contribution to climate change
mitigation actions: Although there is an SRN database system for registering climate change actions by different stakeholders that contribute to NDC targets, a system for analyzing and proxy community contribution will need to be developed and agreed first. (Targets 2.1, 2.2, 2.3)

- Support the development of basic natural resource management planning frameworks: This would build on ongoing work but focus on simplifying frameworks that can be used by communities to support active but sustainable management of the resource including identifying business opportunities where relevant. It would aim to ensure that the management planning process does not become a bottleneck in itself in terms of communities seeing benefits as a result of their rights being recognized, but provides a simple tool or framework to help them manage and monitor their natural resources sustainably. Where possible, these models will build on existing systems within communities. This strategy will need to be closely linked to the business development strategy below. Addressing the government’s main doubt about the community’s management capacity and risk that “community managed forest” will be rented or sold for commercial purposes, is a key enabling condition to achieving CLUA’s targets for this “Community Rights” objective.

- Developing, financing and sharing learning on models of community-based low emission business development: There remains an important gap between “rights” and “business/enterprise development”. This strategy will focus on landscapes where community rights have already been formally recognized. It will explore both the need for intermediaries providing business development support and incubation services to communities as well as various forms of financing (e.g., grant, loan, angel equity investment, mezzanine funding, etc.). Scoping a community-based financing mechanism from potential sources from local government for village owned business entities (BUMdes) and local service unit funds (BLU) in relation to different models of community-based business will be part of this strategy. Promoting innovation and finding new mechanisms for new models of community business and social enterprise will be integral to this strategy. Gender perspective and involvement of youth will be key. This objective will be heavily aligned within target jurisdictions described under objective 1. (Targets 2.1, 2.2, 2.4)

- Strengthening best practice mediation protocol and standards for national level adoption: This is to prepare for the event of the establishment of a new government agency on conflict management. It seeks to complement and leverage the investments made by UKCCU in CRU (KADIN) by continuing to support IMN and others in their approaches to mediation and convening a multi-stakeholder platform to discuss different approaches but also supporting communities in specific mediation processes including those selected as learning grounds by CRU. (Target 2.1, 2.5)

- Connect to the broader network of grantees of CLUA member foundations particularly for microfinance, small/medium enterprises, budget advocacy and economic analysis

- Collective action with grantees and other key influencers to build support networks for emerging businesses.
OBJECTIVE 3

Indonesia–based palm oil and pulp and paper industries and HTI plantations change their practices to comply with NDPE commitments, and move towards equitable low emission pathways and responsible supply chains with higher levels of accountability, transparency and rule of law.

The conversion of natural forests and drainage of peatland for development of both palm oil and pulp and paper plantations (HTI) are key drivers of greenhouse gas emissions in Indonesia. In the last 25 years, oil palm plantations in Indonesia have expanded from 1 million to 21 million hectares\(^{18}\). Currently, Indonesia and Malaysia produce 85-90% of global palm oil by volume; however, Indonesia has exhibited a significantly faster rate of growth in planted area\(^{19}\).

Since the early-1990s, Indonesian producers have invested over US$12 billion to build several of the world’s largest kraft pulp mills, and the industry’s overall pulp production capacity is 10.8 million tons/year. Some 90% of this capacity is installed in four mega-scale pulp mills in Sumatra owned by APP and APRIL. Collectively, these four mills have an effective wood fiber demand of 46 million m\(^3\)/year, making them by far the largest industrial consumers of wood in Indonesia’s commercial forestry sector\(^{20}\). Given the large investments involved these mega-pulp mills are expected to operate for 60-80 years and inevitably will have a lock-in effect on emissions, and land use decision-making. Under its industrial timber plantation program, the Ministry of Environment and Forestry (KLHK) has allocated over 11 million hectares of HTI (hutan tanaman industri) plantation concession licenses to pulp producers and other commercial forestry companies. APP and APRIL, and their suppliers, control over 4 million ha of HTI concessions across Sumatra, Kalimantan, and Papua; and other groups control another 2 million ha. Nearly two-thirds of APP’s total land bank and over one-half of APRIL’s are situated on carbon-rich peat.

Since 2013, companies along the palm oil and pulp-paper supply chains have made NDPE commitments, which apply to their own operations and their supply chains. The implementation of these commitments has the potential to produce significant emissions reductions but has, so far, fallen short of the standards set, or has proved difficult to monitor objectively. Fundamental to transformation of these companies and their supply chains is maintaining sufficient pressure (through campaigns targeting markets and investors) and holding the companies accountable for the actual implementation of their commitments. Important changes include improved fire management practices, consent processes with

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\(^{18}\) Chain Reaction Research Consortium 2017
\(^{20}\) CLUA Strategy for HTI and Pulp Sector –First Draft Submission (August 2017)
Baseline Conditions for this Objective

