



# COUNTRY FACTSHEET

## Indonesia Palm Oil

### A NEW CHAPTER FOR SUSTAINABLE PALM OIL PRODUCTION BEGINS

As the biggest agricultural export, palm oil is a major contributor to the Indonesian economy and is a key component in the nation's strategic plan for sustained economic growth and rural development. Even so, production without due commitment to sustainability has potentially negative economic and environmental effects.

Acting as a bridge between government, business and civil society, UNDP's Green Commodities Programme supported the launch of the Indonesia Sustainable Palm Oil Platform (known as FoKSBI) in 2014. Since then, and following the development of the draft National Action Plan, leadership and coordination to address the barriers limiting the industry's sustainability have strengthened.

GCP is working closely with the Ministry of Agriculture and the Coordinating Ministry of Economic Affairs to transition the draft plan into collective multi-stakeholder action with committed leadership from the government. Successful implementation of Indonesia's National Action Plan for Sustainable Palm Oil will require innovative approaches to financing and a new way of partnering between government at national, provincial and district levels, non-government actors and business.



### FAST FACTS

#### Palm Oil Production in Indonesia

- Indonesia is the world's largest producer of palm oil, producing more than 30 million tons per year
- Over [2 million](#) Indonesians are directly employed by the palm oil industry, with many more receiving indirect economic benefits
- Global demand for oil palm more than [doubled](#) between 2000-2010 and continues to grow
- Small-scale farmers manage roughly 40% of Indonesian oil palm plantations, but account for only 30% of the nation's palm oil output due to a combination of low quality seeds, a lack of access to finance and poor farming techniques

## ABOUT THE UNDP GREEN COMMODITIES PROGRAMME

We work in 11 countries to address sustainability issues, including deforestation, across seven highly-traded agricultural and marine commodities. We do this by supporting governments to lead multi-stakeholder dialogues, devise national action plans and leverage resources to address

the structural barriers to sustainable commodities. We also act as a bridge for collaboration between the public and private sectors, civil society and donors. Through these partnerships, innovative solutions can be identified, piloted and implemented on a scale that makes a difference.

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Green  
Commodities  
Programme

*“Third parties can play important roles in facilitating state engagement.*

*In the case of FoKSBI, UNDP provides an excellent example for how to do this.”*

– Asian Journal of Sustainability and Social Responsibility (AJSSR)



## Our Partners

**Government:** Ministry of Agriculture, Coordinating Ministry of Economic Affairs, Ministry of Environment and Forestry, Ministry of National Development Planning, Ministry of Agrarian Affairs and Spatial Planning, and the Indonesian Sustainable Palm Oil standard

**Private Sector:** IKEA, Mondelēz, Asian Agri

**Civil Society and NGOs:** Smallholder associations, palm oil producers, palm oil buyers, development organizations and the Roundtable on Sustainable Palm Oil

**Major Donors:** Global Environment Facility, the State Secretariat for Economic Affairs (SECO)

**Global Partnerships and Foundations:** The Good Growth Partnership

*“There is now a specific opportunity for international stakeholders to provide input and comments on the National Action Plan. It is also a time to start considering potential areas of engagement.”*

– Ir. Dedi Junaedi, M.Sc, the Director of Processing and Marketing of Estate Crops, Ministry of Agriculture

## The UNDP Green Commodities Approach

In 2014, the UNDP Green Commodities Programme designed and helped set-up the Sustainable Palm Oil Initiative (SPOI). This is an important alliance between the Government of Indonesia, UNDP, the private sector and other non-government partners. It aims to address key challenges in Indonesia’s palm oil sector and to improve the livelihoods of smallholder farmers in three strategic ways.

- **Sector-wide dialogue** – This involves facilitating the country’s first sustainable palm oil platform – the Forum Kelapa Sawit Berkelanjutan Indonesia (FoKSBI). This unique forum is enabling diverse stakeholders – including smallholders, traders, buyers, government and civil society – to discuss sensitive issues in a non-adversarial way, with the aim of developing a shared vision and agenda for action on sustainable palm oil.
- **National standards** – UNDP is supporting the mandatory Indonesia Sustainable Palm Oil (ISPO) certification to become more robust and recognized.
- **Supporting smallholders** – We also support key local and state interventions on issues such as smallholder training, improved environmental management and application of existing laws as well as access to credit and improved infrastructure for smallholder oil palm farmers.