



INOBU
INSTITUT PENELITIAN INOVASI BUMI



**Earth
Innovation
Institute**

JURISDICTIONAL CERTIFICATION APPROACH TO SUPPORT SUSTAINABLE PALM OIL PRODUCTION

In the breaks during the recent 13th annual meeting of the Roundtable on Sustainable Palm Oil (RSPO) in Kuala Lumpur, the Bupati of Seruyan District in the Central Kalimantan Province, Sudarsono, voiced his commitment in respect of the initiative that will ascertain that all commodities produced and processed in Seruyan District shall be certified as sustainable. This initiative is also known as the jurisdictional certification approach to sustainable palm oil, or briefly jurisdictional certification approach. At the same occasion, the work plan to carry out said initiative was also explained.

By implementing the jurisdictional certification approach, the government of Seruyan District will apply a model of sustainable plantation development, starting with palm oil, focussing on improving the welfare of the rural population, reducing deforestation and recognising the rights of the indigenous community.

Central Kalimantan Province is one of two sub-national level governments committed to support the global sustainable palm oil supply chain, aside from the federal state of Sabah in Malaysia. Two model districts in Central Kalimantan are Seruyan and Kotawaringin Barat.

The implementation of aforementioned initiative is a follow-up measure to the commitment declared by the government of Central Kalimantan Province in June this year in Barcelona, coinciding with the Forum of Governors Forest Climate Task Force

(GCF), attended by 16 Governors and Heads of Administration of provinces and federal states from Latin America, Africa, Europe, (North) America and Asia, in the effort of finding a solution for climate change, deforestation and poverty eradication.

The intention of the Central Kalimantan Government to apply the jurisdictional certification approach itself did not arise spontaneously. It was initiated mid-2013 with the issuance of the Roadmap to Low Deforestation Rural Development, which is aimed at improving productivity and decreasing poverty, by the Government of Central Kalimantan. The Roadmap was prepared to stimulate the implementation of Regional Regulation No. 5 of 2011 on Sustainable Plantation Management.

What does the jurisdictional certification approach signify?

The jurisdictional approach to sustainable certification is an effort to stimulate all jurisdictions to meet part of, or all the criteria that are arranged in one or several sustainable certification system(s).¹ Various issues of sustainability such as deforestation, the protection of high conservation value (HCV) areas, the traceability of supply material, and the application of free prior and informed consent (FPIC), are difficult to be solved at factory and/or plantation level without the support of the government of a certain jurisdiction.

The jurisdictional certification approach is applied within a certain jurisdiction. This approach will not specifically replace the conventional sustainable certification approach which is applied at factory or plantation level, such as for example is already being done through the Indonesian Sustainable Palm Oil standard (ISPO), the International Standard for Carbon Certification (ISCC) and also the RSPO standard in the context of palm oil production and processing.

How can this approach be brought into practice? In general, the jurisdictional certification approach is based on the following principles:

- The local government within a certain jurisdiction makes a commitment to carry out low-emission rural development, reduce deforestation, respects the rights of

¹ Jurisdiction means a governmental administrative territory that applies a specific system of laws and regulations. A jurisdiction is generally led by an authority with the power or the right to govern and to interpret and apply the law. Jurisdiction generally has a common goal to be reached, namely the welfare of the geographic territory involved.

the indigenous community and support farmer participation in the sustainable commodity supply chain.

- The local government establishes and leads a multi-stakeholders work group with representatives from companies, farmers, the indigenous communities and NGOs, who together will identify and agree on the risks, solutions and sustainable targets at jurisdictional level, such as reducing deforestation, farmer empowerment, developing support for rules and regulations, are among others.
- The local government develops or adopts a transparent monitoring system that helps the parties to control and evaluate the targets that have been defined in the work group.
- The availability of an innovative incentives system to stimulate the achievement of the sustainability targets defined at jurisdictional level. For example in empowering the farmers, how to enable the global buyers of palm oil to steer palm oil buying toward Seruyan district through a preferential sourcing policy, which is capable to provide benefits directly to the farmers. Another example would be for the banks to provide green financing with lower interest rates to the economic actors in Seruyan District.