**Current Status**

Aidenvironment published a report in February 2017 that stated 65 companies globally have adopted zero-deforestation or NDPE policies. Included in this group are 25 of the largest palm oil traders and refiners. Some of these traders and refiners have suspended or excluded non-compliant growers from their supply chains because of unwillingness to stop deforestation and/or peatland development. As a result, non-compliant palm oil companies find themselves excluded from selling downstream to these companies if they do not comply with their procurement policies. Examples of growers who were suspended include: IOI Corporation, Austindo Nusantara Jaya, Sawit Sumbermas Sarana and Provident Agro. Regardless of the legal rights growers may have, palm oil buyers have also suspended growers when they violate buyers’ zero-deforestation commitments. Two of the largest pulp and paper companies globally based in Indonesia, APP and APRIL, have also made their own zero-deforestation commitments.

Capacity to monitor the implementation of these commitments on the ground is still weak, and voluntary reporting on progress against these commitments is variable, depending on whether the company has joined the palm oil innovation group (POIG) or RSPO Next, which both require a more detailed form of company reporting and transparency. There is concern that NDPE commitments will lead to the exclusion of independent smallholder oil palm growers from the supply chain. A recent parliamentary decision by the European Union (EU) to halt import of palm oil for biodiesel has led to a further defensive discourse communities and management of peatland, all of which have a direct influence on lowering land use based emissions. This is particularly relevant in remaining high forest cover landscapes (HFCL) such as Papua and some areas of Kalimantan, where companies who have acquired concessions and committed to NDPE or the High Carbon Stock Approach (HCSA) should not be expanding oil palm cultivation further based on their commitments to such a standard. Alternative models of development will be a priority in these landscapes - both those that are not based on oil palm, and those that involve a different approach to oil palm development. As Papua is the new frontier for industrial plantation development, strict implementation of NDPE commitments and rigorous monitoring of the threat of liquidation of “stranded assets” is required to monitor the threat to achieving emissions reduction through this objective.

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21 Currently, 6.1 million ha of forests and peatland are “stranded assets” on the balance sheet of Indonesian palm oil companies. This is land which is within the land bank of an Oil Palm company but which cannot be developed without violating its NDPE commitment. Chain Reaction Research February 13, 2017. [https://chainreactionresearch.com/reports/indonesian-palm-oils-stranded-assets/](https://chainreactionresearch.com/reports/indonesian-palm-oils-stranded-assets/)

22 Stranded land is not necessarily secure from conversion, as Indonesian law currently compels concession licensees to develop all the viable land within their concession, with the possibility that undeveloped land will be excised from concession, returned to Government, to be licensed to other companies which have not made NDPE commitments and can therefore clear the land.

at the national level. There are legitimate concerns that other markets that do not yet demand sustainability, such as India, China and Indonesia, could reduce incentives for implementation of NDPE commitments, especially for small and medium companies and smallholders.

The APP OKI mill is a US$3 billion mega-project with a pulp production capacity of 2.8 million tons/year -- for which the GoI provided a 10-year corporate tax holiday. There is strong evidence to suggest that the company will struggle to have a viable mill without expanding their current pulp sources and using pulp from natural forests again\(^{24}\). Both APP and APRIL have been disassociated from FSC after contravening the FSC’s basic policy for association in the past. Indonesia’s pulp and HTI plantations sector has also been a significant driver of social conflict and displacement of rural communities, as many of the concession areas overlap with lands and resources claimed, managed, and/or owned by local people under customary tenure systems. State Owned Finance Institutions from China financed the OKI mill.

Nearly two-thirds of APP’s total land bank and over one-half of APRIL’s are situated on carbon-rich peat. Although emissions from peatlands are highest following initial drainage, peat oxidation continues after such areas are replanted with pulpwood species, generating average CO\(_{2e}\) emissions of 100 tons/ha/year. Drained peatlands are also highly susceptible to fires, especially during El Niño years, which release far larger volumes of CO\(_{2e}\) into the atmosphere. In South Sumatra, APP’s concessions were ‘ground zero’ for the catastrophic fires of 2015, generating an estimated 197 million tons of CO\(_{2e}\) emissions.

**Targets and Strategies**

**Target 3.1 (Palm Oil):** Private sector sustainability commitments among Indonesia-based oil palm producers and buyers are implemented and verified and there is an increase of at least 50% of products traceable to source\(^{25}\)

This target is fundamental to achieving transformation of the supply chain as it provides verified evidence that the commitments are being implemented and that products are traceable to source. This target is the natural next step from achieving the declaration of the commitments and will require significant action and momentum from a range of actors from both the supply and demand perspective. This target aligns with the CLUA oil palm strategy Outcome 1\(^{26}\).

