

Governing Oil Palm Landscapes for Sustainability (GOLS)



Center for International Forestry Research (CIFOR) and United States Agency for International Development (USAID)

Key messages

- An increasing number of private sector companies are making space for sustainability in their corporate governance processes and attempting to embed environmental and social best practices into their operations.
- The role of the private sector in land-use change and deforestation has been highlighted in recent years as some of the world's largest retailers, manufacturers and traders have made commitments to eliminate deforestation from their supply chains. These efforts were catalyzed in September 2014 when civil society organizations, private sector companies and governments joined together to sign the New York Declaration on Forests.
- These commitments have the potential to dramatically benefit the global environment, as well as the livelihoods of millions of rural people. But it is the way in which these commitments are implemented that will determine whether the desired environmental and social benefits are fully realized.
- The CIFOR/USAID Governing Oil Palm Landscapes for Sustainability (GOLS) program will support effective and equitable implementation of these commitments by helping to align public and private policies and actions, and by delivering targeted, research-based evidence to key stakeholders and practitioners.

Oil palm development in Indonesia

Indonesia contains two of the top 25 global biodiversity hotspot areas, but the expansion of rubber, timber and oil palm plantations into primary and secondary forest areas is placing the country's remaining biodiversity under extreme threat. Replacement of forests by plantations also contributes to greenhouse gas (GHG) emissions from carbon stocks in biomass, soil and, particularly, peatlands.

Roughly 10 million hectares of oil palm are currently planted on mineral and peat soils in Indonesia, and plantations are expected to expand by an additional 3–4 million hectares by 2020. This growth represents an important element in Indonesia's economic development strategy, contributing to both national earnings with important multiplier effects at the local level.

However, oil palm development can have mixed social impacts. Smallholders cultivate nearly half of the total area planted with oil palm in Indonesia, but tend to achieve lower yields, largely due to financial and technical constraints. While many oil palm plantations involve local people and immigrants through various types of outgrower arrangements, and therefore support smallholder livelihoods, contractual terms frequently lead to unequal benefit sharing. Women are particularly vulnerable to loss of livelihoods

and reduced incomes. In addition, traditional landowners are often displaced when large-scale oil palm plantations are established, resulting in social conflicts.

The prospects for improved public sector governance of forests are improving. The Government of Indonesia has begun to take action on climate change mitigation, including actions to conserve natural forests and peatlands, and to provide communities with greater access to land, while promoting more sustainable oil palm development. In addition, major corporate groups in the palm oil sector have been adopting higher sustainability standards in their operations, under the Roundtable for Sustainable Palm Oil (RSPO) and commitments to "zero deforestation". In spite of the progress made, a number of issues must be resolved before Indonesia can achieve a more sustainable and inclusive palm oil sector.

The challenges ahead

- Despite adoption of a number of policy commitments and regulatory measures to protect forests and local people, the conversion of primary and secondary forests to oil palm plantations continues. State regulations and private-sector standards often espouse different goals and criteria for promoting sustainable oil palm expansion. Reconciliation is required as part of improved **public-private governance arrangements**.
- The progress made as companies adopt zero deforestation pledges may lead to **reduced environmental impacts** from oil palm expansion (GHG emissions, biodiversity loss). Yet there are concerns over **indirect impacts** should commitments lead to higher demand for non-forested lands occupied by smallholders or exclude them from deforestation-free supply chains.
- Commitments embraced by palm oil companies can also contribute to **upgrading smallholder production systems** and lead to more equitable sharing of benefits from deforestation-free supply chains; yet institutional, financial and technical barriers must be overcome.
- Decisions around the future of oil palm development will lead to different **landscape configurations**, which will deliver different social, economic and environmental outcomes. But the question remains, which landscape configurations are most appropriate for sustainability?

How GOLS will contribute

Our goal is to support the development of forest and landscape governance arrangements that align the policies and actions of public agencies, private-sector companies and civil society organizations in ways that contribute to more effective biodiversity conservation and reduced GHG emissions, while accommodating the interests of multiple stakeholders, including the poor.

This program will combine scientific research, capacity development and stakeholder engagement at national and local levels, and will be carried out over a three-year period beginning in October 2015. Research will focus on biodiversity-rich landscapes in West and Central Kalimantan where oil palm expansion continues.

Research

1. Effective governance arrangements

This component will explore the positions and perceptions of sector stakeholders, identifying common ground and opportunities to build bridges. It will clarify the challenges, gaps and risks faced by corporate groups and actors along the value chain that are associated with the implementation of zero deforestation. It will also identify the public and civil society actions and governance arrangements required to overcome institutional, economic and operational challenges and risks. It will deliver:

- analyses of actors and processes influencing the palm oil sector
- options for institutional arrangements that support socially inclusive and sustainable supply
- tools and approaches to mitigate land conflict.

2. Environmental sustainability in oil palm landscapes

This component will evaluate the status of biodiversity and ecosystem services in selected landscapes, as well as how to maintain biodiversity and ecosystem services in oil palm landscapes. In addition, it will assess the differences in carbon stocks between different land uses and land covers. It will deliver:

- maps of HCV/HCS areas inside and outside concessions
- land-use planning guidelines
- assessments of biodiversity metrics and process-oriented management strategies
- assessments of GHG emissions and avoided emissions.

3. Socially inclusive business models

This component will evaluate the characteristics of oil palm smallholders in different types of oil palm landscapes, as well as the sustainability and productivity challenges they pose, and barriers to upgrading. It will identify the governance dynamics affecting smallholder value chains, how these impede and/or enable sustainability and productivity, as well as which

arrangements could help address smallholder productivity and sustainability challenges. It will deliver:

- smallholder typologies and associated barriers to upgrading
- gender analysis of smallholder production systems
- analyses of differentiated perspectives on the viability of alternative governance options and business models
- analyses of value chain dynamics and governance.

4. Scenarios for managing social and environmental trade-offs

This component will address the socioeconomic and environmental impacts related to specific decisions on land and resource use under different scenarios, and examine the resultant social, economic and environmental trade-offs. It will deliver:

- spatially explicit maps showing land suitability for different land uses in oil palm landscapes
- stakeholder-defined land-use scenarios and trade-offs among multiple ecosystem services on oil palm landscapes.

Stakeholder engagement

The program includes a targeted, evidence-based outreach and stakeholder engagement strategy to support knowledge uptake from the four research components, and to deliver desired end-of-program outcomes.

Engagement will ensure that the knowledge generated feeds into on-the-ground implementation and policy options for inclusive, equitable and sustainable oil palm development, as well as for innovative approaches to the conservation of biodiversity and forest landscape governance. A multi-stakeholder advisory committee will support the program and help to assess the political, economic and social contexts, identify champions and reach target audiences.

Capacity development

CIFOR-USAID Master's Degree Fellowships in the United States provide master's degree opportunities for 20 highly qualified Indonesian candidates to study forestry conservation, natural resources management and related disciplines in the United States. The master's fellowship, also funded by USAID, will match qualified candidates with participating US university partners, and provide thesis field research opportunities in GOLS or other CIFOR research projects.

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RESEARCH PROGRAM ON
Forests, Trees and
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Produced by CIFOR as part of the CGIAR Research Program on Forests, Trees and Agroforestry (CRP-FTA). This collaborative program aims to enhance the management and use of forests, agroforestry and tree genetic resources across the landscape from forests to farms. CIFOR leads CRP-FTA in partnership with Bioversity International, CATIE, CIRAD, the International Center for Tropical Agriculture and the World Agroforestry Centre.



Fund



Center for International Forestry Research (CIFOR)

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