

*Civil Society Joint Statement
In Response to the Plan of Issuance of the President Regulation on Sustainable Palm Oil
Certification System (ISPO)*

ISPO STRENGTHENING ONLY HALF-HEARTED?

Substance of the Draft President Regulation is Inadequate for Achieving Market Acceptance,
Improving Governance, Protecting the Environment, and Fulfilling Human Rights

The Civil Society Communications Forum (FKMS) that has been engaging with the ISPO strengthening process, views the draft Presidential Regulation on ISPO certification to be inadequate in reforming palm oil governance, protecting the environment and fulfilling human rights and market acceptance. The government must immediately improve the process and revise the substance of the draft Presidential Regulation on ISPO Certification System before it is passed in order to strengthen the national palm oil industry.

The process to strengthen ISPO certification system has been ongoing since 2016 and was intended to comprehensively reform the certification system in effect since 2011 and deemed ineffective to improve palm oil industry governance. ISPO strengthening also aims to provide solutions and incentives for the issues faced by independent oil palm smallholders that Government regulations have yet to reach. This certification system will be regulated through a Presidential Regulation and is mandatory for all oil palm plantation businesses. The ISPO strengthening process is expected to lead to increased recognition, acceptance and competitiveness of Indonesia's palm oil in the global markets.

Not only does FKMS appreciate the Government's initiative to strengthen the ISPO certification system, but it also supports the Government's efforts by providing a number of inputs to ensure that this certification system is credible and acceptable, among others:

1. Presidential Regulation drafting process must be done through a transparent, participatory and multi- stakeholder approach.
2. ISPO certification system must have a set of robust standards (Principles and Criteria) comprising the following aspects: legal compliance; good plantation management practice; protection of natural primary forest, peat land and environment; responsibilities to workers; social responsibilities and community economic empowerment; continuous improvement; traceability and transparency; and respect to human rights.
3. ISPO certification process must be conducted in an inclusive, credible and transparent way by an accredited independent certification body; it has to include and accept inputs from stakeholders, including the community.
4. A grievance mechanism (i.e. submission and handling of complaints) acceptable to all stakeholders is put in place.
5. ISPO certification system must be accountable. Provisions on law enforcement on cases of noncompliance and penalties for oil palm plantation business failing to comply with this certification system must be put in place.
6. The system must also provide space for public to oversee ISPO implementation through independent monitoring.

FKMS also views that the Government needs to undertake various parallel initiatives to assist plantation businesses particularly independent smallholders to be able to take part in the ISPO certification scheme. In addition, incentive mechanism can be initiated to encourage independent smallholders to participate in this mandatory certification.

However, FKMS observes that the ISPO strengthening process has gone further away from expectations. Since late 2017, discussions on the draft of Presidential Regulation on ISPO certification scheme has become increasingly less transparent. Previously the process was quite participatory and public consultations were even held in 4 regions. In addition, FKMS views that the latest draft of Presidential Regulation has removed crucial contents required to ensure a credible sustainable palm oil certification system, such as:

1. ISPO standard has removed principles on protection of natural primary forest, peat land and environment; respect for human rights; and traceability.
2. Independent monitoring as part of ISPO certification system monitoring is removed; independent monitors' presence has been reduced to merely being ISPO committee member.
3. Complaints submission and complaint-handling mechanism is not stipulated in this Presidential Regulation draft.
4. There is no provision on law enforcement and penalties against findings of noncompliance.

The limited time to develop implementing regulations can potentially lead to regulations of poor quality, which in the end will hinder the implementation of ISPO certification system.

FKMS realizes that the Presidential Regulation on ISPO Certification System will provide the basis and mandate to relevant ministries to develop implementing regulations, and therefore these developments will make it difficult to improve the governance of palm oil sector and achieve market acceptance for Indonesia's sustainable palm oil products.

FKMS is urging the Government to immediately revise the substance of the draft Presidential Regulation on ISPO certification system and improve the policy making process into a transparent, inclusive and accountable process. FKMS believes that this is the only way that the ISPO certification system can be truly strengthened which in turn produces a credible, robust, accountable system and accepted by all stakeholders in Indonesia.

Jakarta, 20 September 2018

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Oil Palm Smallholders Union (SPKS) – Forest Watch Indonesia (FWI) – Independent Forest Monitoring Network (JPIK) – Kaoem Telapak – World Resources Institute (WRI) – Greenpeace Indonesia – Yayasan Madani Berkelanjutan – Institute for Ecosoc Rights – GAIA – Tropical Forest Foundation (TFF) – Padi Indonesia, Kalimantan Timur – Jasoil, West Papua – Uno Itam, Aceh – Lembaga Tiga Beradik (LTB) Jambi – Evergreen, Central Sulawesi – Yayasan Pusaka – Sayogyo Institute – Indonesia Center for Environmental Law – Kemitraan – GeRak Aceh – Stabil East Kalimantan – PPLH Mangkubumi – JAPESDA Gorontalo – GRID

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