

International Seminar: Public Awareness and Internal Meeting

“Voluntary Sustainability Standards (VSS)
in Indonesia”

Report



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28-29 November 2018

Mandarin Oriental Hotel, Jakarta, Indonesia

Report by Aderina Uli Panggabean and Ike Permata Sari

Introduction

The United Nations Forum on Sustainability Standards (UNFSS) provides a platform for international dialogue to address issues related to private or voluntary sustainability standards (VSS). UNFSS member agencies are FAO, ITC, UNCTAD, UNEP and UNIDO. UNFSS helps some countries, i.e., Brazil, China, India, Indonesia, Laos, Mexico, Philippines and South Africa, to develop a multi-stakeholders platform on VSS at the national level called National Platform on VSS (NP-VSS). These platforms:

- Provide a neutral forum to exchange information and learn about Voluntary Sustainability Standards.
- Collect and exchange information on national standards.
- Assess the needs of decision-makers and other stakeholders.
- Link national demands with international expertise.
- Build institutions to strengthen communication.

Badan Standardisasi Nasional (BSN) is mandated by Act No. 20/2014 as the responsible institution for conducting standardization and conformity assessment activities in Indonesia. Indonesia, represented by BSN, has been involved in several Managing Global Governance (MGG) and UNFSS activities since 2016, including the following events:

- 20-22 October 2016 in Berlin, Germany: High-level Launch Event for The 2nd Flagship Report of the United Nations Forum on Sustainability Standards (UNFSS)
- 31 May-2 June 2017 in Sao Paulo, Brazil: Launching Workshop of the Brazilian VSS Platform
- 27-29 June 2017 in Qingdao, China: Launching Workshop of the China VSS Platform
- 27-29 September 2017 in Geneva, Switzerland: Meeting on Voluntary Sustainable Standards and Market Access for Developing Countries
- 14-15 December 2017 in Mexico City, Mexico: Mexico Towards Sustainable Development Workshop 2017
- 17-18 September 2018 in New Delhi, India: International Convention on Standards and Sustainable Development.

Similarly, the International Seminar on Public Awareness and Internal Meeting on VSS in Indonesia was hosted by BSN in collaboration with the German Development Institute (DIE) Managing Global Governance (MGG) programme. The event aimed to:

- Create public awareness in Indonesia on the importance of VSS.
- Engage and empower multiple stakeholders in Indonesia to support the implementation of Sustainable Development Goals (SDGs) through ISS.
- Assist in the establishment of a National Platform on VSS (NP-VSS) in Indonesia.

To achieve these goals, the event provided a platform for exchange among experts from industry, government, academia, and national standards bodies, mainly from MGG countries, as well as representatives of international organisations including the ISEAL Alliance and UNFSS, whose works have addressed the benefits and challenges of establishing and implementing VSS.

Findings and Discussion

Policies toward the achievement of the Sustainable Development Goals (SDGs) in Indonesia

During her keynote speech to initiate the conference, Ms. Amalia Adininggar Widyastuti, Senior Advisor for Synergy Economy & Financing at the Ministry for National Development Planning (BAPPENAS), explained that Indonesia has a robust legal basis for the achievement of the UN Sustainable Development Goals (SDGs), namely:

- Presidential Decree no. 59 Year 2017 on Achieving the SDGs
- Minister of National Development Planning Regulation No. 7 Year 2018 on Coordination, Planning, Monitoring, Evaluation, and Reporting of the Implementation of SDGs
- Minister of National Development Planning Decree No. 64 Year 2018 on the Formation of Implementing Team, Working Group, and Expert Team of SDGs 2017-2019

The Indonesian Ministry for National Development Planning (BAPPENAS) is the Coordinator for the SDGs' implementation. According to BAPPENAS, collaborative efforts are fundamental in achieving the goals. Multi-stakeholders from government and parliament, academia, philanthropy, business, civil society and media need to harness synergies and to ensure that no stakeholder is left behind.

Another major point made by the keynote address is that the rationale behind the involvement of multiple stakeholders to implement the SDGs coincides with the notion on how standards are developed and implemented. Standards as a voluntary instrument are a catalyst to accelerate the SDGs' achievement. As tools, standards can also be used to facilitate transformation and achieve Indonesia's goals to achieve prosperity.

