



Strengthening the regional action plan for sustainable palm oil in Sintang Regency

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Introduction

Palm oil is a major commodity for Indonesia and holds an important role in international trade and industry. It contributes significantly, with oil palm smallholders playing an important role. Oil palm plantation development contributes to deforestation, and is a major cause of biodiversity loss, greenhouse gas emissions, land degradation, forest and land fires, and other impacts.

Palm oil is also relevant to, and has huge implications for women, allowing them to play important roles in cultivation and post-harvest processes. However, there are a variety of gender challenges in the sector, one of which is a lack of women’s representation in oil palm farmer group organizations. Efforts have been made to encourage the realization of a sustainable and inclusive palm oil sector, for instance through certification and the formulation of national and regional action plans for sustainable palm oil (RAN KSB and RAD KSB, respectively).

Strong intersectoral links in the palm oil sector make synchronization and collaboration between sectors important in developing a shared vision for achieving sustainability. These are made possible and encouraged in Jurisdictional Approaches (JAs), which are increasingly seen as pathways for achieving a sustainability transformation. An example of a palm oil sector JA in Sintang Regency is the multistakeholder process used for developing the region’s RAD KSB.

This contributory document is part of research to facilitate the development of a shared vision for strengthening jurisdictional sustainable palm oil initiatives in Sintang Regency. It contains the results of trade, supply chain, value chain, risk and deforestation analyses, and is supplemented with a Theory of Change, a Theory of Action and a Monitoring and Evaluation Framework. We also model sustainable palm oil policy scenarios through the Jurisdictional Approach for Palm Oil Sustainability (JAPOS) simulation tool.

Forest and land cover change dynamics and palm oil developments

Oil palm plantation expansion and increased areas of scrub have been the main causes of forest loss in Sintang Regency, with significant losses occurring from 2000 to 2019. Natural forest and peat forest cover fell from 58% in 2000 to 47% in 2019, with most forest loss occurring in the eastern part of the regency.

Palm oil production

There has been a tendency towards increased palm oil production over the last three years, with production reaching 319,465 metric tons in 2021. Most of this palm oil originates from large, company-owned plantations. Forty-five plantation licenses and 48 location permits have been issued, but only 189,035 hectares (ha) of the total 420,000 ha licensed area has been planted. Several companies and independent growers already have mandatory certification, such as Indonesia Sustainable Palm Oil (ISPO) and voluntary certification like Roundtable on Sustainable Palm (RSPO), while many others are still in the process of securing ISPO certification.

Palm oil trade

Sintang Regency traded 618,093 metric tons of crude palm oil (CPO) and refined palm oil (RPO) in 2020; less than 1% of the total national trade volume. Of this, 61% of CPO produced in the regency was traded domestically, while the remainder was exported to 127 countries, mainly India, China, and other countries in Asia and the European Union. Around 74% of palm oil produced in Sintang was sold as CPO, with fresh fruit bunches (FFBs) from plantations supplied to palm oil mills for processing to produce CPO. For export markets, CPO is processed further in domestic refineries to produce RPO.

Value chain and supply chain traceability

From the aspect of value chain governance, not all trade chains occur in Sintang Regency. Oil palm supply chains from Sintang – whether upstream or downstream – are controlled by consumers, most of which are private companies or large corporations that act as suppliers, as

characterized by the prevalence of directed network, hierarchical and market-based supply chains.

For supply chain traceability, the TRASE trade database could show supply chains and governance from palm oil mills to end consumers, but further analysis was required as only 8% of the 172 trade chain cases in TRASE were traceable. Affiliations to the trade chains of specific corporate groups could only be identified for less than 10% of all plantations in Sintang, meaning more than 70% of palm oil produced in the regency could not be traced.

Risks and problems in achieving sustainable palm oil

From evaluations of a variety of hypothetical risk indicators, we concluded that Sintang Regency had a high hypothetical risk score of 0.72 out of 1.00. This high score was due to a high percentage of mills without sustainability certification, and risks from regency-level jurisdictional approaches not developing to encourage sustainable palm oil. Other, no less important risks were conversion of forests on peatlands; the risk of expansion from actors other than community smallholders; and imbalances between key actors in networks.

In addition to these risks, seven groups of major issues were identified, covering aspects of business legality; plantation management; environmental management and monitoring; corporate social responsibility; economic empowerment and enhancement of sustainable enterprises; ISPO certification; and data, coordination and infrastructure monitoring and evaluation. Unmitigated risks and issues could hinder the achievement of the sustainable palm oil initiative in Sintang Regency.