**Target 3.2 (Palm Oil):** Public policy mechanisms necessary for long term sustainable private sector practice strengthened and enforced in the Indonesian Palm Oil Sector (e.g., ISPO)

The strategy of civil society to date has been to focus on securing voluntary commitments and certification schemes. This target seeks to review and strengthen the implementation


\(^{25}\) Source here refers to mill although with a vision to be able eventually to trace to estate.
of public policy mechanisms to ensure adherence to the national policy framework that is in line with low emission development goals. This target aligns with the CLUA oil palm strategy Outcome 5.

Target 3.3 (Palm Oil): Indonesian and international banks and institutional investors adopt strong policies to only finance NDPE palm oil
This target covers the pressure point of cutting off financing from banks and institutional investors for oil palm and pulp and paper companies that use unsustainable practices. It assists in achieving company transformation by targeting those that are not performing, and withdrawing finance. This objective is aligned closely to the CLUA oil palm strategy Outcome 2.

Target 3.4 (Pulp and Paper): Corporate actors with large areas of peat in their land banks demonstrate increased accountability for managing these resources in accordance with government regulations and credible science. Both of Indonesia’s major pulp producers – APP and APRIL – reportedly have over 50% of their current plantation base on drained peatlands. Each company professes to be pursuing low-carbon strategies that employ “best management practices” and reduce fire risk. Neither APP nor APRIL has acknowledged the scientifically-established fact that industrial tree plantations on drained peat fundamentally are not sustainable. This target focuses on the development of a coordinated strategy that pushes these companies to acknowledge the hydrological limits of HTI plantations on drained peatlands; and to issue a time-bound plan that phases out drainage-based plantations and deploys restoration and paludiculture on those areas.

Target 3.5 (Pulp and Paper): Government and CSO systems implement real-time forest monitoring and log tracking related to pulp mills, HTI concessions, and land-clearing permits in a credible and transparent manner. As the largest consumers of industrial wood in Indonesia, mega-scale pulp mills pose significant risks that they may be (or could become) drivers of unlicensed forest conversion and/or consumers of illegally sourced wood. KLHK and KPK are now taking a critical step toward mitigating unlicensed forest conversion and illegal wood production by establishing a national system for real-time forest monitoring and for tracking logs from the site of production to the mill.

Target 3.6 (Both): Over 50% oil palm and pulp and paper produced in Indonesia is verified independently by credible mechanisms (FSC, RSPO Next, SAN, HCSA etc.) Standards and certification systems are one of the voluntary tools to push for supply chain transformation. Many of the companies that have made NDPE commitments are engaged in different standard and certification schemes and this target is one way of tracking verified progress towards supply chain transformation.

Implementing strategies for achieving Objective 3

• Increasing the capacity of individual NGOs and communities, and the synergy between them, to promote better field monitoring of NDPE commitments and compliance with government regulatory framework: Aiming to build a critical mass of local NGOs and communities with the capacity to rigorously monitor the implementation and verify
reporting of companies against their commitments. In order to do this strategically, the worst performing companies will be targeted as a priority and where possible this will be aligned with the jurisdictional approach for focusing on the districts with the highest emissions. This includes supporting a platform to share experiences on advocacy for company transformation, corporate financing and latest development in certification standards, as well as on the status of specific companies in implementing their commitments. Increasing the interest and commitment of Indonesian NGOs to stay up to date on the latest developments and align their monitoring efforts to enhance efficiency will be critical to ensuring that companies are held accountable at the field level. Compiling evidence on company social and environmental performance, and articulating it in a way that results in companies being excluded from supply chains, markets and investment opportunities is key to achieving the targets under objective 3. (Targets 3.1, 3.2).

- **Technical and institutional support to communities to monitor impacts of HTI development on peat and to test models for restoration and paludiculture.** There is a strong need to document the impacts that HTI development on peat have had (and are continuing to have) on rural communities. While scientific studies have established subsidence rates, carbon emissions, and fire risk from industrial tree plantations on drained peat, much less is known about the impacts these have on small-holder agricultural production. Community monitoring of these impacts is important to establish the effects of HTI development on drained peat for local livelihoods, food security, and village economies. In areas with acid sulphate soils, it will be critical to monitor leaching of acid sulphate into rivers, streams, and irrigated agricultural fields and to mitigate negative effects on food supplies and public health (Target 3.4, 3.5).

- **Support the development of strategies to ensure the legitimacy and performance of independent smallholders in sustainable palm oil supply chains:** To date, most attention has been paid to pressuring the companies and their associated suppliers to perform against their NDPE commitment. Considering how independent smallholders can opt in or out of these supply chains and perform against these standards is critical to ensure that there is no unintended negative impact of the overall strategy of transforming supply chains. Options for low-emissions alternatives to oil palm that may be preferable for smallholders also need to be scoped and piloted. (Targets 3.1, 3.2)

- **Designing standards and criteria for operationalizing a jurisdictional approach to preferential sourcing with interested companies and local government, as part of a wider “sustainable district approach”:** There has been interest from some players in sourcing commodities such as sustainable oil palm at a jurisdictional level, an approach which may be beneficial for both local government and companies, potentially reducing the costs of due diligence usually required for a site-based approach to sourcing. This will be tested further in pilot jurisdictions that will be aligned with other CLUA interventions under other objectives (Targets 3.1, 3.2).