Panel session 1. Standards available to support the SDGs

Standardization and conformity assessments (SCAs) in Indonesia tend to be driven by the government. Nevertheless, SCAs that address sustainability issues are not something new for the stakeholders. Due to the aforementioned tendency, the government often takes the lead in addressing sustainability issues through SCAs. Three of these government-driven initiatives were highlighted during the Seminar.

The first is the Indonesian Sustainable Palm Oil (ISPO) initiative, which is led by the Indonesian Ministry of Agriculture. ISPO is a mandatory initiative that aims mainly at preserving the environment, promoting economic and social activities, and enforcing the Indonesian statutory laws of the palm oil sector. ISPO is an instrument to overcome various problems such as deforestation, killing endangered animals, child labor and GHG emissions. It also promotes the sustainable production of palm oil as demanded by the international market and addresses the Amsterdam Declaration of a Fully Sustainable Palm Oil Supply Chain by 2020.

The second example presented in the seminar is the environmental management standards and conformance led by the Indonesian Ministry of Environment and Forestry. Standards promoted by the Ministry are the agenda for behavioral change of the government (i.e.. green public procurement/sustainable procurement); business (i.e.. environmental management system standards, ecolable standards); and public (i.e.. green lifestyle standard, sustainable event management). The implementation of these standards is voluntary. The Ministry also promotes a mandatory SCA for preserving the environment, namely the SVLK (Timber Legality Assurance System). The system ensures that wood products and raw materials are coming from sources, which origins and management have fulfilled the legal requirements. The impact of the SVLK can be seen in the increase of legal timber products export value from USD 6.1 billion (2013) to 10.6 billion (October 2018), or 73%, in 6 years. This shows that the system has been trusted by buyers from the export destination countries, by ensuring that the products are not coming from illegal logging activities.

Thirdly, the green industry policy promoted by the Ministry of Industry targets any industry with a production process that places priority on efficiency and effectiveness in the sustainable use of resources to enable harmonization between industrial development and the preservation of environmental functions, while yielding benefits to the community. The benefits obtained through the green industry policy can be seen in the improved energy efficiency worthed USD 200 million and an improved water efficiency valued of USD 6.9 million.

Panel session 2. Trend and priorities of VSS in international trade

Dr Aimee Hampe-Milagrosa from the Asian Development Bank (ADB) explained financial instruments and grants from ADB that can be utilized to support voluntary sustainability standards related projects. This support can be done by giving stakeholders opportunities to improve themselves following the availability of sustainability criteria without forcing them to be certified. For this kind of projects, the Indonesians can contact the Indonesia Resident Mission (IRM) of ADB.

Indonesia has a standard, accreditation and conformity assessment and metrology system known as the Indonesia National Quality Infrastructure to support the achievement of the Sustainable Development Goals (SDGs). According to Mr. Kukuh S Achmad, the Deputy Chairman of BSN for Standards Implementation and Accreditation, it covers almost all sectors and goals. The quality infrastructure has been challenged by the proliferation of private standards which raised concerns around international trade. In this regard, the panel recommended to:

- Commit to standard and conformity assessment related issues that have been agreed at the national and international level (WTO, APEC, ASEAN)
- Actively participate in the international standards development, i.e. ISO, IEC, CAC, etc.
- Increase SMEs competitiveness by helping them to fulfill market requirements on product quality
- Help businesses increase their ability to meet requirements (for export products, particularly destination country "official" requirements)

SMEs play a fundamental role in Indonesia's economy, as explained by Yose Rizal Damuri, Head of the Department of Economics at the Center for Strategic and International Studies (CSIS). They represent 99% of all companies and 97% of employment. However, SMEs' contribution to Indonesia's GDP and non-oil export sector need to be improved. Various initiatives have been launched to support the implementation of sustainability practices of SMEs in Indonesia, raising challenges and constraints. An alternative solution would be for the large industry to assist SMEs in implementing sustainability criteria rather than only purchasing their products.

It is well known that sustainability criteria tend to only be applied by international trade actors to increase value added of their products. On the other hand, SMEs are considered as a vulnerable group to be excluded from international trade due to their incapability to compete in the international trade. Empowering SMEs is a strategy that could benefit the country's economy, by facilitating their participation in the international trade.

