Strategic Opportunity and Identifying Potential Contribution of Sustainable Palm Oil Management to Achieving Sustainable Development Goals (SDGs) 2030 in Indonesia

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Introduction

Indonesia as a member of the United Nations played an active role in formulating Sustainable Development Goals (SDGs) 2030. These goals were then agreed on in the document entitled Transforming Our World: The 2030 Agenda for Sustainable Development. Improving upon the Millennium Development Goals (MDGs) 2015 Agenda, the global commitment of Sustainable Development Goals 2030 covers 17 Goals and 169 Targets, starting from poverty eradication to international partnerships, that must be achieved by 2030.

To ensure that these goals are achieved, the Government of Indonesia issued a Presidential Regulation (Perpres) Number 59 Year 2017 concerning the Implementation of Achieving Sustainable Development Goals. This policy regulates the alignment with the National Long-Term Development Plan (RPJPN) and National Mid-Term Development Plan (RPJMN), in which their operationalization is enshrined in the SDGs National Action Plan (RAN TPB) and SDGs Local Action Plan (RAD TPB) at the Provincial level for 5 (five) years. This Perpres also stipulates the formation of the National Coordination Team, with the Steering Committee led directly by the President and Vice President. This Perpres orders the alignment of development programs from each ministry with SDGs, and in its annex, specifically mentions the goals and targets that fall

Figure 1. The 17 target of Sustainable Development Goals

under the responsibility of ministries, including the Ministry of Agriculture. Plantations and the palm oil industry, with their strategic position in the national and global economy, especially related to the large total area, reaching approximately 14 million hectares (SPOSI, 2020a), serve as the largest producers. Contributing to 60% of the global production, or around 41.9 million tons of CPO (GAPKI, 2018 in SPOSI, 2020b), palm oil then become the most significant export contributor in Indonesia with USD 16.2 billion (Ditjenbun, 2017 and BPS, 2016 in Bakhtiar et al., 2019), and have replaced the production of fossil energy from coals. It is only fitting that they should also play a strategic role in the SDGs agenda in Indonesia.

The idea of sustainability in the palm oil sector began to be expressed in the 2000s when the target of 100 percent sustainable palm oils in the Netherlands, England, France, and Germany was in effect. ISPO (Indonesia Sustainable Palm Oil) was an important initiative, both as a part of sustainable development in Indonesia and as a response to the sustainability agenda at the global level. The crucial thing in this initiative was the development of the ISPO national standard, which had been initiated in 2011, for plantation management and processing of sustainable palm oils. Then, in 2020, the ISPO-related development was cemented with the ratification of Presidential Regulation (Perpres) Number 44 Year 2020 concerning Indonesia Sustainable Plantation System, along with its implementing regulations, where the ISPO standard was refined and strengthened because it was supported by a presidential level regulation (SPOSI, 2020c). This ISPO-related regulation and its implementing products opened the opportunity for plantations and the palm oil

industry to significantly contribute to SDGs achievement.

Principles of the old ISPO vs new ISPO

Comparison between the old ISPO and new ISPO

The laws and regulations concerning the palm oil plantation certification system in Indonesia had existed since 2011, with the issuance of the Minister of Agriculture Regulation (Permentan) No. 19/2011 concerning the Guideline of Indonesian Sustainable Palm Oil (ISPO). This Permentan was then revoked through the issuance of the follow-up Permentan in 2015, namely Permentan 11/2015. With the Government of Indonesia aiming to strengthen the palm oil certification system in Indonesia, in March 2020, Perpres No. 44 Year 2020 was issued. This Perpres served to complement the previous ISPO regulation. Furthermore, the Minister of Agriculture Regulation (Permentan) No. 38 Year 2020 was ratified as a derivative regulation, specifically regulating the ISPO certification's implementation mechanism.

Perpres 44/2020 brings several new perspectives for ISPO implementation going forward, including a new scope, which includes the obligation to be certified for individual and group farmers, institutional structure in ISPO, acceptance and market competitiveness, participation, sanction, and supervision. In addition to the scope, a significant modification is also done to the principles of ISPO certification, with the following comparison.

