






Sustainable Palm Oil in Indonesia at a glance

Palm oil, - an agricultural commodity found in about half of all packaged products sold in supermarkets. Its versatility makes it the preferred vegetable oil for the food industry to work with. Palm is a uniquely efficient crop which can produce up to ten times more oil per hectare than other cooking oils such as sunflower, olive, soybean or rapeseed. Indonesia is the world's largest producer of palm oil with steady double-digit growth rates, the sector has become vital to the country's economy and to the many farmers at the beginning of the supply chain earning a livelihood from palm oil.

But palm oil is a controversial crop as the growing demand for it has not only spurred economic growth, but it also increased pressure to convert tropical forests and peatlands into small and large-scale palm oil plantations. Large areas are threatened by land use change and degradation. A reduction of tropical forests and peatlands affects Indonesia's biodiversity- which accounts for 10-15 percent of all known plants, mammals, and birds on the planet - and contributes to global warming due to the loss of important allies in keeping excess carbon out of the atmosphere.

The challenge is maximizing the development and economic benefits of palm oil, all the while minimizing its negative social and environmental effects. This means making sustainable palm oil not a niche but the norm. This needs to be done through increasing both sustainable production and demand for sustainably produced palm oil. In this era of climate change and economic uncertainty it is critical we engage all actors involved in constructive ways and enable and support industry wide sustainable solutions for everyone involved, not least the farmers.

Fast facts

-  Indonesia is the world's largest producer of palm oil, producing more than 30 million tons annually, with an estimated 12 million hectares under cultivation.
-  About 2,6 million smallholder farmers earn their income mainly from oil palm plantations, and another 21 million people are employed in sector related activities earning a livelihood from palm oil production. Currently farmers consider palm oil the most economical crop, the easiest to grow, and also the easiest to market.
-  Small-scale farmers manage roughly 40% of Indonesian oil palm plantations, and could improve their yields through improved farming techniques, better-quality seeds and access to finance. The rest of the oil palm plantations are managed by medium and large-scale corporations.

About the UNDP Green Commodities Programme

The Green Commodities Programme helps to address the sustainability challenges of 7 highly-traded agricultural and marine commodities such as palm oil, beef, soya and fisheries. We are on a mission to improve the lives of farming families and their communities while protecting high conservation value forest and important vulnerable ecosystems. We do this by supporting governments to take the lead in creating national environments where sustainable commodity sectors can grow. This means facilitating neutral spaces where stakeholders can collaborate on a shared vision and agenda for action, often by building public-private partnerships through which innovative solutions can be identified, piloted and implemented.

National Action Plan on Sustainable Palm Oil

Launched in 2014, the Sustainable Palm Oil Initiative is a partnership between the Ministry of Agriculture and UNDP, to address key challenges across the nation's palm oil sector. This has included launching the first-ever government-led national palm oil platform, the Indonesia Sustainable Palm Oil Platform (Bahasa Indonesian acronym: FoKSBI) This Platform enables diverse stakeholders – including smallholders, traders, buyers, government and civil society – to discuss sensitive issues surrounding palm oil production in a way that is non-adversarial. Through its productive dialogue, based on UNDP's Multi-Stakeholder Collaboration for Systemic Change approach, the platform enables its members to develop a shared vision and, correspondingly, commit to an agreed course of action.

Through this Platform, a widely supported National Action Plan was launched in 2016 to prioritize and coordinate activities aimed at improving the sector. To tailor solutions to geographical areas, government-led multi-stakeholder platforms and action plans at the provincial and district levels are now also underway.

The National Action plan was signed into law by President Joko Widodo in November 2019 demonstrating Indonesia's commitment to the Plan. It mandates the 11 related ministries and invites a range of stakeholders including private sector and development agencies to get involved and ensure its implementation.

The Sustainable Palm Oil Initiative through the National Action Plan addresses the sector-wide challenges with the following key components for sector sustainability:

- **Co-Created Solutions:** Facilitate government-led multi-stakeholder dialogue and action plans at national and regional level to ensure all voices are heard in the process and there is a joint vision for action to make palm oil production more sustainable. Including regulations, making it mandatory for companies to partner with smallholders.
- **Higher Yields and Improved Livelihoods:** Improved support of smallholders by equipping them with relevant knowledge through training on Good Agricultural and Environmental Practices, and technical and financial assistance. UNDP partners with international buyers from the private sector and development agencies to deliver training for thousands of smallholders and preparing them to be ready for certifications standards.
- **Environmental Improvement:** Improved environmental management and monitoring through biodiversity conservation, reduction of greenhouse gases, more productive use of land already under cultivation, including supporting the Government to strengthen policies to identify, protect and manage 104 million Ha of potential Essential Ecosystem Area across Indonesia. In order to effectively reduce deforestation, accurate data and information on the dynamics of land cover is needed. UNDP is directly supporting the Ministry of Environment and Forestry's efforts on land use planning and management with the help of relevant tools and mapping exercises.
- **Standards For Market Access:** Strengthen the adoption and further development of the Indonesian Standard for Palm Oil and other relevant standards such as Round Table of Sustainable Palm Oil to improve international sales for farmers. Certification is a symbol of credibility and proof of sustainable practice in operations.

Partners

SECO and many other partners including private sector are contributing to this important work. SECO's financial commitment is CHF 2.2 million which includes upcoming work for this ongoing initiative.

Implementing partner



Funding partners



Voices from the Ground

Musdhalifah Machmud, is the Deputy for Food and Agribusiness Coordination at the Coordinating Ministry for Economic Affairs. She is also the Chair of the National Action Plan implementation team.

"There are a lot of stakeholders related to Indonesian palm oil, and the challenges on the ground cannot be addressed by just one actor. All stakeholders, government, business actors, and NGOs have to work together. The National Action Plan is a reference for all related stakeholders who want to support the development of Indonesian palm oil. This reference is very important because at times we take actions individually and might overlook a clear gap. This National Action Plan will help us to move faster together towards a more sustainable Indonesian palm oil sector."



Pramono is an oil palm farmer from Ukui in Riau Province. He joined local smallholder association, Amanah, to partner with like-minded farmers and ultimately improve his yield. Today Pramono is an RSPO and ISPO certified smallholder with an average yield of two tons of Fresh Fruit Bunches (FFB), per hectare, per month. Pramono recognises that it's very difficult for smallholders to achieve certification without support.

"Unlike other smallholder farmers who have no support to achieve certification, our fruit is considered more transparent and we have better access to buyers."