Panel session 3. Proliferation of VSS and standards: questions on governance and capacity

Ms. Siti Rubiah Lambert from the United Nation Forum for Sustainability Standards (UNFSS) presented the definition of Voluntary Sustainability Standards (VSS) and the role of UNFSS in responding to the challenges raised around VSS. This role includes supporting policy dialogue and national initiatives (i.e. establishment of national platforms), as well as conducting research and analysis.

Dr Puji Winarni (International Organization for Standardization (ISO) Council Member from Indonesia) and Dr Adrian Goh (ISO Regional Engagement Initiative-Asia) presented the ISO's perspective on VSS. There are some ISO standards contributing to address sustainability issues. ISO encourages synergy and collaboration to increase the effectiveness of VSS.

Ms. Norma Tregurtha, Director of Policy and Outreach at the ISEAL Alliance, explained how ISEAL works in addressing sustainability issues by providing concrete evidence of impacts of the initiative's activities. ISEAL would support the UNFSS national platform through establishing a national endorsement scheme and building capacity, localization of standards and support for the MSMEs (Micro, Small, and Medium Enterprises).

There are over 400 VSS available as reported in the 2nd UNFSS Flagship-report. However, the report recognizes that there are too many standards to comply with, while some might overlap but require different compliance schemes for official recognition. This situation creates unnecessary additional compliance costs for producers, particularly for micro and small producers. There is an opportunity for the ISO and ISEAL Alliance to collaborate in order to reduce the number of VSS to comply with.

Panel session 4. Stakeholder perspectives on VSS

Stakeholders from various sectors participated in this panel, namely from the consumer and industry sides and a sustainability initiative (rice).

Mr. Shikhar Jain from the Confederation of Indian Industry noted that addressing sustainability issues is gaining importance as it increases sales revenue while consumers are willing to pay more for sustainable products. Sustainability performance is keenly observed by investors. In this regard, sustainability, including social responsibility, is integrated in the corporate strategy and planning, enterprise risk management, governance, management systems and other processes.

From the consumer perspective, as shared by Mr. Sudaryatmo from the Indonesia Consumer Association (YLKI), achieving the SDGs is important. It is time for consumers, particularly in Indonesia, to use their power to choose products that are produced sustainably so as to make changes for achieving the goals. Educating consumers is key, and consumers have the right to know if a product has been produced and marketed without exploiting humans and the natural environment. It is expected from producers to provide the true information about their products to avoid information asymmetries.

According to Mr. Wyn Ellis, the Coordinator of the Sustainable Rice Platform (SRP), preserving rice production is important as the world needs rice. Rice is the commodity with the highest GHG footprint and the main contributor to water scarcity. Initiatives launched by the Sustainability Rice Platform (SRP) focus on sustainable use of water, pre-planting, harvest and post-harvest, respecting labour rights, health and safety concerns, as well as nutrient, farm and pest management.

Panel session 5. National Platforms on VSS

Representatives from five countries (Brazil, China, India, Mexico and South Africa) which have established or are in progress of establishing their National Platform on VSS have been invited to share their experiences on NP-VSS.

The Brazilian NP is established under the Brazilian Committee on Technical Barrier to Trade (CBTC). Some highlights of the work of the Brazilian NP are to build stakeholder awareness to achieve the SDGs, to promote cooperation with other NP-VSS, and to mitigate the negative impacts of burdensome certifications.

The Chinese NP Secretariat is the China Association for Standardization (CAS). In the Seminar, VSS in China have been observed from two point of views, namely as an instrument to achieve the SDGs and as a potential barrier to trade. The work of the Chinese NP includes enhancing awareness of stakeholders, information exchange, addressing technical barriers and policy research.

The Indian NP Secretariat is under the Quality Council of India (QCI). The presenter highlighted the recommendations that have been made during the International Convention on Sustainable Trade and Standards in India on 17-18 September 2018.

The focal point of the Mexican NP is the Mexican General Bureau of Standards (DGN). Multi-stakeholders representatives gather to address the challenges created by VSS. On the road ahead the Mexican NP highlighted the need to declare cooperation amongst private sustainability standards and to pursue collaboration among NP-VSS.

