

Sustainable Palm Oil Dialogue (SPOD)

Takeaways from Breakout Session 3

Comprehensive Approach to Landscapes: Ensuring Implementation at field level.

Moderator:

- Tran Quynh Chi (IDH Regional Director, Landscapes Asia, IDH)

Panelists:

- Veronique Bovee (Deputy Director - Company Collaboration, Proforest)
- Carolyn Lim (Senior Manager Corporate Communications, Musim Mas)
- Muhammad Haris Abdullah (Manager Certification Scheme Unit (CSU), Systems Management Department, MPOCC)
- Perpetua George (General Manager for Group Sustainability, Wilmar International Ltd)
- Martin Huxtable (Director Sustainable Sourcing, Unilever)

Summary:

The session brought together representatives from Musim Mas, Proforest, Unilever, Wilmar International, and the Malaysian Palm Oil Certification Council (MPOCC), and was moderated by IDH Regional Director for Asia landscapes, Tran Quynh Chi. The session touched upon how landscape initiatives can play an important role, in light of the upcoming EU Deforestation regulation (EUDR), in reducing risk, by protecting forests and improving production and livelihoods of smallholder farmers and producers within a given area. If the EUDR is to be successful, other consuming countries must also take a proactive interest in their palm oil supplies, particularly China and India.

The main takeaways from the session include:

On the landscape approach, the importance of moving a landscape approach into a jurisdictional one that has the support of government stakeholders, in particular local government. While the landscape scale approach is the best means for making positive progress on sustainable palm oil production and forest conservation and smallholder farmer interests, some have been unable to show clear evidence of impact because they don't have the relevant jurisdictional authorities involved, to enable them to scale sufficiently to influence market volumes.

Key ingredients of success include:

- a clear set of objectives that is inclusive of people,
- risk profiling of mills and villages,
- participatory mapping,
- scaling the engagement of smallholders through training programs for smallholder farmers within those villages,
- spatial planning,



- building a business case for investment and livelihood models for go and no-go areas and gaining the support of both the public and private sector operating within a jurisdictional landscape,
- partnership working is key to leveraging impact that is greater than the sum of its parts.

Moderator Tran Quynh Chi shared one example of how IDH applies the landscape and jurisdictional approach to solve sustainability issues of the sector including deforestation and the livelihood of farmers. She gave the example of IDH initiative in Aceh Province together with Pepsico, Unilever, and local partners. IDH selected one district (Aceh Tamiang) and developed the “Go and no-Go areas”. IDH investigated investment opportunities within the borders and developed a business case. IDH also developed the supply chain analysis and the sustainable palm oil roadmap for the Aceh province.

Overall, landscape initiatives have the endorsement of business, governments, and civil societies organisations.

On Malaysia and the EUDR, several points were brought up including that Malaysia is very close to being able to deliver EUDR requirements using the Malaysia Sustainable Palm Oil certification scheme MSPO, but that the Ministry for Plantation will need to get government agencies like MPOB and MPOC to work together, tweak MSPO, share data, etc. It was also mentioned that Malaysia is the country which should be able to demonstrate compliance first and should be framing MSPO as a regulation (it is already a mandatory requirement for palm oil producers and requires an MPOB license) if they wanted to counter the EU position of classifying it as a voluntary standard.

Meanwhile, panelists highlighted other success factors which include financial incentives and technical support and training for companies, national governments and smallholder farmers (more of the carrot needed); having a multistakeholder, long-term approach. They also highlighted the need to recognize national markets and identified ongoing risks such as the proliferation of loose fruit mills in Indonesia, which can get into European supply.

At the governmental level in Malaysia, points were raised on the next steps for improvement of the Malaysian Sustainable Palm Oil Standard (MSPO) to meet the requirements of the new legislation: In Malaysia, MSPO has been made mandatory which shows the commitment of the government towards the production of Sustainable Palm Oil in Malaysia. It covers downstream to upstream, as well as the end-product manufacturers. At the landscape level, the government is piloting projects in Sabah (East Malaysia) to give support to IDH and WWF, and others, to test the landscape level together with the deforestation monitoring system. In the next version of MSPO, MPOCC will further improve MSPO trace to make it comply with market requirements.

On EUDR and Smallholders, some panellists mentioned that the implementation of EUDR would require the selective exclusion of smallholders to minimize the risk of non-compliance while others emphasized the need to work on smallholder projects from the ground up together with the district government to improve the livelihood of farmers.