Table 1. Comparison of ISPO certification principles according to Permentan 11/2015 and Perpres 44/2020

Permentan 11/2015	Perpres 44/2020
1. Legality of plantation business 2. Plantation management 3. Protection against the use of primary forests and peatlands 4. Environmental management and monitoring 5. Responsibility to workers 6. Social responsibility and economic empowerment for the community 7. Sustainable business improvements	1. Compliance with laws and regulations 2. Implementing good plantation practices 3. Environmental, natural resources, and biodiversity management 4. Responsibility to workers 5. Social responsibility and economic empowerment for the community 6. Implementing transparency 7. Sustainable business improvements

The basis for changes in the principles and PnC of the new ISPO

The dynamics of the ISPO certification in Indonesia were previously mentioned, with the latest development being the ratification of Perpres No.44 Year 2020, which has strengthened the position of this certification, to be implemented not only at the national level but also at the subnational level. If traced back, this refinement is based on many factors, two of which are transparency in the mechanism of the ISPO certification institution and the criteria and indicators within it (Fahamsyah *et al*, 2021). So, the new Perpres is expected to address these issues, namely related to institutional and policy consolidation between relevant ministries/institutions that often becomes a challenge, where if the ISPO implementation is only regulated through a ministry-level regulation, it will not be as effective as when the legal umbrella is set at a higher level, such as the presidential regulation. Related to this, the relevant ministries/institutions need to conduct institutional and policy consolidation between other related ministries/institutions, like the Ministry of Environment and Forestry, Ministry of Agrarian Affairs and Spatial Management/ National Land Agency, Ministry of Agriculture, National Development Planning Agency, and Coordinating Ministry for Economics (Fatimah *et al*, 2022). Even so, regulation at the ministry level remains an important instrument in ISPO design and implementation, such as the design of principles, criteria, indicators, and strategies to support its implementation, starting from the person in charge of ISPO and the ISPO committee, to monitoring, evaluation, and impact analysis activities.

Refinements to the ISPO principles have also been mentioned before. However, there is no change in the conceptual aspect of how ISPO will be carried out. Instead, the change lies in the target of the ISPO implementation. According to this new regulation, ISPO is mandated for all plantation business actors, aiming to match it with the need to strengthen farmers' position (Fatimah et al, 2022). One thing that is also highlighted about the refinement of future ISPO implementation is the legality aspect, where a leniency to meet the land legality criteria is given, especially for the rights, Land Certificate Letter (SKT), proof of land sale/purchase, and other traditional land documents (does not have to be Ownership Letter (SHM) (Fatimah *et al*, 2022).

Potential contribution of the new ISPO to Sustainable Development Goals

In identifying the contribution of the new ISPO principles to SDGs, the analytic glasses we will use is the sustainable conceptual framework, or known as the Triple Bottom Line or 3Ps (People, Planet, Profit). Schematically, this framework highlights the meeting point on the intersection of three circles representing several aspects; economic sustainability, environmental conservation, and social life alignment,

and examines the applicative balance on sustainable development implementation, especially in Indonesia's palm oil industry (Fahamsyah *et al*, 2021). However, with the aim of identifying the potential contribution of sustainable palm oil management in Indonesia through the application of ISPO to SDGs, a more relevant conceptual framework is included in this article. The conceptual framework relevant to SDGs is also known as the Five Ps of SDGs where the agenda for the action plan for the realization of it includes 5 aspects, namely people, planet, prosperity, partnership and peace (Mpabanga and Sesa, 2020).

aimed to learn the extent of SDGs being resonated in the sustainability standard formulation according to ISPO. Each of the 142 indicators in the new concept of ISPO standard is identified in terms of its alignment to SDGs by examining its content or meaning.

