



NATIONAL INITIATIVES FOR SUSTAINABLE AND CLIMATE SMART OIL PALM SMALLHOLDERS (NI-SCOPS)

May 2020



Palm Oil, Nigeria, 2018

Millions of smallholders and workers are earning their livelihoods in the palm oil sector. As such, the sector provides an important contribution to food security, employment, GDP and trade balance of many developing countries. The global expansion of the palm oil sector is also associated with sustainability challenges, including significant greenhouse gas emissions related to land use change and methane emissions from processing plants. The impact of palm oil is causing tension between exporting and importing countries. Solidaridad and

The Sustainable Trade Initiative (IDH) believe that further polarization of this debate or a boycott of palm oil does not solve the problem. Together, Solidaridad and IDH designed a new way to enable palm oil producing countries to measurably contribute to the Sustainable Development Goals (SDGs) and Paris Agreement.

Solidaridad

IDH the sustainable
trade initiative

With support from the Dutch government, four National Initiatives for Sustainable Climate Smart Oil Palm Smallholders (NI-SCOPS) have been set up by Solidaridad and IDH with the governments of Indonesia, Malaysia, Nigeria and Ghana. The goal is to prove that the palm oil sector can contribute to the SDGs and Paris Agreement climate ambitions. Scientifically robust quantitative indicators have jointly been developed to monitor the impact of climate smart agriculture (CSA) in oil palm landscapes. Besides local and national governments, civil society and the private sector are involved in creating change at the village, landscape and national levels. Beyond the current financial contribution of the Dutch government, additional investments from other countries are needed.

PROBLEM ANALYSIS

Past efforts to address sustainability in palm oil production through private-led initiatives and voluntary standards have yielded results but have remained limited in terms of reaching scale. Meanwhile, the global demand for palm oil continues to increase. While smallholder benefits of certified palm oil

production remain limited, it is clear that voluntary approaches alone are unable to secure palm oil production that meets climate and sustainable development objectives by smallholders at large scale. To reach all smallholders, a public-sector approach is needed to complement existing supply chain initiatives. Broad and inclusive goals at national level, implemented by local government agencies, involving farmers and supply chain companies are necessary to scale and go beyond existing certification-based efforts.

OBJECTIVES

The NI-SCOPS programme has been designed as a new mechanism to provide tangible support to enable palm oil producing countries to measurably contribute to the SDGs and Paris Agreement. Through support to local governments, the programme seeks to improve productivity and incomes of smallholder farmers and workers. Palm oil producing landscapes can thus become more economically robust and socially just, while protecting and restoring valuable natural resources. This way, palm oil producing regions will also become more resilient to

climate change and even become net sinks of greenhouse gases. The initiatives start in selected states, provinces and regions of four countries: Indonesia, Malaysia, as the two major global producers and exporters of palm oil, and Ghana and Nigeria. Although the last two countries have huge potential in the sector and are major producers of palm oil in West Africa yet they are still important palm oil importers in Africa. NI-SCOPS look to strengthen existing and to build new partnerships with national and subnational governments. It also complements existing private sector driven voluntary market initiatives.

IMPLEMENTATION

Starting in 2020, IDH and Solidaridad will work with smallholders on implementation of CSA. Local governments will organize better land use planning and, at national level, government policies will contribute to the SDGs and climate goals under the Paris Agreement. In this way, NI-SCOPS fills a gap, as few of such mechanisms are currently in place across the developing world.

APPROACH

The initiatives are public-sector partnership programmes, co-owned by national and local governments. Implementation is coordinated by Solidaridad and IDH in strong cooperation with farmers and the private sector. In 2019, technical advisory committees have been set up in each country, in which government representatives, knowledge institutes, IDH and Solidaridad jointly developed 'Key Performance Goals'. These goals correspond to the three dimensions of Climate-Smart Agriculture (CSA) as defined by FAO: improved livelihoods, climate adaptation and mitigation.

In early 2020, these goals were translated into meaningful and measurable indicators. Methodologies for data collection and analysis have been developed in partnership with national oil palm knowledge institutes, supported by CIRAD, the French agricultural research centre for international development. By working with a limited number of metrics, continuous improvement can be objectively measured, compared and aggregated at the national level.



West Kalimantan project, 2017



Signing ceremony on Memorandum of Understanding between MPOB Malaysia with IDH and Solidaridad, 2020

PARTNERSHIPS

The national governments of Malaysia, Indonesia, Nigeria and Ghana have embraced the inclusive approach of the National Initiatives. The initiatives respect their sovereignty and align with the SDGs and national policy objectives, including the conditional targets of their Nationally Determined Contributions to the Paris Agreement. They provide a way out of the increasingly polarized debate on palm oil, that is unfair to the smallholder producers, unacceptable to the producing country governments and not helpful to solve the poverty, land rights and deforestation issues in oil palm landscapes. By sharing the responsibility of reaching the goals with the governments, NI-SCOPS provides an excellent opportunity for dialogue on (commodity) trade and environmental and socio-economic issues.

NI-SCOPS is explicitly complementary to private-sector initiatives such as RSPO - and not intended to substitute voluntary private-sector initiatives. NI-SCOPS is focusing on areas with large numbers of independent smallholders and mills, which have proven to be difficult to certify, and where currently most sustainability problems persist. Brands and traders that have committed to NDPE¹ or zero-deforestation policies (Tropical Forest Alliance, New York Declaration on Forests) are keen to support approaches that have a broader landscape perspective. They promote landscape governance, especially in areas where uptake of certification by smallholders remains low.

RESOURCES

NI-SCOPS contributes to the objectives of the Amsterdam Declarations Partnership, which has been set up to address sustainability issues related to European commodity imports. Looking at the magnitude of the challenge in countries like Indonesia and Nigeria, Dutch funding alone will not suffice to create country-wide impact. Therefore, IDH and Solidaridad actively seek additional contributions from other ADP member countries, non-member countries and value chain actors committed to sustainable and climate smart palm oil.

Solidaridad and IDH have demonstrated that significant cash and in kind co-investments can be raised through landscape and supply chain interventions, leveraging public funds at least 1:1. To fund the first four years of implementation (2020-2023) an estimated € 30-40 million is sought.

Female farm worker, Ghana, 2016



¹ No Deforestation, Peatland Development or Exploitation



Solidaridad



Ministry of Foreign Affairs of the
Netherlands

ABOUT SOLIDARIDAD

Solidaridad is an international civil society organization with over five decades market-based experience in developing disruptive solutions that can help alleviate poverty with commodity producers and their workers in the underprivileged regions of the globe. At Solidaridad we believe in solidarity with farmers and other producers. We believe in the reduction of poverty, not only in the traditional economic sense of the word. Reduction of poverty is also about getting a say in your own future, being able to live in a healthy environment, and having decent work. We work in over 40 countries, in 5 continents through 8 independently supervised regional offices.

ABOUT THE SUSTAINABLE TRADE INITIATIVE

IDH, The Sustainable Trade Initiative convenes companies, CSOs, governments and others in public-private partnerships, and drives the joint design, co-funding and prototyping of economically viable approaches to realize green and inclusive growth at scale. In 11 agro-commodity sectors and 11 sourcing areas, IDH leverages business interest to drive sustainability from niche to norm, creating impact at scale on the Sustainable Development Goals.

The Dutch Government was the first donor and co-creator of NI-SCOPS.