- **Support stakeholder and community engagement in multi-stakeholder approaches to (a) standard development, (b) road map and working group review processes, and (c) independent monitoring of certification processes, including grievances and complaints:** Many of the certification standard bodies are at critical points in maintaining the credibility of their standards and require engagement of stakeholders
and evidence based research to strengthen specific aspects of their processes. In order to strengthen the credibility and increase the uptake and accountability to these standards, support is required to ensure the meaningful participation of communities and other local stakeholders. Standards are only as credible as the people around the table developing them and those implementing them and the basis of independent analysis of compliance. There is some evidence to suggest that existing roadmap and grievance processes are still influenced indirectly by the companies themselves. Independence and credibility of these processes are dependent on actively engaged and informed CSOs. Direct engagement with FSC and RSPO and associated service providers for capacity building on specific areas related to CLUA strategy such as FPIC and Smallholders is essential. (Targets 3.1, 3.2, 3.4)

- **Support the strengthening and accountability of Oil Palm and Pulp and Paper Companies to government regulatory framework:** Current entry points to strengthening this for example are through the review and implementation of ISPO for the oil palm sector and ensuring enforcement of the moratorium on new planting on peatland for the pulp and paper sector, as well as on-going engagement with the corruption eradication commission’s efforts to reduce corruption in the forestry sector. Targeting the worst performing supply chain actors for enforcement action as well as supply chain exclusion would be a key element of this strategy. There’s a big risk when a company’s reputation improves a lot faster than its actual behavior merits. It can regain market acceptance and be given space for capacity expansion prior to consolidating, if not even implementing, measures to make their operations more sustainable. This has to be constantly monitored and is especially relevant in the pulp and paper sector where further expansion should not be considered when ongoing commitments have still not been met under the government regulatory framework (Target 3.3, 3.4, 3.5).

- **Convening learning around Realtime Deforestation tracking systems.** The CLUA network can support this process by facilitating collaboration, technical exchange, and training with government and scientific agencies in other countries, such as Brazil, that have implemented similar systems. CSOs and the CLUA network can also call for a high-level political commitment to transparency and public accountability in the government monitoring system(s) that are established (Target 3.1, 3.4, 3.5)

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**OBJECTIVE 4**

*Indonesian society embraces equitable low emission development and values forests and peatlands.*

The dominant development narrative in Indonesia promotes industrial plantations as a source of employment and economic development that provides an important export commodity. The impact of this model on the nation’s natural resources, climate change and local level livelihoods is rarely highlighted or discussed by the public and decision-makers. Alternative models of LED are not yet well articulated or strategically communicated, and although some subnational leaders are promoting “green economy” and other similar terms, it is not yet clear whether this has influenced decision-making or development planning and
implementation. Indonesia is also one of the top five consumers of palm oil, along with China, India and the EU. Despite the issue of Indonesia’s fires in 2015 and 2016 causing global attention and national public scrutiny, sustained political attention to address the root causes of devastating fires has been lacking, despite the implications for health, the economy, the environment and the country’s global reputation.

This Objective aims to create awareness and contribute to a strategic shift in the dominant narrative among target audiences, particularly opinion leaders and youth. Without strategic communications aiming for the “hearts and minds”, emphasizing the value of forests and peatland, the need to examine the causes of devastating fires and call for better fire prevention, and the ways for Indonesia to maintain growth through LED, it is unlikely there will be a shift in economic development paradigms or achievement of emission reductions. The theory of change is that by investing in strategic communication and promoting an alternative vision through the mainstream and social media, public influencers will generate momentum in favor of LED and better environmental and social safeguards, with a specific Indonesian identity and behavior change within specific target audiences. Without it, the business as usual (BAU) scenario will be more likely to continue and emissions will increase. This will require significant efforts on unbranded communication through collective action of key grantees, connectors, and important influencers.

Baseline Conditions for this Objective

Current Status

A study published in 2015 by RSPO clearly showed that the Indonesian public does not link the palm oil industry and their consumption of palm oil with forest and wildlife habitat destruction, lack of respect for local people’s rights or climate change. Despite the major fires and associated health problems in 2015 and 2016 in Riau and other locations, unsustainable land use practices and fire were not a dominant feature of election leadership campaigns. Media reporting of deforestation and oil palm issues has been mixed. Recent pro-oil palm coverage has included a study that concluded that oil palm is not the cause of deforestation in Indonesia, allegations from the head of a parliamentary commission that foreign NGOs working against Indonesia’s economic interests are using the environment as a front and should be expelled from the country, and negative reporting of the EU decision to ban oil palm.

