

# Role of the Malaysian National Sustainable Palm Oil Scheme in Tackling Deforestation

How MSPO National Standard & Legislation in Malaysia  
Successfully Helped Drop Deforestation Rate



The Sustainable Palm Oil Dialogue 2021

29 September 2021



# About MSPO Certification Scheme

“MSPO is not merely a national certification scheme, but is a catalyst for transforming the industry for its sustainability, including smallholders”

# The Malaysia Palm Oil Certification Scheme (MPOCC)

- MSPO Scheme owner – governing body of the MSPO certification scheme
- Council under the Ministry of Plantation Industries and Commodities
- Incorporated in December 2014 and starts operation on January 2016
- Governed by 13 Board of Trustees represented by the government, NGOs, supply chain actors & academicians



**MPOCC**

MALAYSIAN PALM OIL CERTIFICATION COUNCIL



# The Achievement

# MSPO, in the eyes of the world

“World Resources Institute found, as aforementioned, that over the last three years Malaysia’s rate of deforestation has decreased annually. This gain is attributed to forest conservation practices, including “recent moratoriums” and “tougher law enforcement.”

Malaysia’s aspiration is now for its entire palm oil industry to achieve MSPO certification by the end of this 2021, with expected attendant benefits for tropical ecosystems.”

[Sustainability First: The Role of Sustainable Palm Oil In Global Food Security and Deforestation Efforts](#),  
April 12, 2021

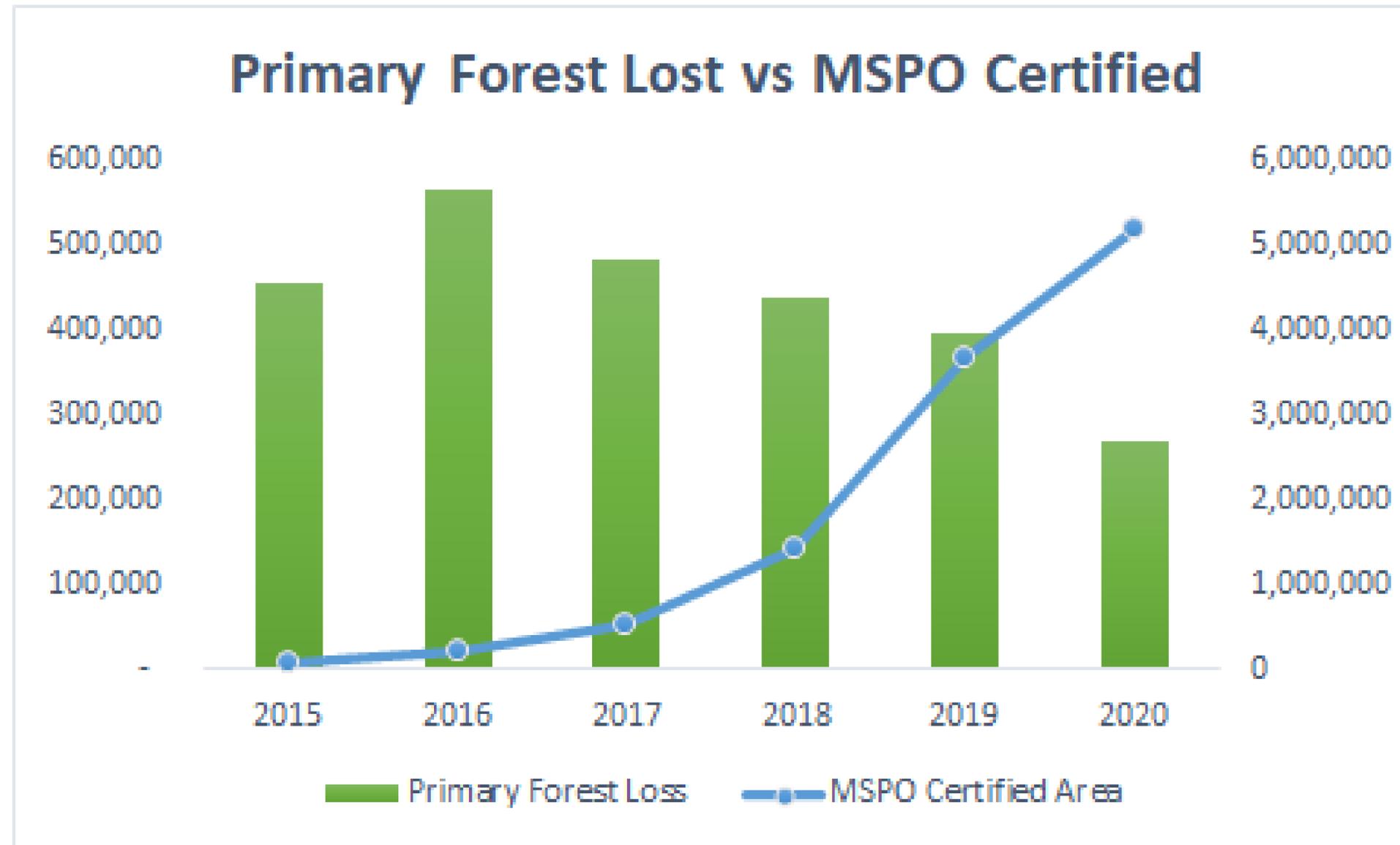
“In Malaysia, for instance, the rate of deforestation has fallen year on year for the last 5 years largely due to the impact of its own national certification scheme, MSPO—which is the world’s first mandatory sustainable palm oil scheme. According to Glen Hurowitz, CEO of Mighty Earth, although far from perfect, such schemes have been so successful in dropping deforestation from over a million to less than 250,000 acres per year, that they could be used as a “blueprint” for how to achieve the same in the Amazon.”

