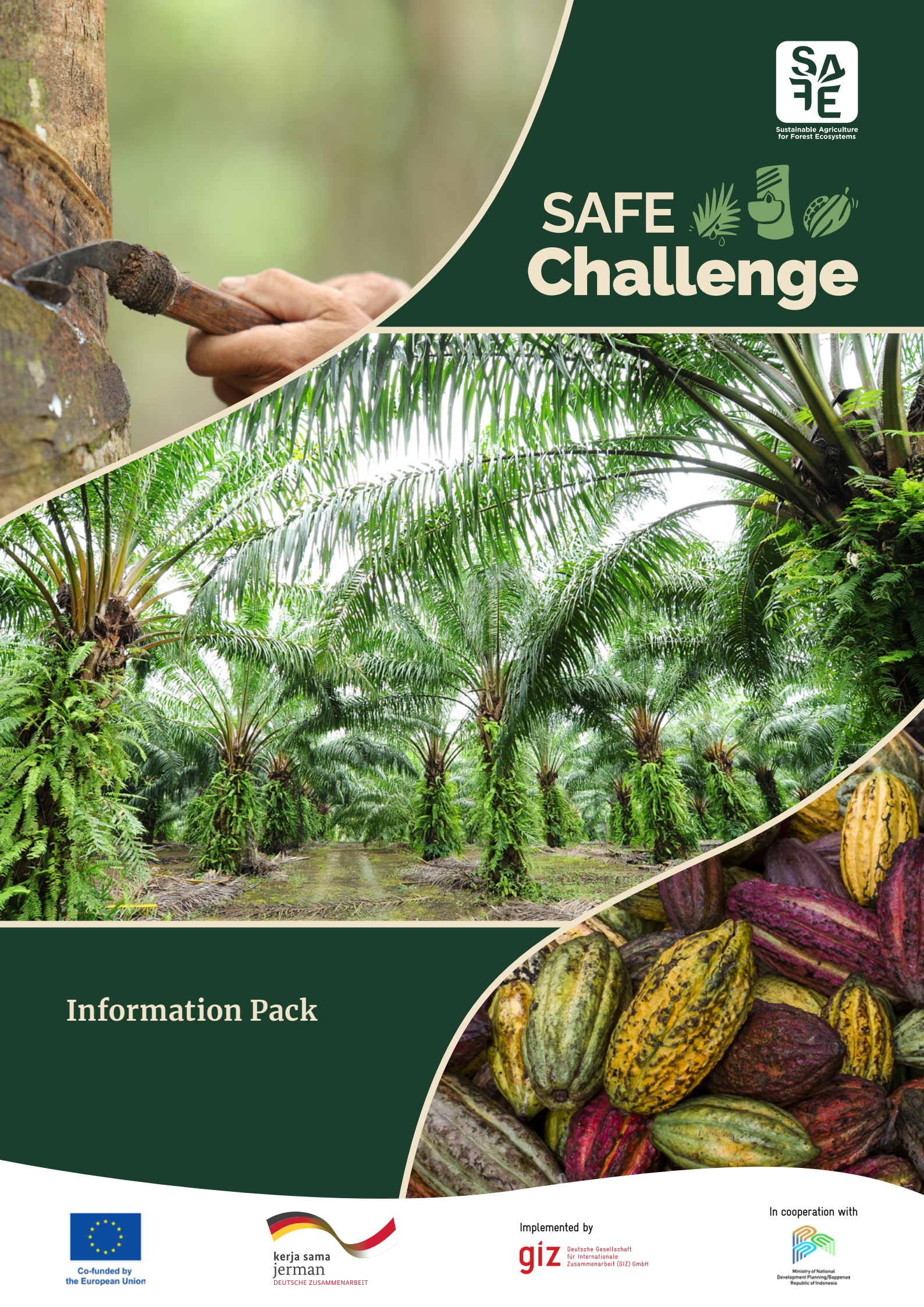




Sustainable Agriculture
for Forest Ecosystems

SAFE Challenge



Information Pack



Co-funded by
the European Union



kerja sama
jerman

DEUTSCHE ZUSAMMENARBEIT

Implemented by



In cooperation with



Ministry of National
Development Planning/Baganpans
Republic of Indonesia

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Background

I Context

Consumers in the European Union (EU) are increasingly demanding products that are produced in a sustainable way and not contributing to deforestation. With SDG 15 on “life on land” and the Glasgow Leader’s Declaration on Forests and Land-Use, the international community has committed to halt deforestation. To support this cause, the EU has enacted its EU Regulation on deforestation-free products (EUDR) in June 2023.

