

Indonesia Palm Oil Platform (InPOP) Newsletter

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A Message From the Ministry of Agriculture

Ir. Gamal Nasir, MSI
Director General of Estate Crops
Ministry of Agriculture

Indonesia acknowledges that ensuring sustainability is of utmost importance, not only to maintain commodity competitiveness in the global market, but also to follow through with the national commitment to food security as well as addressing causes of climate change, such as greenhouse gas emissions from deforestation. In order to work towards a sustainable and responsible palm oil industry in Indonesia, the Ministry of Agriculture is leading the Indonesia Palm Oil Platform (InPOP), a multi-stakeholder dialogue aimed at finding concrete solutions to the sustainability challenges in Indonesia's palm oil supply chain. InPOP is focusing on a broad range of issues, including social-environmental impacts, smallholder productivity and how to expand plantations using degraded or abandoned land.

While there is admittedly a way to go in achieving the desired sustainability of Indonesia's palm oil sector, much has already been done to build the necessary infrastructure. This includes the Indonesian Sustainable Palm Oil (ISPO) certification scheme, which will be further strengthened thanks to support generated by InPOP dialogue.

As Indonesia works towards increasing sustainable palm oil production to meet growing global demand (including palm oil for biofuels), InPOP comes at a pivotal moment, providing a unique opportunity to choose, together, a sustainable palm oil future for our country.

What is a national commodities platform?



The national commodities platform was pioneered by the UNDP's Green Commodities Program to bring government, private sector and civil society together to join forces to promote sustainable production and trade at the country level for a target commodity. The platform creates a long-term neutral space where the stakeholders can align, take ownership and develop a joint concrete action plan necessary to transform a country's commodity sector.

It is structured to include all relevant stakeholders – from public, private, civil society and community sectors – with associated multi-stakeholder working groups that have technical expertise and propose coordinated actions to the wider stakeholder group. A steering committee for the platform provides coordination and addresses any disputes to enable consensus-based decision-making. GCP supports the creation and the development of the platform, such as InPOP, from consensus building to the definition of a National Action Plan for the commodity and then facilitates its implementation and monitoring.

Overview

The Indonesia Palm Oil Platform (InPOP) was set up in October 2014 by the Ministry of Agriculture to promote sustainability in the national palm oil supply chain. InPOP provides an open and transparent forum for all palm oil sector stakeholders - the government, the private sector, farmer communities, financial institutions and civil society – to agree and act on a common agenda that will maximise palm oil productivity (especially for smallholders) while mitigating the negative environmental impacts. Since InPOP's launch four technical working groups have been established that focus on: smallholder capacity, the environment, governance and the Indonesian Sustainable Palm Oil (ISPO) scheme. Each working group, composed of over 100 technical ex-

perts, has met on three occasions in Bogor. The first meeting was held on the 10th and 11th of March, the second on 17th and 24th of April and the third on the 29th of May. These multi-sector working group meetings are held to identify practical and systematic solutions to the challenges in Indonesia's palm oil sector, to facilitate public and private partnerships and to influence essential policy changes. Currently each working group is establishing dedicated task forces to focus on the agreed issues they have identified. The outcomes from these task forces will form the basis of discussion during the upcoming plenary sessions and will eventually feed into the development of the government's National Action Plan for a sustainable palm oil sector.



Working Group 1: Enhancing Smallholder Capacity

Enhancing the capacity of smallholders is key to ensuring the future of sustainable palm oil in Indonesia. Currently smallholders represent a large share of Indonesia’s palm oil production managing more than 42 percent (4.6 million hectares) of the nation’s plantations. A majority of these smallholders operate without outside help or training which often leads to relatively low production levels, compared to government and private sector plantations.

During the inaugural working group meeting, on the 10th and 11th of March and the follow-up meetings in April and May, six key issues were agreed on as barriers to enhancing smallholder capacity:

1. Sub-standard agricultural practices and plantation management.
2. A lack of organisational and business development schemes.
3. A lack of understanding about the legality of land use (especially in forest areas).
4. A lack of infrastructure and access to quality inputs such as seeds and fertilisers.
5. A lack of ISPO understanding and implementation among smallholders.
6. Limited access to funding and credits.

To address these issues the work group participants identified a list of key priorities to improve smallholder capacity, which will be further discussed by designated task forces and then presented during the InPOP plenary meeting slated for August. The priorities included the implementation of relevant training programs focused on good agricultural practice and ISPO regulation, mapping of palm oil smallholder plantations in coordination with the local government, provision of seed procurement budgets and the establishment of micro financing programs that provide the required capital to improve infrastructure and boost productivity.