[COVID-19 Is a Symptom of a Planet That's Been Pushed Past a Tipping Point](#), November 23, 2020

“Primary forest loss also declined in Malaysia for the fourth year in a row. The more recent downward trend and government actions are promising for conservation of remaining forests. Malaysia established a five-year cap on plantation area in 2019 and plans to toughen forest laws by increasing fines and jail terms for illegal logging.”

[Global Forest Watch](#),  
March 2021

# MSPO, in numbers



Source: <https://www.globalforestwatch.org/>

# MSPPO Progress

88.11%



98.45%



Source: as of May 2021, MPOB and MPOCC

# The Implementation

Road to Success



# MSPO Principles



## COMPLIANCE TO LEGAL REQUIREMENT

Compliance to applicable laws and regulation  
Land use and Customary Land Right respected  
Legal ownership of land demonstrated  
Free, Prior and informed Consent (FPIC)

## ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY AND ECOSYSTEM SERVICES

Waste & Water management plan implemented  
Action plan to reduce schedule & solid waste  
Identify High Biodiversity Value habitats & ERT species  
Zero burn practice for waste disposal & land preparation

## DEVELOPMENT OF NEW PLANTINGS

No planting on land with high biodiversity value,  
No conversion of Environmentally Sensitive Areas (ESA's)  
Social & Environmental Impact Assessment (SEIA) conducted  
Information on soil type & topography  
Extensive planting on steep areas & fragile soils avoided

# Government Support

## LEGISLATION



Oil palm estates of more than 40.47ha and palm oil mills that fail to obtain the MSPO certification or begin the process of the certification on 1 January 2020, will be fined and penalised as it is construed as an offence under the Malaysian Palm Oil Board (Licensing) 2005 regulation number 15

## POLICY



Income Tax Act 1967, paragraph 35(6)(ma)

ACBs - Double tax deductions for costs incurred as assessment fee, annual fee and other fee imposed by Standards Malaysia

Certified Entity – Tax deduction for oil palm grower or processing facility that holds valid accredited MSPO certificate.