Compliance with this newly enacted regulation offers opportunities for securing long-term market access to the EU and promoting sustainable practices

and formalised trading relationships along the export supply chains.

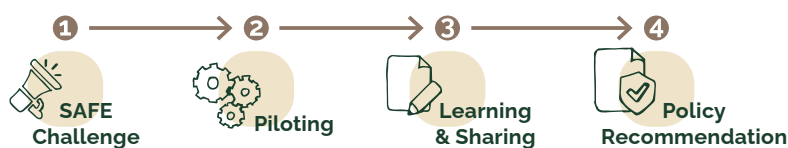
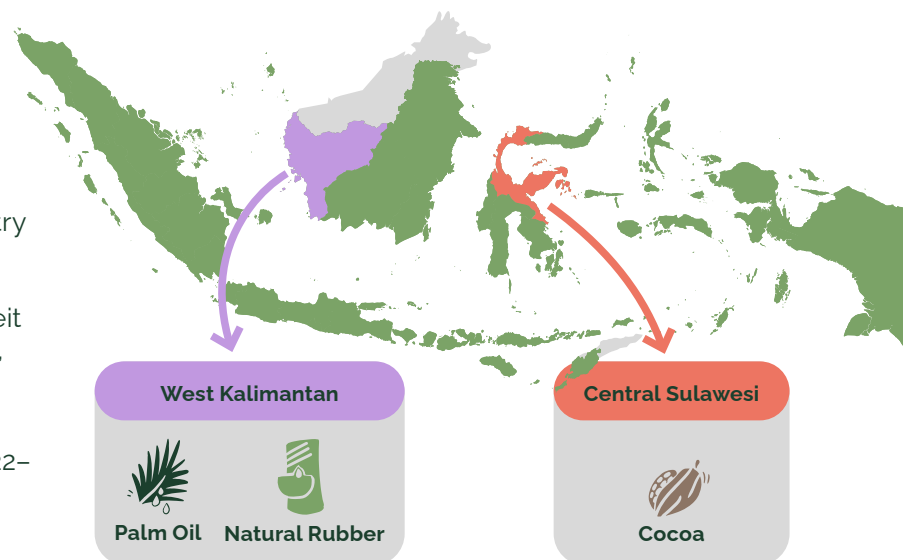
However, EUDR compliance in producer countries, such as Indonesia, is challenging, particularly for smallholder farmers who have limited capacity and incentives to comply with EUDR requirements.

To address such emerging challenges, the EU is supporting partner countries to accelerate the inclusive transition into sustainable, deforestation-free and legal agricultural production. One of such support measures is the SAFE project.

II SAFE Project

The Sustainable Agriculture for Forest Ecosystems (SAFE) project is co-funded by the European Union and Germany’s Federal Ministry for Economic Cooperation and Development (BMZ). It is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in Brazil, Ecuador, Indonesia, and Zambia, with each country representing different contexts and commodities.

In Indonesia, the SAFE project (September 2022–May 2026) is implemented in cooperation with the Ministry of National Development Planning (BAPPENAS) using the following approach:



- 1 The project initiates the “SAFE Challenge”. Stakeholders from the palm oil, natural rubber, and cocoa sectors affected by the EUDR are invited to submit ideas that address constraints in EUDR compliance.
- 2 SAFE selects the best ideas and, together with the idea submitters, develops scalable pilot interventions in West Kalimantan and Central Sulawesi; key production areas of palm oil, natural rubber, and cocoa. Stakeholders in these provinces are at the forefront of promoting forest conservation and sustainable agriculture initiatives.
- 3 Throughout implementation, best practices and lessons are shared with relevant private and public stakeholders.
- 4 The knowledge generated from the pilots will feed into policy guidelines, regulations, frameworks, and tools on national, regional, and global levels, including recommendations for scaling-up and replicating successful innovations and models.