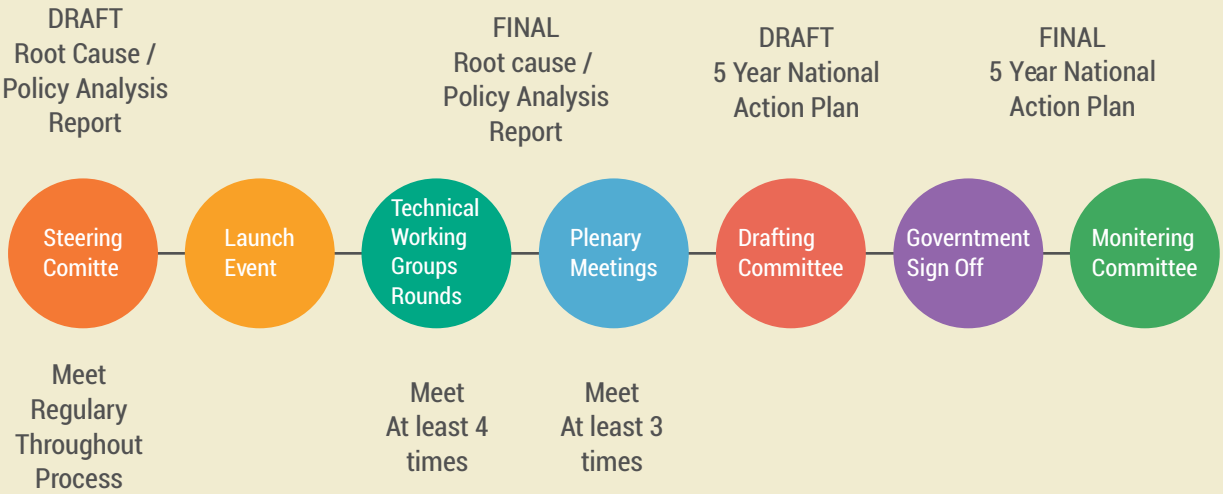
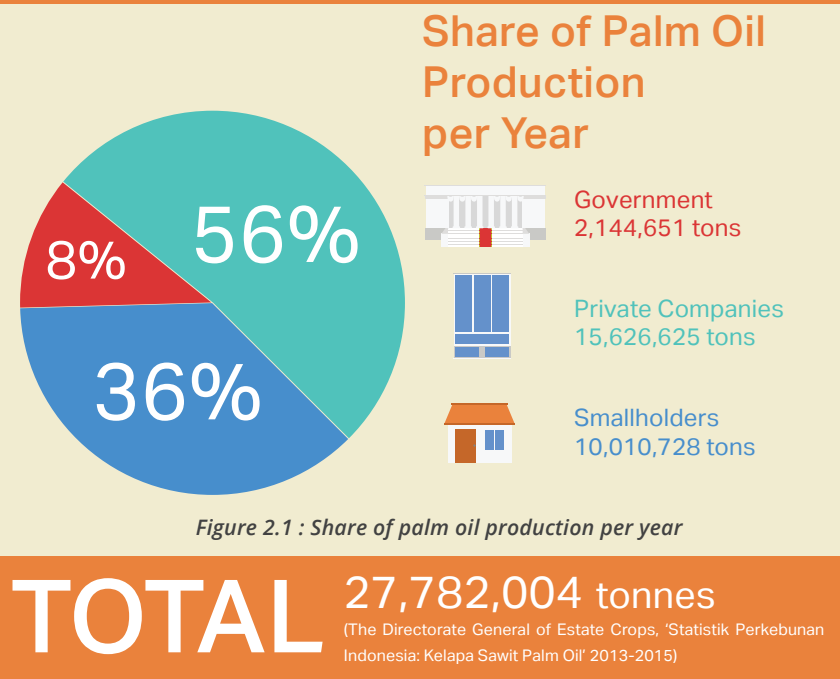
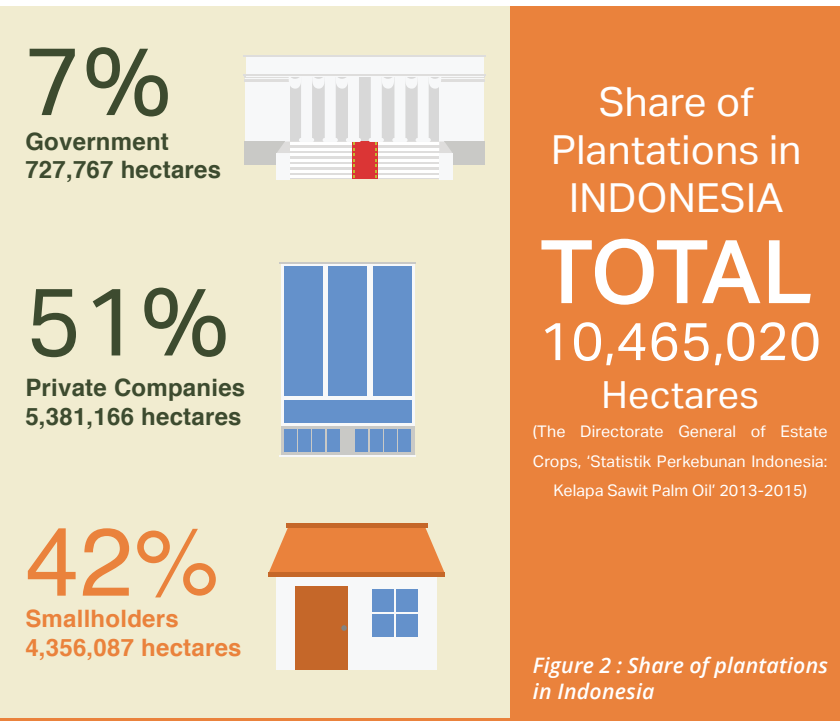


