

Liberia

TSA on Sustainability Standards for Palm Oil in Production

Status: Concluded

Funding agency: GEF/UNDP/GOL Project "Taking Deforestation out of Commodity Production".

Implementing partners: The Government of Liberia, in particular the Inter-Ministerial Commission on Concessions (IMCC) and its members: Environmental Protection Agency (EPA), Forestry Development Authority (FDA), Liberia Land Authority (LLA), Ministry of Agriculture (MOA), Ministry of Commerce and Industry (MoCI), Ministry of Finance and Development Planning (MFDP), National Bureau of Concessions (NBC), and National Investment Commission (NIC); Manco Palm Oil Industries (MPOI), Conservation International (CI) and the Sustainable Trade Initiative (IDH), and Conservation Strategy Fund (CSF).

The Government of Liberia has prioritized the development of agroforestry concessions, and interest from global companies confirms palm oil as a significant economic opportunity for the country; they have already invested in the order of US\$500 million since 2008. Communities and smallholder producers in and around concessions are eager for concessions to proceed because concessionaires are indispensable sources of employment, purchasers, and funding sources for socio-economic benefits such as improved roads and schools. Nevertheless, the development of the oil palm sector has stalled.

The TSA compares economic gains and losses from different possible oil palm development paths in Liberia. The study focuses on the Manco Palm Oil Industries (MPOI) concession formerly held by Sime Darby. The TSA shows that prioritizing smallholders and environmental sustainability is in the concessionaire and the Liberian economy's best interest.

The analysis compares conventional plantation development (the business as usual, or BAU, scenario) to smallholder-centered development that complies with Roundtable on Sustainable Palm Oil (RSPO) standards (the Sustainable Palm Oil, or SPO scenario). The findings highlight that:

Including sustainable palm oil in the Government of Liberia's Pro-poor Agenda for Prosperity and Development, emphasizing smallholder producers and RSPO standards, is sound economic policy. The SPO scenario substantially offers a substantially greater total value than the BAU scenario (US\$333 million over 20 years, versus US\$188 million under BAU).

Environmental indicators also show the superiority of SPO over BAU; the SPO scenario maintains 107,000 hectares more under forest than the BAU scenario and avoids the loss of at least US\$75 million through carbon emissions from forest conversion.