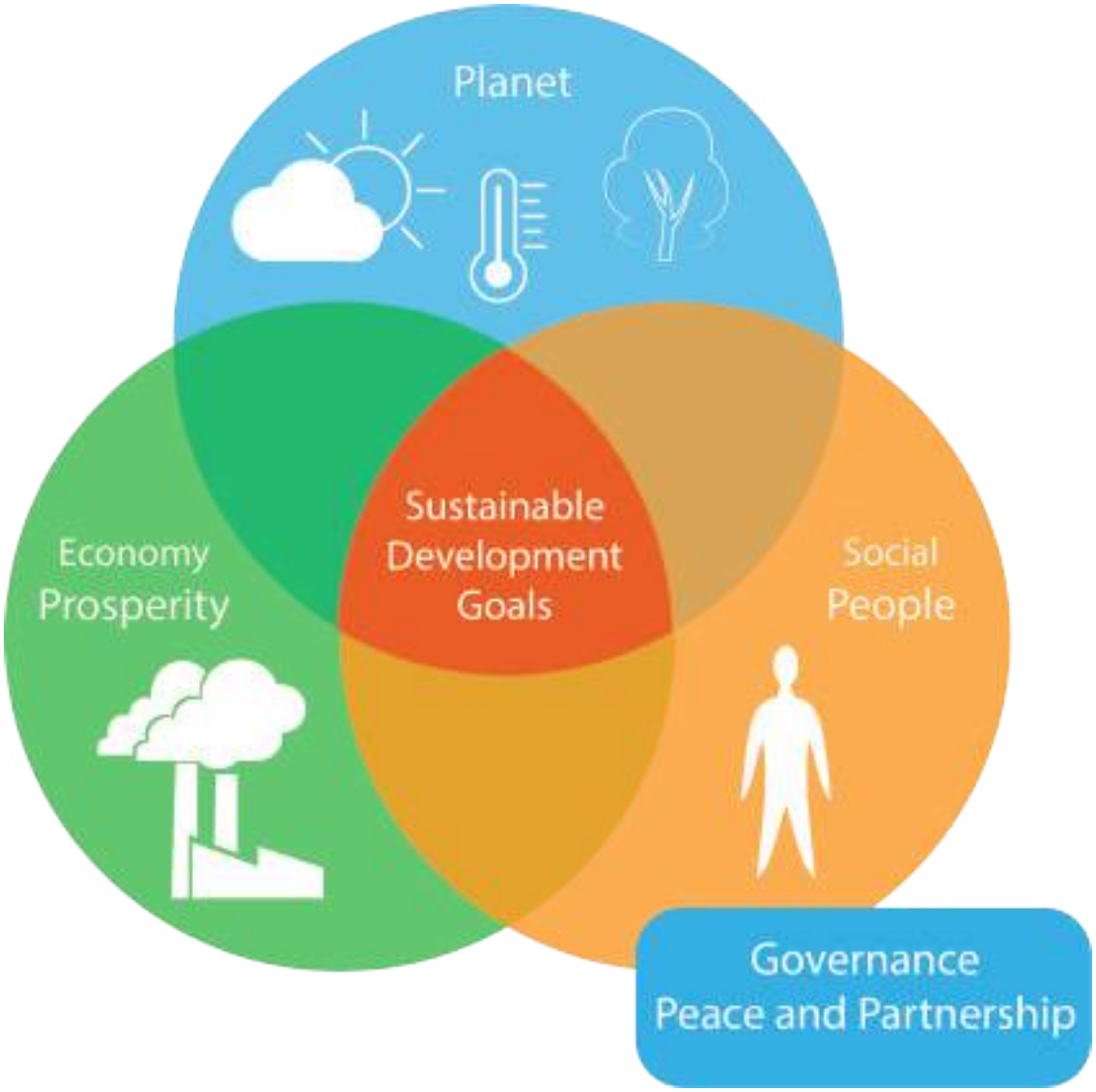

Figure 2. ISPO contribution potential conceptual framework toward SDGs

This article then identifies how the alignment of ISPO with SDGs goals can be categorized based on pillars defined as above, namely people, prosperity, and planet. These pillars are also consistent with the four SDGs pillars recognized by the Government of Indonesia, but with the addition of governance pillar. The analysis of this article can be examined in the following table.

fulfilling the indicator on the development of the community's plantations. There is also alignment with several indicators under Principle 4, which addresses improving workers' welfare and capabilities by fulfilling workers' rights and providing good working condition. Then, in Principle 5, there is an indicator that aligns with Goal 1, namely that the form of social community responsibility needs to be done through activities that