Figure 1: Road to establishing the InPOP National Action Plan

InPOP Participants

Government

Ministry of Agriculture

Indonesian Sustainable Palm Oil Secretariat (ISPO)

Ministry of Environment and Forestry

National Development Planning Agency (BPN)

Ministry of Cooperatives and SMEs

Representatives from local government : Riau, South Sumatra, West Kalimantan

Private Sector

Wilmar International Limited

Indonesian Palm Oil Producers Association (GAPKI)

Indonesian Chamber of Commerce (KADIN)

Sucofindo

Tuv Rheinland

PT Astra Agro Lestari Tbk

PT Sinar Mas Agro Resources and Technology Tbk (SMART)

Asian Agri Group

Musim Mas Holdings

NGOs

Sawit Watch

Rainforest Action Network (RAN)

Greenpeace

World Wildlife Fund (WWF)

The Nature Conservancy (TNC)

Climate Policy Initiative (CPI)

Earth Innovation

Zoological Society of London (ZSL)

Estates Strategic Sustainable Development Forum (FP2SB)

Oil Palm Smallholders Union (SPKS)

Indonesian Center for Agricultural Land Resources Research and Development (ICALRRD)

The Roundtable on Sustainable Palm Oil (RSPO)

Center for International Forestry Research (CIFOR)

Indonesian Oil Palm Society (MAKSI)

Indonesian Palm Oil Board (DMSI)

Bogor Agricultural University (IPB)

LPP Yogyakarta Polytechnic College

Global Partners

United Nations Development Programme (UNDP)

Solidaridad

UN Office for REDD+ Coordination in Indonesia (UNORCID)

The Sustainable Trade Initiative

The Japan International Cooperation Agency (JICA)

The Netherlands Development Organisation (SNV)

Mondelez International

IKEA

Table 1: Members of InPOP's Technical Work Groups

Working Group 2: Environment Management and Monitoring

As global demand for palm oil continues to rise steadily the need to mitigate the industry's environmental impact has never been so pertinent. Deforestation, forest degradation, damaged peatlands and greenhouse gas emissions are frequently raised as environmental concerns detracting from the industry's sustainability goals. Recent government estimates cite the overall rate of deforestation (land cleared) at around 450,000 ha. each year. While only some of this deforestation can be attributed to the palm oil sector the environment work group is prioritising efforts to completely eliminate illegal deforestation from the country's palm oil supply chain and thus guarantee a sustainable product to consumers.

During the three InPOP environment working group meetings held this year, participants agreed on six core environmental issues. These issues are currently being discussed by six expert task forces who will present their suggestions and recommendations during the upcoming plenary session in order for them to be implemented on a national scale.

1. Deforestation
2. Destruction of peatlands
3. Forest burning
4. Groundwater conservation
5. Irresponsible use of pesticides and chemicals
6. Weak enforcement and synchronisation of environmental laws
7. Irresponsible use of pesticides and chemicals

Among the agreed recommendations was the urgent need for updated studies, forest mapping and statistics of land ownership, the promotion of low-emissions farming, the implementation of a degraded land swap scheme, streamlining and defining laws and regulations specifically concerned with high conservation value (HCV) forests and the formation of a forest fire brigade.



"Smallholders understand the need for sustainability and improved traceability in the sector. We need distribution channels for seeds and fertilisers, capacity building, and access to working capital if we are to make the switch to responsible farming."

