



MEMORANDUM OF UNDERSTANDING

Between

Provincial Government of South Sumatra and IDH Sustainable Trade Initiative

Number: COR.133.2015.01

The undersigned

- Provincial Government of South Sumatra, having its registered office and its place of business at Jl. Kapten A. Rivai I, Palembang, in this matter duly represented by H. Alex Noerdin; and
- IDH Sustainable Trade Initiative (“IDH”) having its registered office and its place of business at Nieuwekade 9 (3511 RV) Utrecht, in this matter duly represented by J. Oorthuizen.

Provincial Government of South Sumatra and IDH also individually referred to as “Party” and together referred to as “Parties”.

Whereas:

- The overall purpose of Provincial Government of South Sumatra is to improve economic growth while avoiding deforestation and environmental harm, according to the Sustainable Development Goals 1 (No Poverty), 8 (Decent Work and Economic Growth), 13 (Climate Change), 15 (Life on Land) and 17 (Partnerships for the Goals);
- The overall purpose of IDH is to, by means of various programs; improve sustainability in sector value chains, according to the Sustainable Development Goals 1 (No Poverty), 2 (Zero Hunger), 5 (Gender Equality), 8 (Decent Work and Economic Growth) and 12 (Responsible Consumption and Production) and 15 (Life on Land). IDH is a multi-stakeholder process in which actors from both Northern and Southern (production) countries actively participate.
- The Parties commit to actively work in cooperation for the development and implementation of a Provincial green growth plan that will create the optimum balance between the environment, the economy and the people. It will fundamentally improve productivity of critical commodities including palm oil, rubber, coffee and pulp with a special focus on smallholders, while avoiding fires, deforestation and further loss of peatland, together with other negative environmental and social impacts;

The purpose of this Memorandum of Understanding (“MOU”) is to set forth the understanding and intentions of the Parties with regard to this MOU. The Parties specifically acknowledge that this MOU is not an obligation of funds, nor does it constitute a legally binding commitment by any Party.

Common vision

It is the common vision of both parties that by 2018, South Sumatera Province will be demonstrating substantial achievement against an agreed Provincial level green growth plan. The Parties jointly strive to achieve green growth in the Province by sharing the following objectives:

1. Improving livelihood and productivity of deforestation free commodity production for both companies and smallholders is essential for the future prosperity of the Province of South Sumatera, but such improvements should be linked to balanced environmental and social protection, that has a well structured and proven scientific base;
2. Jointly achieving an effective delivery of a green growth plan that incorporates four critical work streams including:
 - Support for a more productive, sustainable industrial base
 - Environmental and natural resource management planning
 - Institutionalization of green growth agenda to Government, Companies and Communities
 - Monitoring and enforcement of policies, laws and regulations

The Parties therefore express their intention to cooperate for the achievement of this common vision.

Contributions by the Parties

The Parties have agreed to contribute specific actions and responsibilities as set out below, with details to be discussed and agreed upon in a action plan and confirmed in a separate cooperation agreement.

In summary, the Provincial Government of South Sumatra has the intention to:

- Provide leadership and ownership of the green growth plan for its development and implementation;
- Review spatial plan and existing developments across the province but with special attention to critical landscapes such as peat, and to take action on illegal and/or destructive developments;
- Review the opportunities for producing or improving legal framework required for achieving green growth objectives;
- Allocate staff and resources from provincial budget to support relevant activities;
- Communicate to and support of the relevant local Government institutions necessary for the implementation and institutionalization of the Green Growth Plan;
- Identify and secure funding opportunities.

IDH has the intention to:

- Work closely, fully communicate and cooperate with the Provincial Government of South Sumatera for the development of green growth plan;
- Support and facilitate the Provincial Government of South Sumatra for the implementation and monitoring of the green growth plan via action plans, strategies and monitoring system that have clear and mandated objectives;

- Convene private sector players, international buyers of commodities, donor agencies, scientific researchers and other partners to support the development of specific action plans required for the implementation of the green growth plan;
- Support the development and implementation of production-protection projects in the Province for key commodities of coffee, palm and pulp that enhance productivity while enhancing environmental and social benefits;
- Co-fund key projects through public-private-partnership mechanism;
- Identify and secure funding opportunities.

Duration

The Parties now intend to cooperate for 36 months, beginning November 1, 2015 and ending on December 31, 2018.

NOTICES AND COMMUNICATION

All notices and communications as well as correspondence of the Parties in connection with the implementation of this MOU (shall be addressed to):

Provincial Government of South Sumatera

Head of Development Planning Agency

Address : Jl. Kapten A. Rivai No.23, Kota Palembang
 Telephone : +62711 30129 / +62 813 677 10789
 Fax : +62711 356118
 Email : info@bappeda.sumselprov.go.id /regina_ariyanti@yahoo.com

IDH the Sustainable Trade Initiative

Indonesia Country Director

Address : MD Place Tower 2, 3rd Floor Unit C, Jl. Setiabudi Selatan No.7, Jakarta 12910
 Telephone : +6221 2952 9853/ +62812 935 5105
 Fax : +6221 2952 9854
 Email : ardiansyah@idhsustainabletrade.com/ Indonesia@idhsustainabletrade.com

The Parties intend to provide full yearly reports that detail progress against target, obstacles encountered, remedial actions undertaken and to outline the next stages of the programs. This will be followed by an open forum discussion on the progress chaired by the Governor of South Sumatera.

Confidentiality

In the course of agreeing and implementing the activities covered under this MOU and in the future Cooperation Agreement, the Parties may receive and become aware of information (such as projects, practices, and customer or potential customer information) that is sensitive and confidential in nature. Any information and knowledge shared, obtained before, during or after the partnership shall be treated confidentially and may not be stored or shared with any other organization without the prior written consent of the other party.

No Detrimental Activity

Each party under this MOU represents and warrants to the others that it knows of no activities or other matters not yet a matter of public information that should preclude an association under this MOU or prove detrimental to the other party's interests. In addition, if in the future, any party becomes aware of any activity or matter that may become detrimental to the interests of the other party, then that party shall promptly notify the affected party of the relevant facts and circumstances.

Miscellaneous

Nothing in this MoU shall grant either party or any third party any ownership, license, or authorization to use, or interest in or to, any party's trademarks or other intellectual property without explicit permission. This includes but is not limited to the name, logo or certification mark of that Party.

Both parties are free to communicate externally that there is a strong intention of working together in the program of Initiative for Sustainable Landscapes (ISLA), Pulp and Paper, Coffee and Palm Oil.

Nothing in this MoU creates an employee-employer relationship, a joint venture or other legal entity. No Party has the authority to create any financial or other obligations on behalf of any other Party without that organization's written consent.

SIGNATURE PAGE FOLLOWS

SIGNATURE PAGE

IN WITNESS WHEREOF, the undersigned Parties have agreed:

For Provincial Government of South Sumatera

Name: H. Alex Noerdin
Position: Governor of South Sumatera
Date:

For IDH Sustainable Trade Initiative

Name: Joost Oorthuizen
Position: Executive Director
Date: