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# THE SUSTAINABLE PALM OIL INITIATIVE

*Scaling-up sustainable palm oil production in Indonesia*

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## 2016 Highlights

### Duration

2014 to 2018  
(four years)

### Location

Nation, Riau, South  
Sumatra and West  
Kalimantan

### Implementing Party

Ministry of Agriculture

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## OVERVIEW

Indonesia is the world's largest producer and exporter of crude palm oil (CPO), an important food security component for the nation which is found in half of all packaged products sold in supermarkets worldwide. Palm oil exports are a key part of Indonesia's economic growth strategy, accounting for between \$16 billion - \$20 billion in foreign export earnings annually. Additionally, the industry has directly contributed to the creation of millions of rural jobs.

Over the years however, the huge growth of the oil palm industry has at times threatened considerable amounts of essential ecosystem areas. Other challenges include deforestation of high biodiversity areas, forest fires brought about by land use change for agriculture, high greenhouse gas emissions, limited extension and support services for smallholder farmers, and confusion regarding policies pertaining to land legality and high conservation areas. These led the government to announce a moratorium on new licenses to establish palm oil plantations, which currently is being finalised.

In recent years, stakeholders including numerous NGOs, producers and multinational companies have made a variety of commitments toward achieving more sustainably produced palm oil. Yet the challenge to rollout these efforts – beyond individual supply chains, across more than 11 million hectares of Indonesian oil palm plantations, some of which link to and support more than 1.5 million smallholder farmers – still remains.

To coordinate much of the great work that has begun, and to mobilise critical resources, the

UNDP and the Ministry of Agriculture joined forces in 2014.

The partnership, known as the Sustainable Palm Oil Initiative (SPOI), aims to catalyse and scale-up fundamental change by defining and supporting long-term sustainable solutions. This will be done through a government-led multi-stakeholder national action plan that better aligns national, provincial and district policy with the needs of the private sector, communities, farmers and the environment.

Additionally, the initiative aims to improve the capacity and legality of oil palm smallholders through the strengthening of the national Indonesia Sustainable Palm Oil (ISPO) standard, a sustainable palm oil certification system mandated by the government.

## PROJECT COMPONENTS

1. Strengthen the smallholder ISPO certification process focusing on good agricultural practices and environmental protection
2. Strengthen ISPO to protect forests, enhance biodiversity conservation and mitigate and monitor GHG emissions
3. Develop more effective conflict resolution processes at the district level
4. Support the ISPO process as part of ensuring a more sustainable national oil palm industry
5. Support the government to establish a platform to facilitate multi-stakeholder consensus for actions and policies required to achieve industry-wide sustainable palm oil development



# SPOI HIGHLIGHTS FROM 2016

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## Stakeholders Present Draft National Action Plan for Sustainable Palm Oil

*After officially launching the Forum Kelapa Sawit Berkelanjutan Indonesia (FoKSBI), Indonesia's Palm Oil Platform, in 2015, this year saw the four platform working groups and numerous specialised taskforces develop the first draft of the National Action Plan for Sustainable Palm Oil*

After more than 18 months of negotiations, discussions, thematic workshops and a series of root cause analyses, more than one hundred stakeholders representing around 50 organisations contributed to the production of the first draft National Action Plan for Sustainable Palm Oil. The multi-stakeholder process, led by a government steering committee to achieve consensus on key actions and solutions for sustainability in the palm oil sector, has made significant progress toward breaking down barriers and encouraging collaboration particularly between government and private sector organisations.

Recommendations within the National Action Plan focus heavily on enhancing the capacity of smallholder producers who currently account for around 40 percent of the nation's total CPO production. Actions include redefining land legality permits particularly for smallholders, streamlining certification systems; agreeing on a singular map of forested and productive areas; explaining the ISPO certification system as part of an increased adoption; enabling the extension services required for smallholders to achieve certification; and defining national and provincial legal requirements specific to land use and business permits for oil palm planters.



Forum  
Kelapa Sawit  
Berkelanjutan  
Indonesia

**“This FoKSBI is a very good and timely initiative as Indonesia is changing our paradigm from development to sustainable development. Sustainable development requires a participatory development model that involves multiple stakeholders and FoKSBI is an example of that.”**

**Prof. Bungaran Saragih**  
Former Minister of Agriculture

**Photo:** Platform participants discuss the barriers to smallholder financing and possible recommendations for solutions at a working group session held in January 2016.

The next step involves widespread consultation to gain consensus and commitment for the National Action Plan. This will require engagement through regional platforms, so that local authorities and producers are also involved in shaping what will ultimately be a national response to an issue of growing concern to people across Indonesia and the world. To learn more visit [www.foksbi.id](http://www.foksbi.id) or contact [info@foksbi.id](mailto:info@foksbi.id).





# Platform Leads Efforts To Better Understand Conservation Laws

A landmark process between Ministries, with input from the private sector, NGOs and other stakeholders, began in November to look at the issues relating to HCV guidelines and how they relate to existing Indonesian environment and high biodiversity protection laws. Cooperation between the Ministry of Agriculture and the Ministry of Environment and Forestry is intended to develop guidelines and recommendations for the government in managing the complexity of essential ecosystem area (KEE) and HCV areas in Indonesia.