Targets and Strategies

Please note all of these targets are closely aligned with the CLUA oil palm strategy Outcome 6. Though it is put in the broader social, political and economic context of Indonesia.

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**Target 4.1:** Clear alternative vision of equitable low emissions development (LED) including behavior baseline and change strategy is available by end of 2019

A clear baseline that confirms the current dominant narratives and perceptions and behavior around this narrative will help segment target audiences and simplify messages for targeted communication. Without such a baseline, it is almost impossible to target quality strategic communication and measure the impact of those efforts. This has to be an important step in confirming CLUA assumptions and designing the way forward under this objective.

**Target 4.2:** 75% of CLUA grantees and key influencers are collectively promoting effective messages by 2020

In order to influence the main narrative, grantees and key influencers need to be strategically aligned in what messages they are delivering and how. These will be determined in more detail based on the information from the baseline study (target 4.1).

**Target 4.3:** At least 50% of organizations identified as targets in the 2019 assessment (Target 4.1) adopt the equitable LED vision by 2022

This target highlights the need not just to see grantees and influencers promoting messages but to see key segments of mass organisation audiences adopting and promoting a new vision.

**Target 4.4:** 75% increase in media coverage on low emission development in Indonesia by 2020

If LED models evolve, it is anticipated that an important target as a route to shifting the narrative is coverage in mainstream media on low emission development.

**Target 4.5:** 2022 electoral campaigns are informed and address the challenges and opportunities of LED.

The election cycle and discourse is an important indicator of a shift in vision and emergence of alternative narrative. It is unlikely economic development plans and priorities will change without a shift in the narrative and vision of the public voters during 2019 and 2022 elections.

**Target 4.6:** Evidence of changes in behavior of key influencers.

Monitoring changes in behavior of key influencers will be key to measuring if the Objective has been achieved. The baseline study will determine the key influencers and the behavior changes that will be targeted. It is likely that this target will be made more measurable as a result of that study achieved under target 4.1.

**Implementing strategies for achieving Objective 4**

- Working with CLUA grantees and partners to carry out a research agenda, including opinion research and baseline study, to inform development of a research-based communications strategy: Development of the baseline should be a collaborative
effort, to ensure alignment with grantees and partners, and secure their buy-in. Strategy development will be guided by professional communication expertise and may include capacity-building for developing and monitoring behavioral change campaigns and identifying strategic roles for different grantees and organizations.

- **Supporting a network of communications professionals and identifying organizations outside of CLUA network to assist “unbranded” communication efforts in the development and mainstreaming of the alternative narrative/key messages:** CLUA will support its partners in forging collaboration with other stakeholders, such as communication professionals and those affiliated with religious-based, youth, women’s groups, research and development organizations and scientists. The collaborative effort is to promote climate and land use evidence and debunk myths, to create overarching narratives that contribute to positive decision-making, while supporting communication capacity of CLUA’s partners. This will be a major focus of the CLUA collective action and impact efforts in this strategic plan.

- **Providing strategic support for mainstreaming key messages that will be further defined in strategy:** The strategy for achieving this objective is likely to be significantly influenced by the baseline data and study. From there, key messages and strategies for targeting specific audiences will be selected and support for those processes will be identified at that stage. Messages and target audiences will include those in priority jurisdictions.