Table 1. Identification and the Alignment between ISPO Indicators and SDGs

New ISPO Principles \ SDGs Goals 2030		People				Prosperity			Planet				Gover-nance
		1	3	4	5	7	8	10	6	12	13	15	16
1	Compliance with laws and regulation												
2	Implementing good plantation practices												
3	Environmental, natural resources, and biodiversity management												
4	Responsibility to workers												
5	Social responsibility and economic empowerment for the community												
6	Implementing transparency												
7	Sustainable business improvements												

Remarks:
Alignment of ISPO indicators with SDGs-2030 = ⟶ =correlation among SDGs indicators

Contextualization of ISPO with SDGs

In the **Social Pillar (People)**, ISPO can contribute to the achievement of four goals, namely 1, 3, 4 and 5. In Goal 1, namely "End poverty in all its forms everywhere", there are seven targets measured by 14 poverty indicators. It is found that Principle 1 of the ISPO has a chance of contributing by improve people's lives in various areas, such as education, health, infrastructure, business, and culture.

In Goal 3 of the SDGs, namely "Ensure healthy lives and promote well-being for all at all ages", there are four targets focusing on mother and child health, as well as environmental health. There are 10 indicators in Principle 4 of the ISPO that can

potentially contribute to this goal, including waste management, Hazardous and Toxic Substances (B3) and B3 waste management, and water source conservation. In Principle 5, the potential contribution comes from the indicator of improving people's quality of life. Goal 4, "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all", has values in line with ISPO, specifically in the indicators related to the ability and participation of the people in developing potential local wisdom in the form of social responsibility. Principle 5 in ISPO has the potential to contribute to three indicators of improving people's lives in various areas, especially education. Meanwhile, Goal 5 of the SDGs, namely "Achieve gender equality and empower all women and girls", is measured with three indicators, which are gender-responsive policies, eliminating violence against women, and women in managerial positions. Principle 5 of the ISPO can potentially contribute to Goal 5 of the SDGs, namely in the indicator related to fulfilling the rights of female workers by eliminating discrimination and ending child workers.

Next, in the **Economy Pillar (Prosperity)**, three Goals, namely Goal 7, 8, and 10, have the opportunity to receive contribution if the ISPO principles are met. The seventh Goal, namely "Ensure access to affordable, reliable, sustainable, and modern energy for all", is related to two targets with three indicators, namely population with electricity and clean energy, and blended renewable energy. ISPO can contribute to this goal by meeting Principle 4, especially in the indicator related to the use of liquid waste for electrical energy and palm shell for renewable energy.
Goal 8, namely "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", is in line with the ISPO, in the indicators related to GDP growth, workers' productivity, fulfillment of workers' rights, and unemployment and child workers The relevant ISPO Standards are Principles 1, 2, 4, and 5. Principle 1 is related to the land and business legality indicator. Principle 2 is related to the management system and decent working condition indicators. In Principle 4, there are 31 indicators related to the fulfillment of workers' rights, including forming unions, erasing child workers and discrimination, decent working conditions, including OHS, and facilitating improvements to well-being. Principle 5 is related to the indicator of improving people's lives in various areas.

Goal 10 of the SDGs, namely "Reduce inequality within and among countries", covers four targets with these indicators: Gini coefficient, inclusiveness, reducing discrimination, and wage system and social insurance. Based on the identification, the ISPO principle that can potentially contribute to this goal is Principle 1 through the indicator related to facilitating the development of the community's plantations. Then, in Principle 4, with indicators related to fulfilling workers' rights, decent working conditions, and improving workers' wellbeing. Also, Principle 6 is related to the indicator of setting a fair and transparent Palm Fruit Bunches (Tandan Buah Sawit/TBS) price, and the form of agreement of such price at the farmers' level.