Benny Sinaga,
Oil Palm Smallholders Union (SPKS)

Working Group 3: Governance and Mediation



Land rights and disputes over ownership and territory have plagued local communities and industry across all natural resource sectors for generations.

During the meetings the Governance and Mediation work group segregated the major disputes into three categories: **Community vs. Community; Community vs. Company; Community vs. Government.** The group then identified the key causes of conflict.

Additionally the group raised concerns over the theft of Fresh Fruit Bunches (FFB) and the lack of enforced regulation, which determines the purchase price of FFB, leading to price fixing and illegal purchases below the standard price set by the Regional Office of Estate Crops.

To address the conflict between stakeholders the Governance Work Group recommended a combination of mediation, provision of legal services to empower the community and clear measurement standards outlining land ownership as well as forest boundaries.

Synchronising various laws, policies and regulations throughout the respective government ministries was also agreed on as a priority. This includes formulating a single definition of forest area according to the applicable laws and regulations. On the issue of FFB price fixing and irregularities it was recommended that independent smallholder farmers are provided with guidance to form cooperatives in order to partner with companies and obtain economically sound FFB prices.

Working Group 4:

ISPO Certification and Market Access

The Indonesian government estimates that in 2015 palm oil production will reach almost 31 million tonnes. Increasing smallholder and estate compliance with the Indonesian Sustainable Palm Oil (ISPO) certification scheme has been recognised as a key to achieving this target in a sustainable and equitable manner. Voluntary implementation of ISPO for independent smallholder farmers began this year. As a result there is significant room for development, improvement and correction to enforce mandatory ISPO certification by 2022, a target set by the Ministry of Agriculture. Currently ISPO certification is extremely difficult for smallholders as their legality, good agricultural practices (GAP) are questionable and their ability to boost capacity is low. ISPO aims to assist smallholders in eliminating the various barriers to increasing their productivity, complying with regulations, and in becoming an integral part of a sustainable global supply chain.

To move toward implementing ISPO certification to scale, and as a result improve market access for smallholders, the ISPO working group highlighted six key areas of improvement.

1. Accelerating ISPO certification.
2. Strengthening land ownership legislation.
3. Establishing a smallholder database.
4. Establishing a fair and transparent pricing scheme.
5. Engaging the international market.
6. Overcoming technical barriers to trade.

The ISPO working group prioritised a wide scale rollout of the ISPO certification scheme to increase overall smallholder production and improve market access as a result. To carry this out the participants recommend swift implementation of ISPO management offices at the provincial, district and city levels. These local ISPO extension bodies would manage a series of regional ISPO pilot projects for smallholders, which would then create a model that could certify all smallholder palm oil farmers within a region. When it came to increasing market access for smallholders suggestions included:

1. Collaborating with Pertamina to promote the use of palm oil as biodiesel.
2. Establishing a fair international market price.
3. Working in partnership with private sector buyers to rollout ISPO among their producers.
4. Creating an industry led campaign that promotes sustainable Indonesian palm oil to the world.

Looking Ahead

Plenary

Organisation for InPOP’s first plenary session is currently underway. The platform plenary meetings are an opportunity for stakeholders from their respective sectors to present what was discussed during their individual work group meetings and to move toward establishing the National Action Plan. They also present an opportunity for participants to voice concerns and to reach consensus on key issues. The date for the InPOP plenary is slated for August.

Milan Expo

Indonesia’s palm oil industry was showcased at this year’s Universal Exhibition in Milan. The expo’s theme was food, providing an excellent opportunity to highlight palm oil’s significant contribution to the global food industry. The InPOP booth promoted Indonesia’s efforts to boost the sustainable production of palm oil.

In Collaboration with



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In the news

Over the past month InPOP and the Sustainable Palm Oil initiative have generated an array of media coverage, particularly during the Tropical Landscape Summit.



Tropical Landscape Summit Panel

Parallel Plenary 1.1 “The Commodities Landscape”

<http://www.summit2015.org/awareness/item/366-the-commodities-landscape>



The Guardian

“Multinationals Cannot Prevent Palm Oil Deforestation on Their Own”

<http://www.theguardian.com/sustainable-business/2015/may/13/palm-oil-indonesia-collaboration-smallholders-multinationals-government-is-po>

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Bloomberg

Bloomberg

“Mitigating the Environmental Damage Caused by Palm Oil”

<http://www.bloomberg.com/news/videos/2015-04-28/mitigating-the-environmental-damage-caused-by-palm-oil>



Mongabay

“Palm Giants Ask Indonesian Govt to Clear Path Toward Sustainability”

<http://news.mongabay.com/2015/0501-jacobson-ipop-summit.html>