- **Collaborating strategically with media networks and connectors –** As well as working through grantees, CLUA will need to engage strategically with other influential connectors and media services and invest in increasing both NGO and unbranded communications capacity.
## Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ACOP</td>
<td>Annual Communication of Progress by the companies to RSPO</td>
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<td>AMAN</td>
<td>Assosiasi Masyarakat Adat Nasional (National Indigenous People Association)</td>
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<td>AMDAL</td>
<td>Analisa Dampak Lingkungan (Environmental Impact Assessment)</td>
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<td>APHI</td>
<td>Asosiasi Pengusaha Hutan Indonesia (Indonesian Association for Forest Concession Holders)</td>
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<td>APP</td>
<td>Asia Pulp and Paper</td>
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<tr>
<td>ATR</td>
<td>Agraria dan Tata Ruang (Agrarian and Spatial Plan)</td>
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<td>BAU</td>
<td>Business as Usual</td>
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<tr>
<td>BIG</td>
<td>Badan Informasi Geospasial (Geospatial Information Body)</td>
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<tr>
<td>BLU</td>
<td>Badan Layanan Umum (Public Service Unit)</td>
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<td>BRG</td>
<td>Badan Restorasi Gambut (Peatland Restoration Agency)</td>
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<tr>
<td>BRWA</td>
<td>Badan Registrasi Wilayah Adat (The Body for Registration of Customary Domain)</td>
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<tr>
<td>Bumdes</td>
<td>Badan Usaha Milik Desa (Village-own Companies)</td>
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<tr>
<td>CO₂-e</td>
<td>Carbon dioxide equivalent</td>
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<td>CLUA</td>
<td>Climate and Land Use Alliance</td>
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<td>CPO</td>
<td>Crude Palm Oil</td>
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<td>CRU</td>
<td>Conflict Resolution Unit</td>
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<td>DAK</td>
<td>Dana Alokasi Khusus (Specific Allocation Fund)</td>
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<td>DAU</td>
<td>Dana Alokasi Umum (General Allocation Fund)</td>
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<td>Desa Gambut Peatland village</td>
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<td>EU</td>
<td>European Union</td>
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<td>FLAG</td>
<td>Forest, Land Use and Governance program</td>
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<td>FMU</td>
<td>Forest Management Unit</td>
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<td>FSC</td>
<td>Forest Stewardship Council</td>
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<td>FWI</td>
<td>Forest Watch Indonesia</td>
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<td>GAPKI</td>
<td>Gabungan Pengusaha Kelapa sawit Indonesia (Indonesia Palm Oil Association)</td>
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<td>GCF</td>
<td>Green Climate Fund</td>
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<td>GGGI</td>
<td>Global Green Growth Institute</td>
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<td>GHG</td>
<td>Green House Gas</td>
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<td>GIZ</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation)</td>
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<td>GN-SDA</td>
<td>Gerakan Nasional Penyelamatan Sumber Daya Alam (National Movement on Saving Natural Resources)</td>
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<td>GOI</td>
<td>Government of Indonesia</td>
</tr>
<tr>
<td>HCSA</td>
<td>High Carbon Stock Approach</td>
</tr>
<tr>
<td>HFCL</td>
<td>High Forest Cover Landscape</td>
</tr>
<tr>
<td>IDH</td>
<td>the sustainable trade initiative</td>
</tr>
<tr>
<td>IMN</td>
<td>Impartial Mediation Network</td>
</tr>
<tr>
<td>IPK</td>
<td>Ijin Pemanfaatan Kayu (Timber Utilization Permit)</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td>IPOP</td>
<td>Indonesia Palm Oil Pledge</td>
</tr>
<tr>
<td>ISPO</td>
<td>Indonesia Sustainable Palm Oil system</td>
</tr>
<tr>
<td>JKPP</td>
<td><em>Jaringan Kerja Pemetaan Partisipatif</em> (Network of Participative Mapping)</td>
</tr>
<tr>
<td>KADIN</td>
<td><em>Kamar Dagang dan Industri</em> (Chamber of Commerce and Industry)</td>
</tr>
<tr>
<td>KfW</td>
<td><em>Kreditanstalt für Wiederaufbau</em> (German Development Bank)</td>
</tr>
<tr>
<td>KLHK</td>
<td><em>Kementerian Lingkungan Hidup dan Kehutanan</em> (Ministry of Environment and Forestry)</td>
</tr>
<tr>
<td>KPK</td>
<td><em>Komisi Pemberantasan Korupsi</em> (Corruption Eradication Committee)</td>
</tr>
<tr>
<td>KpSHK</td>
<td><em>Konsorsium pendukung Sistem Hutan Kerakyatan</em> (Consortium of Community Forest Supporter)</td>
</tr>
<tr>
<td>LED</td>
<td>Low Emission Development</td>
</tr>
<tr>
<td>MFP3</td>
<td>Multistakeholder Forestry Program phase 3</td>
</tr>
<tr>
<td>MoA</td>
<td>Ministry of Agriculture</td>
</tr>
<tr>
<td>MoEF</td>
<td>Ministry of Environment and Forestry</td>
</tr>
<tr>
<td>MoF</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>NDC</td>
<td>Nationally Determined Contribution</td>
</tr>
<tr>
<td>NDPE</td>
<td>No Deforestation no expansion on Peat and no Exploitation of communities</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
</tr>
<tr>
<td>NICFI</td>
<td>Norway’s International Climate and Forest Initiative</td>
</tr>
<tr>
<td>NORAD</td>
<td>Norwegian Aid Agency</td>
</tr>
<tr>
<td>Perda</td>
<td><em>Peraturan Daerah</em> (local government regulation)</td>
</tr>
<tr>
<td>POIG</td>
<td>Palm Oil Innovation Group</td>
</tr>
<tr>
<td>Prolegnas</td>
<td><em>Program Legislasi Nasional</em> (National Legislation Program)</td>
</tr>
<tr>
<td>PTSP</td>
<td><em>Pelayanan Terpadu Satu Pintu</em> (One-Stop Licensing and Investment Agency)</td>
</tr>
<tr>
<td>REDD+</td>
<td>Reduction of Emission from Deforestation and Degradation</td>
</tr>
<tr>
<td>RFN</td>
<td>Rainforest Foundation Norway</td>
</tr>
<tr>
<td>RKP</td>
<td><em>Rencana Kerja Pemerintah tahunan</em> (annual government workplan)</td>
</tr>
<tr>
<td>RKU</td>
<td>Rencana Kerja Usaha (10 year Work Plan)</td>
</tr>
<tr>
<td>RPBBI</td>
<td>Rencana Pemenuhan Bahan Baku Industri (Review of Industrial Wood Harvested)</td>
</tr>
<tr>
<td>RPJM</td>
<td><em>Rencana Pembangunan Jangka Menengah</em> (Mid-term Development Planning)</td>
</tr>
</tbody>
</table>
EFT Provinsi ke Kab Kota