South Africa is still in the process of establishing its NP. Its focal point is the South Africa Bureau of Standards (SABS). It is planned to have an NP using the existing forum (i.e.. incorporated in the standardization and national policy implementation).

During the discussion, ISEAL Alliance highlighted the expectation from NP that it addresses challenges against sustainable business models. Moreover, multi-stakeholders' forum that reflected in the NP has to ensure that no party is left behind.

Panel session 6. A successful implementation of VSS in Indonesia

A representative from UNFSS highlighted the role of NP-VSS. UNFSS is not in the position to decide which VSS to use. It depends on the users to decide VSS as required by the market. UNFSS wants NP-VSS to receive as much recognition as possible while fostering the common UNFSS principles. The common principles are reflected in the NP-VSS roadmap activities.

The pulp and paper industry in Indonesia is one of the advanced industries that comply with sustainability and quality criteria required by the market. Ms. Liana Bratasida, Executive Director at the Indonesia Pulp and Paper Association (APKI) highlighted how overlapping and various requirements of different standards create inefficiency. She seriously expects that this situation can be addressed and simplified. However, it will be challenging to compile the criteria for all existing standards and put together the cross cutting parameters while sectoral ego still exists. Voluntary initiatives tend to be ignored by the industries in Indonesia, which is mostly concerned with the mandatory requirements.

FSC labelling is used to convince consumers that products/packages come from responsible sources. It focuses on forest certification. The cost that is borne by producers to obtain FSC certified products could be seen as an investment at the beginning for benefit gains in the long term. It is believed that the certification is used to secure market among its competitors.

Panel session 7. VSS for palm oil in the global market

Mr. Mohammad Jaafar Ahmad, Director of Strategy and Policy at the Council of Palm Oil Producing Countries (CPOPC), explained that Indonesia is the largest palm oil producing country in the world. CPOPC's duty is to promote, develop and strengthen cooperation in oil palm cultivation and industry among the member countries, including Indonesia. The Council focuses on programs that offer the best means to achieve SDGs and to offer a multiplier effect within palm oil producing countries. Issues around palm oil production have been raised, i.e. nutritional concerns, environmental issues, trade discriminations and technical barriers. Complying with quality and sustainability criteria in production is a viable strategy to address the issues.

Dr Donald Siahaan, Principal Researcher at the Indonesia Oil Palm Research Institute (IOPRI), said it took 17 years for the Indonesian oil palm development towards sustainability. Some of the milestones are:

- 2007: Signature of a joint conservation agreement between Indonesia, Brunei and Malaysia to conserve Borneo island.
- 2011: Implementation of Indonesia Sustainable Palm Oil (ISPO)
- 2014: Policy on primary forest land settlement
- 2015: Management of forest fire prevention; moratorium and improvement of management of primary forest and peatland; establishment of the Crude Palm Oil (CPO) fund; ISPO certification
- 2016: Indonesia becomes one of the first countries to implement a voluntary partnership agreement with the EU; establishment of the peatland restoration agency
- 2017: Launch of a smallholder-based replanting program by the President of the Republic of Indonesia
- 2018: Ongoing regulation to strengthen the ISPO; continuing moratorium for primary forest and peatland cutting.

According to Mr. Togar Sitanggang from the Indonesia Palm Oil Association (GAPKI), palm oil is the most efficient vegetable oil from a land use perspective. Addressing sustainability issues in palm oil production is always their concern. However, the sustainability requirements are increasing and contribute to the increase in the price of palm oil. A lot of improvement has been made in sustainable Indonesian palm oil production. There is also a misperception on the definition of deforestation. In Indonesia, deforestation is defined as converting the license or status of the land from forestry to other productive use such as palm oil plantation by making the best use of abandoned land, while degradation as defined by the United Nations Environment Programme (UNEP) is a temporary or permanent lowering of the productive capacity of land.