The jurisdictional certification approach for palm oil production

The concept of the jurisdictional certification approach has already been discussed since 2014 in several global commodity certification organisations, such as the Roundtable on Responsible Soy (RTRS), the Global Roundtable on Sustainable Beef (GRSB), Bonsucro for sugar and also RSPO, through the initiative of Forests, Farms and Finance (3Fi) initiated by the Earth Innovation Institute (EII).

In Latin America, particularly in Brazil, this approach is also beginning to enter at the pilot phase, through the so-called Territorial Performance System (TPS), in the federal state Mato Grosso, which recently got the support from the soy oil buyers in Norway. With this support, the members of the association of soy oil buyers in Norway will prioritise to buy and use soy oil originating from Mato Grosso, which already implements the low-emission rural development model to decrease deforestation and to empower the farmers.

Currently RSPO is endeavouring to develop a methodology that in the future will be able to support certification at jurisdictional level for palm oil. The discussions regarding the plan of developing the methodology itself are still in the initial phase. However at the moment there are at least two prominent facts, which hopefully may become the targets of performance to realise the government's commitment in implementing the jurisdictional certification approach for palm oil, namely:

- To define the areas that may and that may not be used for expansion of the palm oil commodity production, with the aim to protect HCV and high carbon stock (HCS) areas, as well as peat land. For these purposes, information will be required regarding spatial planning that must also be equipped with maps or location of farmers' plantations and sites of the indigenous community.
- To interpret and implement the FPIC principles in the development of oil palm plantations and in the mediation processes as well as in the settlement of social conflicts.

For many parties, the jurisdictional certification approach is a model expected to help support the empowerment of farmers moving towards large-scale sustainable production practices of palm oil. Different from the big plantations that have the capacity to move to a sustainable production system, the farmers face a big challenge in order to participate in the sustainable palm oil supply chain. Under the guidance of the government within a jurisdiction, the farmer empowerment program becomes a major component in the jurisdictional certification approach. This approach could also surmount sustainability risks such as legality and traceability, since sustainability would no longer be the sole responsibility of one or two parties, such as plantation companies and buyers in the palm oil supply chain, but it would become the responsibility of all parties engaged in the supply chain from upstream to downstream, together with the government. In the Seruyan district and the Kotawaringin Barat district the program to empower the farmers itself has already started by mapping independent farmers at village level, with the target of mapping all farmers in the two districts within the next 1 to 2 years.

In the near future there will naturally be a growing number of parties who are able to contribute their thoughts to realize the jurisdictional certification approach, in particular

for the palm oil commodity. To this end communication and collaboration among the parties is the key, in particular to ascertain that this approach is understood and appreciated by palm oil buyers and consumers on a global scale.

Joko Arif
Researcher
Yayasan Penelitian Inovasi Bumi (INOBU)
Earth Innovation Institute

#####

Information on the Central Kalimantan Province and on Seruyan District

The third biggest province of Indonesia	15.3 million hectares, 1.5 times bigger than Java
Forest zone 10.6 million hectares or 69%	Already issued oil palm estates licences 1.25 million hectares, or 7.8% of land surface
Of the total surface of oil palm estates 210.8 thousand hectares already possess an RSPO certificate	Of the total plantation area with an RSPO certificate 96.6 thousand hectares are located in Seruyan District, or 46%
86 Oil-palm estates operate in Central Kalimantan with a total installed capacity of 5,455 tons/FFB/hour	15 Oil-palm estate units with an RSPO certificate produce 1 million ton CPO per annum
Of the total Oil-palm estates with RSPO certificate, 6 units are located in Seruyan District or 45% of the total number in Central Kalimantan	The total oil-palm estate investment in the Central Kalimantan province (per June 2015) amounts to Rp 32.5 trillion or USD 2.5 billion
The total oil-palm estate investment in Seruyan District (per June 2015) amounts to Rp 6 trillion or USD 445 million, 18% of the total investment in the province, the	The area of oil-palm estates in Seruyan district is 361,4 thousand hectares

second biggest after Kotim District.	
The total number of independent oil-palm farmers in Seruyan District is estimated to be 5,000 people, with a surface area of approximately 15,000 hectares.	