Next, in the **Environmental Pillar (Planet)**, the fulfillment of the ISPO standard can contribute towards achieving Goals 6, 12, 13, and 15. For Goal 6, namely "Ensure availability and sustainable management of water and sanitation for all", has five targets with eight indicators on drinking water and sanitation, water quality maintenance, and

water source integrated management. The fulfillment of Principles 2 and 3 of the ISPO can potentially contribute towards achieving it. Principle 2 has an indicator related to land and water conservation, pest control by reducing pesticides, and water use efficiency. Meanwhile, Principle 3 is related to the indicators for monitoring wastewater, wastewater management, and the use of B3 waste.

Goal 12 of the SDGs, namely "Ensure sustainable consumption and production patterns", has five targets with six indicators related to natural resources efficiency and material trace, waste management and partnership, and sustainable reporting. The relevant ISPO principles are principles 2, 3, 6, and 7. Principle 2 is relevant due to the indicator linked to the series of CPO production, including plantation planning, seeding, OPT control, Good Agricultural Practices, harvesting, transportation, and TBS processing. Principle 3 has an indicator related to waste management according to the quality standards, waste disposal and use, and B3 management. Principle 6 has an indicator related to the transparency of TBS suppliers, and a traceable supply chain system. Meanwhile, Principle 7 of the ISPO is related to the indicator of sustainable business improvements.

Next, Goal 13 of the SDGs, namely "Take urgent action to combat climate change and its impacts", has two targets with two indicators related to resiliency capacity and adaptation with integrated actions. There are two aligned ISPO principles, namely Principles 2 and 3. Principle 2 has aligned indicators of land clearing without setting fires and fulfilling the planting regulation in peatlands. Principle 3 has indicators of protecting primary forest and peatland ecosystem, waste management and use, and conservation of water source areas. In addition, still in Principle 3, the potential indicator related to mitigating Green House Gases (GHGs) has an impact on Goal 13 of the SDGs.

Then, Goal 15 of the SDGs, namely "Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage

forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss", has four targets with five indicators on the proportion of forest area, biodiversity crucial sites, degraded land, endangered animal species, and wildlife in black markets. There are three aligned ISPO principles, namely principles 1, 2, and 3. Principle 1 has an indicator related to location permit, forest area release permit, and Business Use Right (HGU). Then, there is also an indicator related to the appropriateness of establishing spatial planning for farmers' lands. Next is Principle 2 in the indicator on the protection of primary forest and peatland ecosystem, and fulfilling regulations in cultivating peatlands. Finally, Principle 3 is related to indicators for managing environmental impact and protecting high conservation value, biodiversity, and erosion-prone areas.

Specifically related to the **Governance Pillar** to achieve SDGs by 2030, the alignment identification is also done to Goal 16, namely "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels". In this goal, there are two targets with three indicators identified to be contributed through the fulfillment of the ISPO standard, namely principles 1, 2, 3, and 6. Principle 1 is with the indicator of resolving things related to land issues and disputes, then Principle 2 through the indicator of institutional management at the farmers' level. Next, Principle 3 with the indicator of technical standard reporting to the local government, for things related to disturbances from immovable sources, pursuant to prevailing laws and regulations. Then, Principle 6 with the indicator of implementing corruption prevention code of ethics for enterprises, transparency in TBS price, and the indicator of the sale agreement mechanism and information availability at the farmers' level.

ISPO Relevancy with SDGs

In general, according to the identification result as described in the following table, **seven ISPO principles** have the potential to contribute to the achievement of 12 **Goals in SDGs, namely Goals 1, 3, 4, 5, 7, 8, 10, 6, 12, 13, 15 and 16.** The largest contribution potential is towards the Decent Work and Economic Growth **(Goal 8)**, Responsible Consumption and Production **(Goal 12)**, and Life on Land **(Goal 15)**. The fulfillment of each ISPO principle has the potential to contribute to at least one to six goals in the SDGs. Referring to Table 1, the alignment of ISPO indicators with SDGs has been presented based on its alignment and correlation level among each SDGs goal. The alignment level can be seen by looking at the color. The darker the indicator color is, the higher the alignment.

The second principle of ISPO, "Implementing Good Plantation Practices", has high alignment with Goal 12 of the SDGs, where the contribution point centers on the plan and implementation of the strategy for sustainable consumption and production pattern in the palm oil production system according to ISPO. Interestingly, this is not only applied to business actors but also to self-funded palm oil farmers, where the technical agricultural implementation and transportation of palm oil are considered; from clearing land, seeding, planting on mineral and peatlands, harvesting, to transporting TBS.