Joko Tri Haryanto
PKPPIM BKF Kemenkeu
Belanja APBD Pemerintah Provinsi

APBD Provinsi XXXXX

Belanja SKPD

BelanjaTransferPemprov

Bantuan Keuangan

Hibah

Bantuan Sosial

EFT Provinsi ke Kab/Kota
Penentuan Indeks Kualitas Lingkungan

Landasan Teori

Studi indeks lingkungan yang telah dipublikasikan antara lain

• Environmental Sustainability Index (ESI),
• Environmental Performance Index (EPI), dan
• Virginia Environmental Quality Index (VEQI).

• Dari ketiga indeks tersebut, EQI atau VEQI lebih layak diadopsi untuk mengukur kondisi lingkungan di Indonesia.
• Selain karena lebih sederhana dan mudah dipahami, juga karena data yang tersedia relatif lengkap dan berkelanjutan.
KONSEP IKLH

- Menurut BPS, hanya mengambil tiga indikator kualitas lingkungan yaitu kualitas air sungai, kualitas udara, dan tutupan hutan.
- Berbeda dengan BPS, IKLH dihitung pada tingkat provinsi sehingga akan didapat indeks tingkat nasional.
- Setiap parameter pada setiap indikator digabungkan menjadi satu nilai indeks.

Ketentuan yang Mengatur Penggabungan:

- Keputusan Menteri Negara Lingkungan Hidup Nomor 115 Tahun 2003 tentang Pedoman Penentuan Status Mutu Air. Pedoman ini juga mengatur tatacara penghitungan indeks pencemaran air (IPA) atau indeks kualitas air (IKA).
IKLH

• Sebagai pembanding atau target untuk setiap indikator adalah standar atau ketentuan yang berlaku berdasarkan peraturan perundangan yang dikeluarkan oleh pemerintah, seperti ketentuan tentang baku mutu air dan baku mutu udara ambien.
• Selain itu dapat digunakan juga acuan atau refensi universal dalam skala internasional untuk mendapatkan referensi ideal (Benchmark).

• ada keseimbangan antara indikator yang mewakili green issues (isu hijau) dan brown issues (isu coklat).
• Isu hijau adalah pembagian mahzab pendekatan pengelolaan lingkungan hidup yang menangani aspek- aspek konservasi atau pengendalian kerusakan lingkungan hidup.
• Isu hijau seharusnya memiliki kontribusi yang sama terhadap IKLH namun karena hanya diwakili 1 (satu) indikator, yaitu tutupan hutan, maka bobotnya lebih besar dibanding indikator lainnya.
• Isu coklat menangani isu pencemaran lingkungan hidup yang pada umumnya berada pada sektor industri dan perkotaan. indikator udara dan air yang mewakili isu coklat memiliki bobot sama.
STRUKTUR IKLH

Indeks Pencemaran Udara: 30%
Indeks Pencemaran Air: 30%
Indeks Tutupan Hutan: 40%

Indikator dan Parameter IKLH

<table>
<thead>
<tr>
<th>NO</th>
<th>INDIKATOR</th>
<th>PARAMETER</th>
<th>BOBOT</th>
<th>KETERANGAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kualitas Udara</td>
<td>SO$_2$</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>NO$_2$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Kualitas Air</td>
<td>TSS</td>
<td>30%</td>
<td>Dihitung Indeks Pencemaran Air (IPA)</td>
</tr>
<tr>
<td></td>
<td>Sungi</td>
<td>DO</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>BOD</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>COD</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Total Fosfat</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Fecal-Coli</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Coliform</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Tutupan Hutan</td>
<td>Luas Hutan</td>
<td>40%</td>
<td></td>
</tr>
</tbody>
</table>
IKLH UNTUK setiap PROPINSI

$$IKLH_{\text{Provinsi}} = (IPA \times 30\%) + (IPU \times 30\%) + (ITH \times 40\%)$$

dimana:
- $IKLH_{\text{Provinsi}}$ = Indeks kualitas lingkungan tingkat provinsi
- $IPA$ = Indeks pencemaran air
- $IPU$ = Indeks pencemaran udara
- $ITH$ = Indeks tutupan hutan

INDEKS NASIONAL

$$IKLH_{\text{nas}} = \sum_{i=1}^{33} IKLH_{\text{Provinsi}_i} \times \left\{ \frac{\text{Populasi Provinsi}_i + \text{Luas Provinsi}_i}{\text{Populasi Indonesia} + \text{Luas Indonesia}} \right\}$$
Verified Sourcing Areas

an IDH developed concept

Securing the supply of sustainable goods at a competitive price and scale
Sustainability commitments are increasingly topping the agendas of traders, processors, consumer-facing companies, producers and governments. There is a growing demand for sustainability verification across entire supply chains, yet no efficient and inexpensive option currently exists to guarantee supply of commodities that fulfil these commitments at the right volume and cost. Certification schemes and frontrunner companies are leading in sustainability, but struggle to reach critical mass at the same time. Without that critical mass, the world is failing to turn the tide on issues of global concern such as deforestation and poor labour conditions.