With support from HCV Network Indonesia (Jaringan Nilai Konservasi Tinggi Indonesia), the FoKSBI HCV taskforce – jointly led by the Ministry of Agriculture and the Ministry of Environment and Forestry – will publish a series of guidelines that will be one of the suggestions and consider-

ations for the revision of the HCV Indonesia toolkit with an emphasis on national legal interpretation. The HCV guidelines will be adopted under an existing Ministry of Environment and Forestry Decree that regulates KEE and also the General Director Regulation that oversees high conservation value forest. Once the HCV guidelines are officially recognized by the Ministry of Environment and Forestry under KEE, the taskforce will shift focus on the process for these guidelines to be considered and adopted at the highest level of Indonesian law.

**“This process between ministries is crucial for bridging existing regulations related to NKT [HCV].”**

**Former Vice Minister of Agriculture and Platform adviser, Rusman Heriawan**

## WOMEN IN PALM OIL

### International Women’s Day Campaign

In Indonesia, women play a vital role in the palm oil sector, which is estimated to directly employ 1.5 million female workers. On March 8, International Women’s Day, UNDP Indonesia traveled to Sintang district in West Kalimantan, to learn more about the work of women on the oil palm plantations of Borneo and to better understand the inequalities they face. The UNDP partnered



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with the Guardian and the Jakarta Globe to recognise and bring attention to women working in the palm oil industry.

## SMALLHOLDER MAPPING

### Agriculture Ministry Hosts Consultation to Develop Database

Currently, there is no single comprehensive smallholder mapping and database that can be used as a reference for the government or other organizations in addressing the issues within the palm oil industry. In April, FoKSBI coordinated a discussion and a series of presentations focused on smallholder mapping and database development. The purpose of the meeting was to exchange information on smallholder mapping and database development efforts with government representatives and NGOs. The several ministries present welcomed NGOs to submit their existing data and research to the FoKSBI secretariat for national use and consideration during the development of the National Action Plan.



## Provincial Platform Launch

Pelalawan, November 2016

In an effort to ensure consensus and commitment for the National Action Plan in regional producing areas, FoKSBI launched its first provincial platform in Pelalawan, Riau. This platform is officially en-

dorsed by the provincial government in the form of a Regent’s Decree.

This regional platform will be a vessel to ensure that local authorities and producers are also involved in shaping recom-

mendations and defining policies for the industry moving forward. In 2017 FoKSBI will launch two additional provincial platforms in South Sumatra and West Kalimantan.



## Smallholder Certification

A cooperative of 500 oil palm farmers from the Sumatran province of Riau are on track to becoming the first independent ISPO certified farmers thanks to a multi-stakeholder training initiative, which began this year. After having received the ISPO required cultivation registration letter (surat tanda daftar budidaya – STDB), through a series of regional government consultation, the farmers will be independently audited and are expected to receive ISPO certification in early 2017. Once these farmers are certified, they will have priority privilege to sell their fruits to ISPO certified companies.

The outcome of the smallholder pilot training phase – a total of 2,500 farmers, in Pelalawan, Riau – will create a model for how best to scale-up ISPO certification throughout Indonesia's oil palm producing regions. UNDP Indonesia will support the Ministry of Agriculture to rollout ISPO certification beyond Pelalawan with support from a new GEF project, which will be launched in early 2017.



## Strengthening the National Sustainable Palm Oil Standard, ISPO

Coinciding with the Government's launch of the inter-ministerial taskforce to strengthen ISPO, FoKSBI with support from the SPOI project, facilitated a series of multi-stakeholder discussions to gather input from a variety of stakeholders, especially those representing international trading partners. This ongoing multi-stakeholder platform dialogue is expected to help inform the work of the ISPO inter-ministerial taskforce as they prepare a roadmap for an ISPO Presidential Decree, which will be released for public consultation in 2017. This will eventually lead to a better ISPO in organizational aspect, certification aspect, and sustainability standards aspect, which will lead to a more sustainable palm oil industry as a whole.

**“With our friends at the Ministry of Agriculture we are working together to open ISPO to all parties to give inputs and comments for the betterment of it. We also need to consider our existing laws and regulations. I invite all of our friends to try and widen the scope... and combine our ideas.”**

**Musdhalifah Machmud, Deputy Minister Food and Agriculture, Coordinating Ministry for Economic Affairs**

## ISPO-RSPO Joint Study

UNDP Indonesia is also supporting the government to coordinate and assess the potential for collaboration between ISPO and the internationally recognized palm oil certification standard, RSPO. As a first step to develop synergies, the UNDP supported a joint ISPO-RSPO study to identify the similarities and differences between the two schemes. The findings recommend ways for ISPO and RSPO to become strategic partners, rather than competitors and will inform the potential of a joint audit between the two schemes in the future.

Moving forward, the ISPO Secretariat and RSPO are expected to continue high-level expert dialogue in order to develop concrete activities that mutually enhance the competitiveness and sustainability of Indonesian palm oil. Speaking at the launch of the study, Chairperson of the ISPO Secretariat, Herdradhat Natawidjaja said, “This study marks a turning point in the international community's effort to support and work with Indonesia's laws and regulations relating to the palm oil sector.”



# Sustainable Palm Oil Initiative

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