

UNDP Green Commodities Programme National Commodity Platforms Phase II – UNDP GCP II (Palm Oil)

Country/region
Global
(Indonesia,
Peru)

Executing agency
United Nations Development Programme (UNDP)

Project duration
2018-2021

Total budget
USD 4,900,000

SECO contribution
USD 2,000,000

Rationale



Palm Oil farmer harvesting oil palm fruit (© UNDP)

Indonesia is the world's largest producer and exporter of crude palm oil (CPO), an important food security component for the nation and other consumer countries. Palm oil exports are a key part to Indonesia's national economic growth strategy. It is estimated that the industry generates approximately US\$ 15 billion in foreign exchange earnings annually and contributes to the creation of up to 16 million jobs in Indonesia, including in many rural and underdeveloped parts of the archipelago. Through the development of this commodity, the palm oil sector has been encountering

numerous environmental and social challenges that the government and industry is currently attempting to tackle in order to make this sector more sustainable and equitable for the nation.

In 2009, UNDP established the Green Commodities Program (GCP) to help countries mainstream sustainable commodity production by improving the enabling environment. GCP works to achieve this in partnership with governments, companies, producers, civil society, research institutions, aid agencies and other stakeholders. GCP focuses on commodity sectors with large environmental and social footprints, and particularly on sectors that are major drivers of deforestation. Through UNDP CGP work, the Government of Indonesia was supported to set up the Indonesia Palm Oil Platform (InPOP) and launch its Sustainable Palm Oil Platform (known as FoKSBI) in 2014. Since then, and following the development of the National Action Plan on Sustainable Palm Oil (NAP SPO), leadership and coordination to address the barriers limiting the industry's sustainability have strengthened.

Objectives and activities

Following finalization of the NAP SPO in the previous phase, GCP II is shifting its focus from stakeholder dialogues (phase I) to supporting NAP SPO implementation and monitoring. Objective of the second phase is to contribute to building long-term sustainability of multi-stakeholder engagement. Whereas, particular outcome at country level aims for joint and coordinated NAP actions to be taken by all major stakeholder groups, which driven and coordinated by a nationally owned structure.

GCP II serves as a means for numerous palm oil stakeholders including the government, private sector and civil society organizations who determine a variety of issues and solutions for sustainability. These include smallholder capacity building, environmental integrity, governance and dispute resolution, as well as the strengthening of the Indonesian Sustainable Palm Oil (ISPO) certification system. ISPO is a national sustainable palm oil certification scheme managed by the Ministry of Agriculture and is mandatory for palm oil companies operating in Indonesia. In this phase, GCP II also seek to strengthen its work by enhancing understanding on other relevant international sustainability certification scheme such as Roundtable on Sustainable Palm Oil (RSPO).

Governance Structure

Globally, the project is governed by a Project Steering Committee (PSC), composed of UNDP and SECO, which meets once a year to review progress and make strategic decisions for the upcoming year. Both Peru and Indonesia the national commodity platform (FoKSBI for Indonesia) are parts of the project. As the platforms are nationally anchored processes, each has its own governance structure.

Result to date

Marking the end of its first full year of Phase II implementation, in 2019 GCP II had already made an important breakthrough with the issuance of formal Presidential Instruction (*Inpres*) on NAP SPO legalization. Expected to be a reference document in the implementation of SPO, NAP SPO contains actions that need to be carried out by all parties in answering the root problems faced by Indonesian Palm Oil. The *Inpres* mandated to: improve data and infrastructure and enhance coordination; improve farmer's capacity and capability; manage and protect the environment; implement plantation management and dispute settlement; support acceleration of certification of ISPO and to improve market access for palm oil products. Through the *Inpres*, the NAP SPO also managed to be incorporated into Indonesia's new Mid Term National Development Plan which will be implemented in 2020 to 2024.

With these achievements, GCP II continues to better engage with relevant stakeholders in order to ensure solid transition to NAP SPO implementation. It is expected that the project is able to step up its work to strengthen consensus among stakeholders, nationally and internationally, for action in Indonesia's palm oil sector moving forward.