Verified Sourcing Areas (VSAs) address exactly these issues: providing large volumes of commodities in line with sustainability commitments at a competitive scale and price, while lifting the base level of sustainability in producing regions. Under this new area-based model, the objective is to create a situation in which it is no longer necessary to verify the sustainability of each producer, silo, mill or commodity individually. This way, sustainability targets related to forest and peat protection, labour, land tenure, governance and transparency can be much more ambitious in scale.

As a business case for this concept, IDH is establishing a direct link between the producing regions and end-buyers. Buying from a VSA contributes to sustainability on the ground and fulfils sustainability commitments in a credible manner. As the global demand for sustainable products grows, VSAs can positively impact regions that have social concerns and problems with deforestation, transforming them into a viable source of sustainable supply.

What are Verified Sourcing Areas?
The VSA model brings together the producing region, supply chain actors and committed end buyers.

In the producing region, a sustainability improvement deal is made between private and public stakeholders at jurisdictional level, e.g. a municipality, district or province. Through such a deal, called a Production, Protection and Inclusion (PPI) Compact, public and private stakeholders
agree on priority sustainability topics and targets, the roadmap towards these targets, and the monitoring and reporting system that will measure them. The PPI Compact thereby seeks to make best use of the strengths of each of the partners involved, making sustainability a joint responsibility between public and private sector.

In the VSA-model, any buyer, trader or interested 3rd party will be able to easily assess the producing region’s status and progress on key sustainability targets. Progress is monitored and results are published on a regular basis in a Dashboard by an independent party. Through the Verified Sourcing Area-model, committed end-buyers can get a better understanding of the products in their supply chain and improve sustainability with direct support for the producing region.

**The VSA Performance Standard**
The PPI Compact has a mandatory core, the VSA Performance Standard, which covers five key themes of global concern: forest and peat protection, good governance, labour, land tenure and transparency. Added to the VSA Performance Standard are a separate set of goals and targets that respond to the sustainability priorities in the local context. These local goals and targets may differ from jurisdiction to jurisdiction.

The VSA Performance Standard provides the opportunity to easily monitor the continued progress on the five key sustainability themes and allows comparison across jurisdictions.

**Benefits of the Verified Sourcing Area model**
The VSA model builds on landscape approaches that are now being piloted widely, bringing these initiatives together and providing a global standard. The VSA model however does not only look at the producing landscapes, but includes supply chain actors and buyers.

The benefits of this approach are many. It proposes a mainstream solution to sustainability challenges. It recognises the benefits of existing certification schemes, their continued relevance to set the agenda for sustainability, and creates impact at a much larger scale, across commodities. It allows for more efficient engagement of end-buyers with producing regions on sustainability issues, ensuring sustainability efforts create maximum impact on the ground where they are needed most, while enabling government to fulfil its own role when it comes to sustainability.
Further development of the Verified Sourcing Area model

Creating the enabling conditions for scaling will be crucial for the VSA concept to work and create a maximum impact on the ground. VSAs need to produce sustainable commodities at significant scale, primarily to ensure costs are low. The ability to reach scale quickly will depend on a number of factors, including developing a system that recognises local efforts to accelerate the creation of an increasingly sustainable environment. Such a system not only looks at a more direct link between the purchasing power of brands and retailers and continuous improvement of sustainability on the ground, but also to broader opportunities such as de-risking investments into the VSA jurisdiction and improving prospects for blended finance.

Another essential step in the development of the VSA model is to develop a supply chain model that allows area based sourcing without destroying competition between producers/processors. The model must be cost and time efficient, able to further scale and work for the entire supply chain. It needs to take into account local and international competition compliance regulations, and make sustainability a pre-competitive, non-negotiable part of the supply chain.

IDH’s role in creating VSAs

IDH has developed the Verified Sourcing Area concept in field pilots and through conversations with local and global stakeholders, producers, traders and end-buyers. IDH helps to accelerate and scale sustainability within the international commodity markets and aims to make sustainable commodities such as palm oil and soy mainstream products. Senior experts of IDH will convene the VSA Global Steering Committee and the VSA Global Working Group. IDH will also act as VSA-Secretariat for the further development of the VSA-model and the VSA Performance Standard.