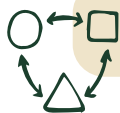
SAFE Challenge

III What We Offer

The SAFE Challenge is a matching fund that supports private-sector initiatives in developing sustainable, deforestation-free, and legal agriculture production.



We offer collaboration opportunities to companies in upgrading their supply chains in Indonesia to meet EUDR requirements, strengthening company reputation, export competitiveness, and long-term trade relationships with the EU market. It also means reducing the risks of compliance failures that could lead to fines, reputational damage, and loss of market share.



As we adopt an open and adaptive concept with no pre-defined solutions, we offer the flexibility to develop and test a broad range of ideas, innovations, models, and solutions, including the scale-up of existing best practices in the target commodities and locations. For example, the replication of traceability systems that combine selective farm inspections and high-resolution satellite imageries to reduce data collection costs.



We support initiatives to strengthen smallholder farmers, the weakest link in the supply chains, and other local market actors. For instance, companies could assess, design and test incentive schemes to help smallholders cover the cost of compliance and adopt sustainable agronomic practices. Similarly, companies can partner with local governments to improve the legality aspects of agriculture production and trade by local micro and small businesses, e.g., by supporting business registration or the acquisition of cultivation licenses and land titles. Lessons from these pilot initiatives can help inform policy dialogue on the distribution of additional costs related to EUDR implementation.

IV Who Can Apply

The SAFE Challenge is open for **companies as part of the export supply chains of palm oil, natural rubber, and cocoa to the EU market**, including traders, processors, or manufacturers.

Companies can apply as **a single entity** or in **a consortium** with CSOs, NGOs, associations, farmer organisations, research organisations, consulting services, and others.

Non-business entities (NGOs, CSOs, associations, and others) are welcome to apply, provided that they have a collaboration with companies meeting the criteria above.

Since different stakeholders may face distinct EUDR-related challenges, we encourage all stakeholders along the entire supply chain to take part in the SAFE Challenge.