Internal Meeting A: Towards the development of a NP-VSS in Indonesia

The meeting was attended by around 20 national participants and led by Konny Sagala, Head of the Center for Cooperation on Standardization (BSN) and Siti Rubiah Lambret, a UNFSS representative. The objective of the meeting is to gather inputs on how the Indonesian NP-VSS should be developed. The Meeting addressed the following issues:

- Structure of the Indonesian NP VSS and its legal basis
- Relation with the existing national standardisation system
- Member committees of the NP-VSS
- Focal Point to be appointed
- Formulation of the long-term and short-term objectives
- Formulation of the programme and activities
- Arrangements of NP Meetings
- Contribution of each MC to the NP
- Resources (funds and manpower)
- Organisation of the NP-VSS (meetings, implementation of the programme and activities)

Internal Meeting B: Future Collaboration on VSS

The break out session was a brainstorming of MGG partners and other invited guests on future collaboration on VSS.

Using the fish bowl format, concrete questions were used as guidelines for the brainstorming:

- Why do you want to internationally cooperate on VSS?
- What is the added value of this “group” or “network” or “consortium”?
- What concrete ideas do you have for follow-up activities and projects?

The participants were able to identify areas of research on sustainability standards. These include a focus on the linkage between sustainability and (economic) competitiveness. In addition, they agreed on referring to relevant sectors such as fisheries, mining and agriculture to answer questions on costs and benefits (including personal gains) as well as to clarify under which conditions do standards work. Moreover, the participants agreed that the DIE/MGG network on VSS needs to focus more on tangible products of national platforms. Strategic actions were recommended such as enhancing exchanges between platforms by commissioning case studies that would highlight experiences and good practices.

Concluding remarks

General

Both the international seminar and the internal meeting have been held successfully. More than 100 participants attended the event.

As Konny Sagala mentioned in her closing remarks, voluntary sustainability standards are an instrument and catalyst for the achievement of the SDGs. BSN, as the institution mandated by Law for standardisation and conformity assessments, is ready to facilitate the establishment of an Indonesian NP-VSS with the support from national stakeholders.

The Way Forward—the outcome of the Internal Meeting

The internal meeting aimed at providing a platform for generating feedback from national stakeholders on the way forward towards establishing a NP-VSS in Indonesia. Some important points resulting from the internal meeting are as follows:

- a) In principle, the meeting participants could agree on the establishment of the Indonesian NP-VSS.
- b) The objectives of the NP-VSS are to support the achievement of SDGs as stipulated by the Government; to protect domestic consumers; and to support the acceptance of Indonesian products in the global market.
- c) The NP-VSS will focus on sharing information, benchmarking VSS certification, capacity building and enhancing global market access for Indonesian products.
- d) The meeting established the criteria for determining sectors/products for VSS , which include superior export products, high demand for sustainability products, strong interconnections with issues such as environment, food safety and food security.
- e) The meeting came up with the Indonesian Team for the NP-VSS which includes representatives from related ministries, associations, universities, research centers, and civil society. BSN will be the Team Coordinator.
- f) The Team will start working on the finalisation of the NP-VSS at the beginning of 2019.

ANNEX 1

International Seminar: Public Awareness and Internal Meeting Voluntary Sustainability Standard (VSS) in Indonesia

Programme
28 - 29 November 2018

Date	Event
Wednesday, 28 November 2018	
08.30	Registration
9.00 – 9.45	Opening by the Organizing Committee Welcoming remarks <ul style="list-style-type: none">- Prof. Dr Ir. Bambang Prasetya, M.Sc, Chairman of the National Standardization Agency of Indonesia (BSN)- Dr Wulf Reiners, Head of MGG Programme, German Development Institute (DIE)- Dr Ariel Hernandez, German Development Institute (DIE)- Keynote speech: Commitment of the Indonesia's government to achieve Sustainable Development Goals (SDG) Prof. Dr Bambang P.S. Brodjonegoro, Indonesia's Minister of National Development Planning/Chairman of the National Development Planning Agency
9.45 – 10.00	Photo session and coffee/tea break
10.00 – 11.00	Panel session 1 – Standards available to support the SDGs Moderator: Dolores Brito, Brazilian National Institute of Metrology, Quality and Technology (INMETRO) <ul style="list-style-type: none">- Green Industry Standard (Representative from Ministry of Industry)- Environmental management and sustainable procurement (Representative from Ministry of Environment and Forestry)- Sustainability in Agriculture Sector (Representative from Ministry of Agriculture)
11.00 – 12.00	Panel session 2 –Trend and Priorities of VSS in international trade Moderator: Dr Wulf Reiners, German Development Institute