Then, in the third principle of ISPO, "Management of the environment, natural resources, and biodiversity", there is high alignment to Goals 12 and 15 of the SDGs. This is related to the obligation of businesses to comply with the environmental permit, such as waste management, regulations on protected and high conservation values, biodiversity, and erosion potential for specific areas. When observed in the targets and indicators of Goals 12 and 15 this principle is closely related to the target on releasing the world from degraded lands by guaranteeing conservation, sustainable use, and managing chemicals according to existing international frameworks and agreements.

The fourth principle of ISPO, "Responsibility to workers", has high contribution alignment to Goal 8 of the SDGs due to its emphasis on the scope of companies, which obligates them to ensure working conditions where there are no forced employment, slavery, child workers, discrimination, and sexual harassment (Herryadi, 2021). This is harmonious with Goal 8 of the SDGs, in which most of its targets are consistent with the scope in said fourth ISPO principle.

Then, for the correlation among SDGs indicators, the alignment of ISPO indicators in one SDGs goal also affects ISPO indicators in another SDGs goal. Regarding this, the implementation of ISPO principles, such as legality compliance, will influence compliance with ecosystem management according to the provisions of the ISPO certification and will affect a more responsible consumption pattern. Subsequently, managing the environment, natural resources, and biodiversity, also implementing plantation practices according to Good Agricultural Practices (GAP) principles, will support a more sustainable natural resources consumption, for example, better use of land and water so that security can be attained in the form of clean water and sanitation in areas surrounding the plantations. Moreover, is the implementation of social responsibility and community empowerment by ensuring good jobs can ultimately improve the healthy and prosperous living for self-funded palm oil farmers and Indonesian people in general.

Future development

Considering the development until today, it is necessary to conduct improvement by using the continual improvement approach to achieve the best outcome possible. SDGs is very strategic, and the government needs to emphasize it in order to serve as a reference for sustainability, including for ISPO. In this case, the government must improve its policy formulation performance, creating an enabling environment so that private actors are willing and able to achieve sustainability, especially land and business legal certainty. Another crucial thing is also the alignment of policies among ministries and among sectors so that development, starting from the domain of agriculture, processing to marketing, becomes one unity of Indonesia's economic strength in the eyes of the world. Next, the government as the initiator and owner of the ISPO certification scheme, using a mandatory approach, has the advantage of being able to force it, starting from development to implementation of the credible ISPO national standard and certification governance that receives public and market legitimization, at both the domestic and global spheres.

Identification for potential ISPO contribution to SDGs, as explained before, is done by recognizing the difference of scale or level of analysis units. The analysis unit of the

ISPO certification is micro in nature, namely plantation management business and/or palm oil processing units to the farmers' level, while the SDGs analysis unit is development at the national level. To make it close, an actual contribution analysis will need to be conducted by aggregating the sustainability performance of ISPO certified units, which currently have reached around 700 private business units and farmers' organizations. Related to this, information transparency about sustainability is critical, by still recognizing confidential company data. The publication of business units' sustainability information, by using several sustainability reporting mechanisms, becomes a demand and is useful to improve the relationship among business actors. The aggregate of sustainability information, along with its contribution synthesis towards achieving SDGs in Indonesia, will be very useful for diplomacy to strengthen economic cooperation, especially with importing countries.

Furthermore, on efforts to achieve SDGs by 2030, applying inclusiveness for marginalized parties becomes a focus that has always been voiced and translated in various SDGs implementation documents both at the global and national levels. The result of the study by Fatimah *et al*. (2022) stated that committed efforts are needed in all ISPO implementation processes to map and do the right step, and also consistency is required to address various gender issues in palm oil commodity. Related to ISPO implementation going forward, it is necessary to further consider implementing ISPO principles in business and palm oil plantation business, considering its micro analysis unit, as mentioned before. Also, the study on the implementation of ISPO principles and compliance at this analysis unit level needs to be reviewed further to observe how ISPO certification can contribute to achieving SDGs.

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