V What We Look For

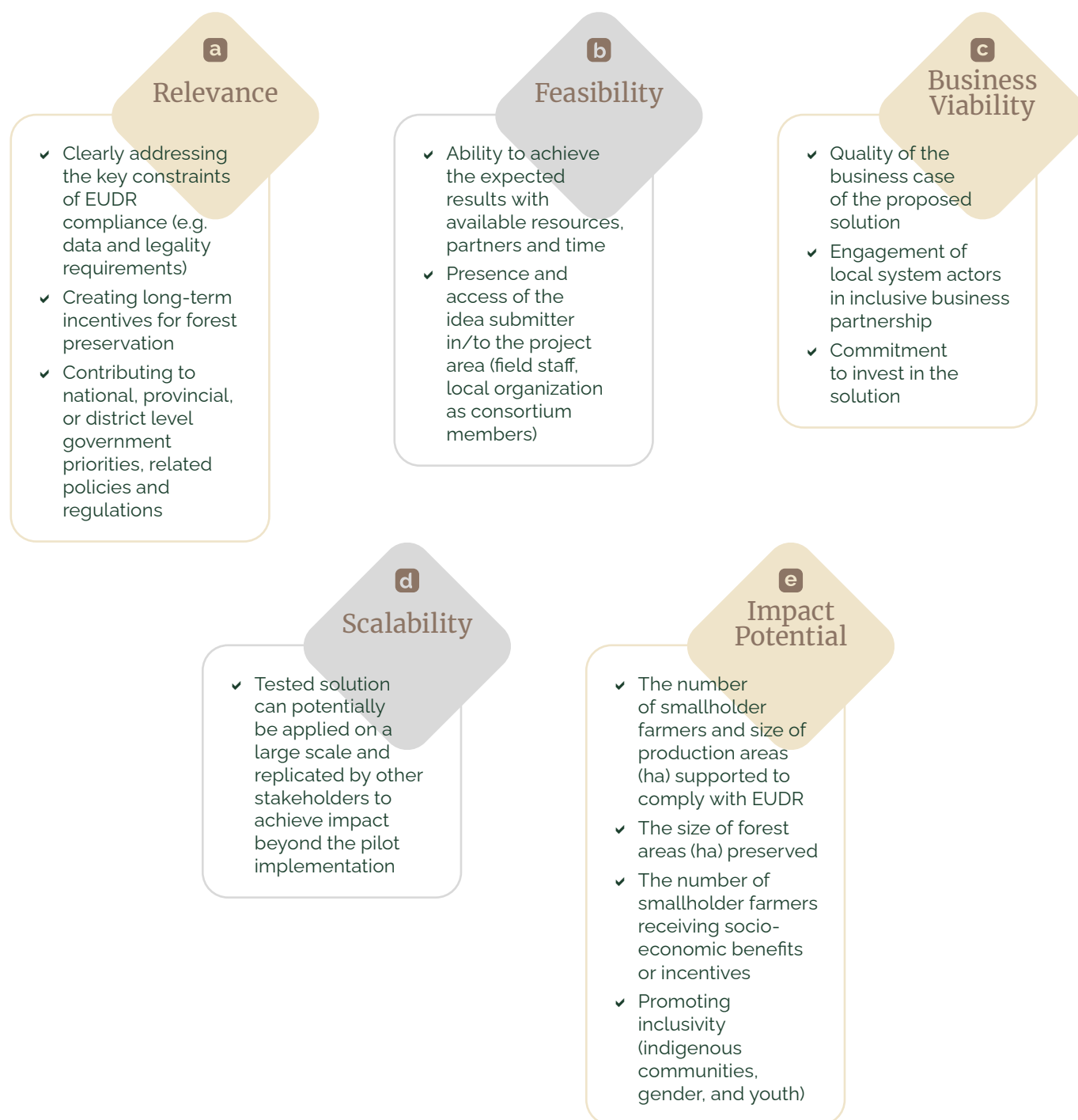
SAFE Challenge seeks to support solutions that contribute to the **3 Key Performance Indicators** shown in the following figure. In addition, proposed solutions shall

- ✓ Foster inclusive business partnerships between supply chain firms (exporters, importers, processors, manufacturers) and local farmers and other local market actors.
- ✓ Develop and implement "on-the-ground" solutions with local system stakeholders to ensure relevance, ownership, and long-term behaviour changes and benefits.
- ✓ Address gender gaps and other inequalities and promote inclusivity in the supply chains, including indigenous groups and youth.
- ✓ Promote collective learning and knowledge exchange within the community of practice, contributing to constructive policy dialogue in Indonesia and the EU.
- ✓ Contribute to government policy agendas at the sub-national and national levels, e.g., Sustainable Jurisdiction Indicators, forest conservation, sustainable agriculture, etc.

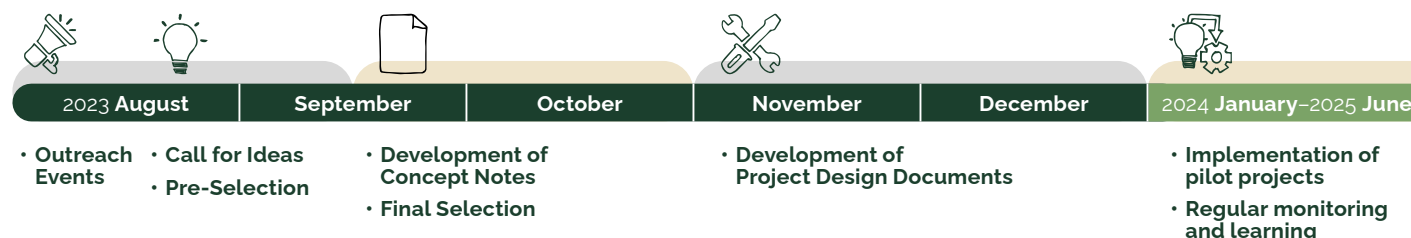


VI Selection Criteria

The exact selection criteria used for the assessment of idea submissions are outlined in the following.