	<ul style="list-style-type: none"> - "VSS and Regional Integration, Value Chain Development, Sustainability and Trade," Dr Aimee Hampe-Milagrosa (Asian Development Bank) - Challenges of VSS Implementation in Developing Countries (case Indonesia) (Deputy Chairman for Standards Implementation and Accreditation) - Empowerment of SME (Representative from CSIS)
12.00 - 13.30	Lunch Break
13.30 - 14.30	<p>Panel session 3 – Proliferation of VSS and standards: Questions on Governance and Capacity</p> <p>Moderator: Rudraneel Chattopadhyay, Quality Council of India</p> <ul style="list-style-type: none"> - "UNFSS and Flagship," Siti Rubiah Lambert (UNFSS) - Perspective of International Organization for Standardization (ISO) toward the topic (Representative from ISO) - "Perspective of ISEAL Alliance toward VSS," Norma Tregurtha, (ISEAL Alliance) - Consumer Perspective on VSS (Representative from Indonesia Consumer Association)
14.30 - 15.30	<p>Panel session 4 – Stakeholder Perspectives on VSS</p> <p>Moderator: Prof. Dr Charmaine Misalucha-Willoughby, De La Salle University, Philippines</p> <ul style="list-style-type: none"> - Sustainability Standards and Global Governance: The Experience of Emerging Economies," Prof. Dr Archana Negi, Jawaharlal Nehru University, New Delhi, India - "Sustainable Rice Platform Standard and Indicators," Dr Wyn Ellis, Sustainable Rice Platform - "Private Sector Involvement with VSS", Indian experience & VSS integration in the global value chain," Shikhar Jain, Confederation of Indian Industry
15.30 - 16.00	Coffee/Tea Break
16.00 - 17.30	<p>Panel session 5 – National Platforms for VSS</p> <p>Moderator: Dr Dr Ariel Hernandez, German Development Institute</p> <ul style="list-style-type: none"> - "Experience of VSS National Platform of Brazil," Rogerio de Oliveira Corr�ea, Brazilian National Institute of Metrology, Quality and Technology (INMETRO)

- "Experience of VSS National Platform of China," Jiang Kexin, China Association of Standardization (CAS)
- "Experience of VSS National Platform of India," Dr Manish Pande, Quality Council of India (QCI)
- "Experience of VSS National Platform of Mexico," Mariana García Cortes, Dirección General de Normas, Secretaría de Economía, Mexico
- "State of the Art in South Africa," Thabisa Mbungwana, South African Bureau of Standards (tbc)

17.30

Day 1 Close

Thursday, 29 November 2018

8.30 – 9.00

Registration

9.30 – 10.30

Panel session 6 – A Successful Implementation of VSS in Indonesia

Moderator: Claudia Sama, Directress of Standards, Ministerio Economía, Mexico

- "UNFSS take on the road ahead for a VSS NP in Indonesia," Siti Rubiah Lambert (UNFSS)
- Coffee and coffee products (Representative from coffee association)
- Pulp and paper products (Representative from pulp and paper association)
- Energy Efficiency through ISO 50001 (Representative from UNIDO Project on ISO 50001)

10.30 – 11.00

Coffee/Tea Break

11.45 – 12.30

Panel session 7 – Palm Oil in Global Market

Moderator: Vidia Paramita, Sustainability Implementation Division at PT SMART

- Addressing the challenges of Indonesian Palm Oil in Global Market:
 - o Representative from Ministry of Foreign Affair (alternate: CPO's team) o Paul Nicholson or Chris Brown of Olam
 - o Indonesian Palm Oil Association (GAPKI)
 - o Indonesia Oil Palm Research Institute (IOPRI)

12.30 – 13.00

Closing

13.00 – 14.00

Lunch

14.00 - end

DIE/MGG Breakout Session: Planning for Future Collaboration on VSS

Moderator: Dr Dr Ariel Hernandez, German Development Institute

Participants: DIE/MGG staff, MGG Academy Alumni, Representatives of VSS National and International Platforms, Invited Participants

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