

West Papua, Indonesia

TSA on Palm oil

Status: Planned for 2021

Funding agency: UN Partnership Alliance for Green Economy (PAGE)

Implementation partners: Governors or Heads of Districts, local producers, and the private sector.

Based on UNDP Indonesia's 2012, 2014, and 2015 forest governance assessment with UN-REDD Global Programme Support, the critical issue is the uncertainty over forest area ownership. The forest areas in West Papua province belong to the government; however, Indigenous Peoples claim rightful ownership of all forest areas. This critical matter has not been solved, and it creates dualism in managing and administering the forest areas. Although the government regulates how to grant recognition to indigenous people's rights over forested areas, the process requires detailed information, and indigenous people cannot fulfill all required information and documents. Indigenous people prefer an automatic recognition of their rights over forested areas without standard procedures and documentation.

Further, Governors or Head of Districts are short of revenue and, therefore, promote unplanned natural resource extraction, i.e., timber extraction, as a quick mechanism of gain revenue. Unfortunately, the fact that other potential economic sectors are not developed aggravates the current situation. Without alternative options to replace dependence from income from extractive activities, forest resources are at high risk. Although there is a legal and regulatory framework supporting sustainable forest management, the enforcement at the district and local level is difficult considering the vast areas, land tenure issues, limited staff, and corruption issues.

The TSA's core purpose is to provide sustainable development options linked to forest management to the Government of West Papua. To this end, the TSA will assess opportunities and the potential economic impact of investing in deforestation-free commodities (palm oil). The TSA study will compare different ecosystem management approaches in the palm oil sector to assess potential economic losses or gains resulting from maintaining the business as usual (BAU) production system or adopting deforestation-free commodities.

The TSA will select criteria and indicators to assess the BAU and SEM options and produce evidence-based recommendations fully linked to policy reform needed to shift from BAU to SEM. The TSA will attempt to respond to policy questions such as:

- What are the social, economic, and environmental losses (monetary and non-monetary) resulting from the current BAU practices in the selected commodity sectors that justify a significant increase in public funding to shift to SEM (deforestation-free/LDN commodities)?
- What are the potential net benefits to small farmers and producers' associations resulting from the shift from BAU to SEM that justify policy reform and increase funding?
- What will be the impact (in terms of increased return on investment -ROI) to small farmers (local and indigenous people) that justify expanding access to credit and establishing preferential credit schemes to small farmers?
- How are the benefits of deforestation-free/LDN commodities distributed across sectors and people (including vulnerable groups)?
- What is the annual cost of shifting from the current BAU scenario to SEM practices?