VII Process and Timeline



The selection process is a two-stage procedure: idea stage and concept note. Throughout the selection process, SAFE will provide feedback and technical support to help idea submitters address the selection criteria.

A series of **outreach events** will be conducted to announce the SAFE Challenge, including in Jakarta, Palu, and Pontianak. These events will include a Q&A session to clarify any open questions.

The **call for ideas** will be open from August to September 2023. Interested applicants can submit their ideas online via the following weblink or QR code. Information requested in the call for ideas are shown in [Annex 1](#). The selection panel will compile a shortlist of the best ideas based on the selection criteria and inform the pre-selected idea submitters by the end of September 2023.

[Apply Now](#)



bit.ly/SAFEChallenge2023

Pre-selected idea submitters will receive feedback, guidance, and a document template for **developing the concept note**. SAFE will provide coaching sessions to help refine draft concept notes. Each idea submitter will present the concept note to the selection panel by the end of October 2023. The selection panel will select the best concept notes and inform the final awardees in November 2023.

The final awardees will receive technical support from SAFE in **developing the project design documents** in line with GIZ's requirements. SAFE may conduct field visits to validate the project design if necessary.

SAFE will conclude a **cooperation agreement** with each awardee to formalise the cooperation on the pilot interventions. For winning consortia, the agreement will be signed with all members. Implementation activities are expected to start in January 2024 and finish by June 2025 (up to 18 months).

VIII How We Work Together

SAFE provides technical support to idea submitters in developing pre-selected ideas into more elaborate concept notes and, finally, the joint project designs. Together with the partner companies or consortia, SAFE will develop a joint activity implementation plan, project budget, and division of tasks and responsibilities.

If partner companies plan to work with SAFE as single entities, SAFE and the partner companies are responsible for managing their own contributions and the implementation of activities as specified in the joint activity plan and budget. There is no transfer of fund from GIZ to the partner companies.

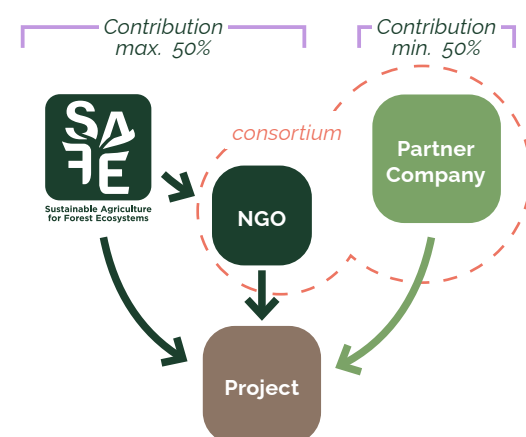
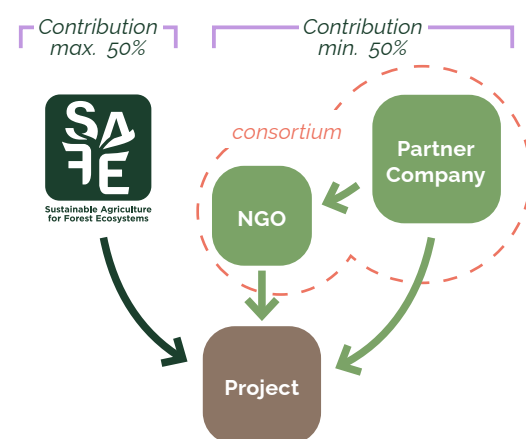
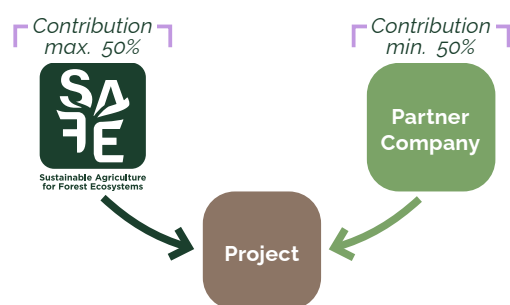
If consortia plan to work with SAFE, two cooperation modalities can be applied:

- 1 SAFE and the consortium are responsible for managing their own contributions and the implementation of activities as specified above.
- 2 SAFE channels its contribution to the cooperation as grants to the non-business entities (e.g. NGOs, CSOs, association, research organisations) who are member of the consortia.

