

SUSTAINABLE PALM OIL INITIATIVE

Indonesia

Palm oil and its derivatives are part of thousands of products across the globe today. One can find it in biodiesel, soap, doughnuts as well as soap, to mention only a few. Since 1990, palm oil consumption has quintupled worldwide. The demand in Asia, where palm oil is used in cooking oil, accounts for a \$44 billion industry. Indonesia is the world's largest producer of palm oil, with a forecasted annual growth in production of 10%. Early 2013, exports from Indonesia hit a five-year high.



A farmworker in Berau, Indonesia, loading oil palm bunches
Photograph by Kumal Jufri (Bloomberg Business Week – Global Economics)

In 2012, the total plantation area for palm oil production in Indonesia was estimated to account for approximately 7.65 million hectares generating 22 million tons of palm oil. Indonesia aims to double its current palm oil production to 40 million tons by 2020. Estimates vary how much land this will require very widely, ranging from 5-20 million additional hectares. This expansion threatens remaining tropical forest and peat land.



However, there are opportunities for production increases through productivity gains and use of degraded lands. The need to balance growth and economic potential and maintaining healthy ecosystems and communities is fundamental to secure the future of both forests in Indonesia and improved livelihoods through economic growth.

The government recently established a national certification scheme called ISPO, which requires producers to comply with existing regulations for palm oil production, environmental management, responsibility to workers and social communities. UNDP supports the operationalization and optimization of ISPO, as it covers all producers in

Indonesia to ensure compliance with the Indonesian legal system. RSPO (Roundtable for Sustainable Palm Oil) is also important in that it provides best practice standards. Therefore collaboration between these two schemes is crucial for the sustainable future of the Indonesian palm oil sector.

The objective: Promoting sustainable palm oil by reducing deforestation and facilitating structural change in the palm oil sector

The Sustainable Palm Oil Initiative (SPO) is a major public private partnership that supports the sustainable production of palm oil while minimizing adverse social and environmental impacts. The project aims at promoting sustainable palm oil by reducing deforestation and providing support to a structural change in the sector. The five year programme is active from 2013 until



2018.

Based on the baseline assessment and extensive stakeholder consultations carried out in 2011-2012, the programme aims to contribute to sustainable palm oil production through a focus on the following strategic areas:

❖ Ensure palm oil stakeholders in Indonesia are well coordinated through National Palm Oil Platform:

- facilitate coordination of palm oil stakeholders through
 - Government involvement to drive institutionalization and sustainability
 - Private sector engagement

- NGO, local communities, smallholder organizations
- provide access to government policy making (recommendations to ISPO and other underlying regulations)

❖ Strengthen smallholders to improve sustainable livelihoods and agricultural practices

- Provide training to smallholders on productivity, environment, fairer prices, management and ISPO certification
- Strengthen local government agricultural extension worker systems to ensure sustainability and scaling up of successful solutions
- Work with smallholder cooperatives and larger plantations to reduce expansion into forests

❖ Reduce deforestation:

- Accelerate land swaps and use of degraded land for palm oil production through legal/policy development, leading to reduced use of fertile forest lands.
- Mainstream High Conservation Value (HCV) and High Carbon Stock (HCS) into spatial planning
- Strengthen the case for legally protecting HCV/HCS lands within concessions
- Measure/Manage GreenHouse Gas emissions

❖ Improve land tenure and mediation mechanisms:

- Provide support to independent palm oil smallholders to obtain legal land status, which is key to certification under RSPO (Roundtable for Sustainable Palm Oil) and ISPO
- Strengthen local conflict mediation systems – leading to more effective use of land in the area

❖ Operationalize the national certification scheme to foster a sustainable palm oil sector

- Support ISPO operationalization and optimizing of guidelines so ISPO can effectively address socio-economic and environmental problems
- Support the development of a third party auditing system for ISPO to ensure international credibility

Progress to date

- Buy-in and ownership of the Indonesian government for supporting sustainable palm oil
- Inter-ministerial coordination strengthened
- Policy reforms identified to address the root causes of deforestation from palm
- Development of National Palm Platform since 2011. Socialized by the Minister of Agriculture in 2012, to be operationalized in 2013
- Joint study comparing RSPO (Roundtable for Sustainable Palm Oil) and ISPO is already been developed, focusing on HCV (High Conservation Value) and FPIC (Free, Prior and Informed Consent).

Who are the main partners engaged in the Sustainable Palm Oil Initiative?

Government	Ministry of Agriculture, Ministry of Forestry, Ministry of cooperation and SMEs, National Land Agency, BPN, Ministry of Environment, Ministry of Trade
Private:	IKEA, Johnson & Johnson, Mondeléz
Other Partners:	key stakeholders in the SPO national platform include national and local Government, ISPO, RSPO (Roundtable for Sustainable Palm Oil), GAPKI, the Global Compact, smallholder and environment associations/initiatives, SAWIT WATCH/SPKS, IFC, WWF, ZSL
Funding partners:	Johnson & Johnson, IKEA, Mondeléz

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