## FINANCIAL AID



Categories	Auditing Fee	*Preparation Cost
Estates 40.46 ha to 1,000 ha	100%	50%
Estates more than 1,000 ha	30%	NA
Organised smallholders	RM10/ha	RM45/ha
Processing facilities under MSPO Part 4 and SCCS	30%	NA

# National Effort



## #PokokKitaKehidupanKita

Program Penghijauan Malaysia melalui Kempen Penanaman 100 Juta Pokok bermula daripada tahun 2021 hingga 2025. Ia dilaksanakan bertujuan untuk meningkatkan kesedaran...

🌳 Kempen Penanaman 100 Juta Pokok



Contributor is eligible to enjoy the tax exemption benefits provided in the Green Technology Development and Environmental Conservation Category under Section 44 (11C) of the Income Tax Act 1967.

<https://www.astroawani.com/berita-malaysia/companies-individuals-invited-contribute-100-million-treeplanting-campaign-284570>

In 2019, the government announced that the oil palm planted area would be capped at 6.5 million ha, reiterating Malaysia's pledge at the 1992 Earth Summit to keep at least 50% of its land area as permanent forests. Currently, 54.6% of the land area is under forest cover. <http://gofbonline.com/malaysia-driving-palm-oil-sustainability/>

# Global Collaboration



## CHINA GREEN FOOD

China Green Food Development Center and food companies in getting MSPO accepted through mutual acknowledgement and promotion



## OLYMPIC 2020

Accepted by the Olympics 2020, Winter Olympics 2020 and the Paralympics 2020 sustainable sourcing. Shipment to Japan on May 2021



## ILO

Collaborations with International Labour Organisation (ILO), US ILAB in addressing labour issues in the oil palm plantations

# The Way Forward



# Robust System



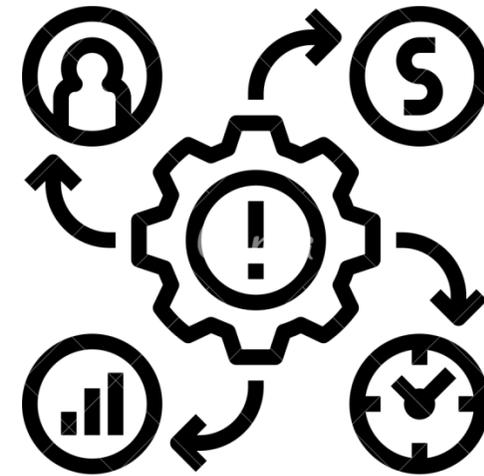
## GOVERNANCE

Institutional arrangement, Impartiality, separation of power and segregation of duties, accreditation & competency



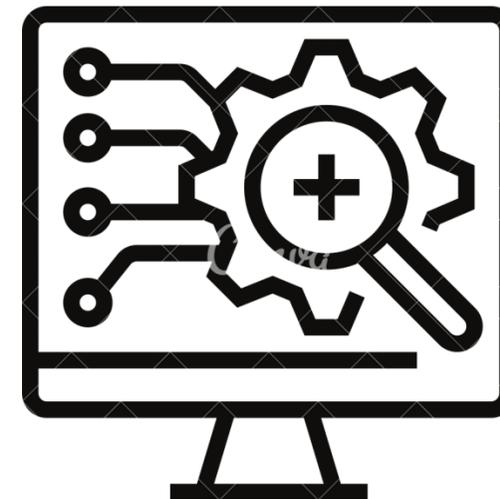
## SUSTAINABILITY REQUIREMENTS

Robust standards requirement, multi-stakeholders' input, practicality, continuous improvement.



## IMPACT

Strengthen measures, mechanism & impact monitoring



## TECHNOLOGY

IT system, traceability, data security, efficiency and effectiveness



# Industry Collaboration

MPOCC seeking for like-minded companies that believes in the importance of sustainable production by supporting the certification processes and above/below line promotional activities.

# Conclusion

MSPPO has shown positive impacts towards deforestation therefore it is mandatory to share the model and possibly adopted by the stakeholders to transform the world to deforestation-free palm oil supply chain.