For each selected pilot initiative, SAFE will cover up to 50% of the total project budget. The contribution from SAFE is estimated at around EUR 250,000–500,000 or IDR 4–8 billion for up to 18 months of implementation. Companies or consortia are required to contribute at least 50% of the total project budget as in-kind or cash contribution. Companies can use other sources of funding, such as green finance or impact investment.

In principle, SAFE contributions will cover project expenses, such as experts and activities related to technical assistance, capacity building, and research, including for joint monitoring and generating lessons for policy recommendations. Contribution of partner companies may cover project-related investments and operational expenses, additionally to potential contributions on technical assistance and capacity building.

Non-business entities (e.g. NGOs/CSOs) are welcome to use their internal funding or in-kind contributions as contribution to the cooperation, while available public/development funding must not be considered as part of the consortium's minimal contribution of 50%.



Annex 1 Information Required for the Call for Ideas

- ✓ required
- ✓ optional

Information about the Idea Submitter [page 1]

Please tell us about yourself and your organisation

- ✓ Your name
- ✓ Your phone number
- ✓ Your email address
- ✓ Name of your organisation
- ✓ Your position in the organisation
- ✓ Registration/legal status of the organisation
- ✓ Type of the organisation (choose most suitable): **business/company** (if you choose this option, you can skip page 2); **NGO/CSO; association; research organisation; consulting; other_---**
- ✓ Office address
- ✓ Web address
- ✓ Supporting document (upload file max. 10 MB e.g. the organisation profile)
- ✓ The consortium members (leave the answer blank, if you are applying as a single entity)

Information about the Lead Company [page 2]

Please tell us about the company that will lead the pilot initiative

- ✓ Name of the company
- ✓ Registration/legal status
- ✓ Office address
- ✓ Web address
- ✓ Name of contact person
- ✓ His/her position in the organization
- ✓ His/her phone number
- ✓ His/her email address

Eligibility Criteria [page 3]

Please respond to SAFE Challenge's eligibility criteria

- ✓ Type of commodity (check all that apply): **palm oil; rubber; cocoa; none of the above**
- ✓ Type of business (check all that apply): **commodity producer; commodity processor; product manufacturer; trader; exporter; other_---**
- ✓ The proposed project location and related smallholder farmers are in (check all that apply): **West Kalimantan; Central Sulawesi; none of the above**
- ✓ The proposed project location does not have any human rights or land conflict issues: **yes or no**
- ✓ The idea submitter as a single entity or consortium is prepared to contribute in-kind or in cash at least 50% of the total project cost: **yes or no**

Project Idea [page 4]

Please tell us about your project idea

- ✓ **Title of the project idea**
- ✓ **Estimated project duration in months**
- ✓ **Estimated total project cost in EUR (€)**
- ✓ **Estimated contribution by the lead company in EUR (€)**
- ✓ **Estimated contribution by other consortium members in EUR (€)**
- ✓ **Brief description about the project idea**
What is your idea and what are you trying to achieve and how? In what district(s) will your idea be piloted? (max. 300 words)
- ✓ **a Relevance**
How does your idea address the key constraints of EUDR compliance, provide long-term incentives for forest preservation, and contribute to government policies? (max. 200 words)
- ✓ **b Feasibility**
How can your idea achieve the expected results using available resources, partners and time? (max. 100 words)
- ✓ **c Business Viability**
Explain the business case for your idea and how the lead company sees it as an investment opportunity. What role will an inclusive business partnership with local system actors and smallholders play? (max 200 words)
- ✓ **d Scalability**
How can your idea, if proven successful, be applied on a large scale to achieve impact beyond the pilot implementation? (max. 100 words)
- ✓ **e Impact Potential**
What is the impact potential of your idea in terms of:
 - ✓ number of smallholders [household] reached;
 - ✓ production area [ha] supported to comply with EUDR;
 - ✓ additional incomes, incentives, and socio-economic benefits [IDR] generated;
 - ✓ area of forest ecosystem [ha] preserved, and;
 - ✓ addressing inequalities and promoting inclusivity (indigenous communities, gender, and youth)?*(max. 300 words)*



[Apply Now](https://bit.ly/SAFEChallenge2023)

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Annex 2 About the EUDR

EUDR is a set of rules that prohibits the import and sale of products in the EU market that are associated with deforestation and forest degradation. It intends to encourage the adoption of sustainable agricultural practices and fair price principle to enable smallholder farmers earn a decent living income and thus effectively address poverty as a root cause of deforestation.

The EUDR entered into force in June 2023 (Regulation (EU) 2023/1115). Operators and traders are required to comply by December 2024. Affected commodities include soy, beef, palm oil, wood, cocoa, coffee, rubber and some of their derived products, such as leather, chocolate, tyres, or furniture.

Official information about the EUDR is provided on this [website](#), including the factsheet ([link](#)) and FAQ ([link](#)) on the EUDR.

Based on the Regulation, relevant commodities entering and traded in the EU market must satisfy three main conditions:

1 Deforestation-free:

Not produced on areas that were converted from forested areas, according to FAO definition, to agricultural use (i.e. no deforestation) or on areas that have undergone conversion from primary and naturally regenerating forests to plantations forests, planted forests or "other wooded land" (i.e. no degradation) after 31 Dec 2020."

2 Legal:

Produced in accordance with the relevant legislation of the country of production.

3 Covered by a due diligence statement:

Before placing on the market, operators must submit a due diligence statement including the HS code, country of production and the geolocation of all plots of production. With the statement, the operator confirms that due diligence was carried out and no or only a negligible risk of non-compliance was found.

a Data and information collection

Including:

- ✓ Geolocation of the production site (point data for ≤ 4 ha and polygons for > 4 ha polygons) and time of production
- ✓ Information on deforestation-free and legal production

b Risk assessment

Including:

- ✓ Risk status in country benchmarking
- ✓ Presence of forests, deforestation, and degradation
- ✓ Presence, consultation, and cooperation with indigenous groups
- ✓ Supply chain complexity and risk of circumvention
- ✓ Conclusions of EU Expert Group and certification

c Risk mitigation (if necessary)

- ✓ Requesting additional documents or verification through surveys or audits
- ✓ Support for producers, in particular smallholders, through capacity building and investments

d Due diligence statement

- ✓ Company name, country of production and geolocation of all plots of production
- ✓ HS code, scientific name, quantity
- ✓ Statement on the assumption of responsibility

Disclaimer: This information was compiled with the financial support of the European Union and BMZ. It contains no official opinion or assessment of the EUDR, nor does it reflect the views of the European Union or the Federal Government of Germany. It is compiled based on an assessment by GIZ/SAFE project to inform and facilitate discussion and shall not be used as legal advice on the EUDR.

References

Regulation (EU) 2023/1115 on EUDR. [Link](#).

EU Commission (2023) Frequently Asked Questions (FAQ) on EUDR. June 2023. [Link](#).

Additional Terms And Conditions

- ✓ The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH with headquarters in Eschborn and Bonn, Germany, ('GIZ') is the organiser of the SAFE Challenge.
- ✓ Participation in the SAFE Challenge does not constitute an entitlement to conclude a contract with GIZ nor to receive any financial contributions from GIZ.
- ✓ GIZ reserves the right to exclude participants who provide false or incomplete information. In such a case, it is also possible that financial contribution by GIZ may be subsequently withdrawn. GIZ will ask for a statement in case of suspicion. If this remains unanswered, GIZ reserves the right to exclude the participant from the SAFE Challenge.
- ✓ If a selected company or consortium does not take advantage of the financial contribution, GIZ reserves the right to decide at its own discretion what to do with the financial contribution.
- ✓ GIZ reserves the right to react transparently to unforeseen circumstances by changing or cancelling the SAFE Challenge, especially in the event of manipulation or if the execution of the SAFE Challenge is endangered.
- ✓ Should any clause of these terms and conditions be invalid, the validity of the remaining terms and conditions shall remain unaffected.
- ✓ Recourse to the courts is not permitted.

Contact Info

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