Palm oil actors and social networks

We mapped at least 233 actors forming 487 networks. Actors in Sintang Regency had links to others at the national and West Kalimantan provincial levels. Those with important roles in social networks were independent growers, including associations and cooperatives like Koperasi Produksi Rimba Harapan; civil society; oil palm companies; the Sintang Regency Government; the Sintang Regency Agriculture and

Estate Crops Office; the Sintang Regency Environment Office; the Sintang Regency Development Planning Agency (Bappeda); the Sintang Regency Assistant for Economic and Development Affairs; and the Oil Palm Plantation Fund Management Agency (BPDPKS). This actor analysis was honed by building a shared vision, which was formulated through the development of a Theory of Change, a Theory of Action, and a Monitoring and Evaluation Framework.

Gender roles in Sintang Regency

Gender mainstreaming has become a regional government priority, particularly in development programs. Its implementation references Minister of Home Affairs Regulation No. 67/2011 on General Guidelines for Implementing Gender Mainstreaming in Regions.

The population of Sintang Regency is multiethnic, with ethnic Dayaks constituting the majority. In Sintang culture, social relations between men and women can be seen in various aspects of life, and despite the patriarchy remaining prevalent until now, female workers also play roles in driving palm oil industry development in Indonesia, including in Sintang, where many female workers are involved in plantation maintenance through weeding, pesticide spraying, fertilizer application and helping with harvesting by gathering loose oil palm fruit.

Policy support for sustainable palm oil

The sustainable palm oil initiative in Sintang Regency was strengthened by the existence of the RAD KSB for 2018–2023 and supplemented by a multistakeholder forum called the Sustainable Palm Oil Development Coordination Forum or Forum Koordinasi Pembangunan Kelapa Sawit Berkelanjutan, which has now been formalized to become the Regional Implementation Team or *Tim Pelaksana Daerah* (TPD). In carrying out its duties, the TPD is assisted by development partners.

Other regulations that support but are not directly related to the palm oil sector include regent regulations numbers 39/2019, 54/2016, 3/2020, 122/2021, 72/2022, 49/2023, 82/2023, and others currently undergoing development, as well as the Sintang Lestari Regional Action Plan, which ended in 2021 and was subsequently internalized through the Sintang Regency

Regional Medium-Term Development Plan (RPJMD). These supporting regulations are potential props in the achievement of the sustainable palm oil development programme in Sintang Regency.

Developing RAD KSB implementation in Sintang Regency

By 2022, 52% of annual programs and RAD KSB activities had already been implemented. In doing so, the RAD KSB Regional Implementation Team experienced several constraints, including an absence of synergy between RAD KSB planning, funding and activity implementation; a lack of human resources to guide and implement the RAD KSB; a lack of awareness among stakeholders/regional government organizations (OPDs) in allocated programme and activity budgets according to what had been agreed in the RAD KSB; and compliance with issued regulations. Further, communities remained enthusiastic about clearing land for oil palm plantations, which was included in village budgets. The RAD KSB Regional Implementation Team saw several potential solutions: strengthening stakeholder roles; elevating support from partner organizations; improving bargaining positions; and providing incentives to enhance RAD KSB achievements.

Strengthening the sustainable palm oil vision and RAD KSB through TTM

The Theory of Change (ToC), Theory of Action (ToA) and Monitoring and Evaluation Framework (MEF), referred to collectively as TTM, are tools for determining shared visions in a participatory manner. Stakeholders in Sintang Regency have a shared vision to Realize reduced deforestation, increased biodiversity, and enhanced gender inclusive community livelihood resilience (goals or impacts). Through a workshop, stakeholders formulated achievement indicators designated through the management of 82,607 ha of high conservation value areas in other land use or *Areal Penggunaan Lain* (APL) areas by 2030; and the creation of livelihoods relating to (at least) three subsectors, i.e., livestock, fisheries and horticulture by 2030. Based on research results, the research team recommended more progressive indicators, by targeting forest protection and

no deforestation on 1,087,854 ha; reducing deforestation by 80% in APL areas; balancing these by increasing intensification by 50% to increase smallholder growers' incomes by 33%; and developing alternative livelihoods in three subsectors.

Modelling sustainable palm oil policy impacts through JAPOS

JAPOS, or Jurisdictional Approach for Palm Oil Sustainability, is a tool for modelling impacts of sustainable oil palm policy scenarios, which policymakers can use to understand synergies and trade-offs between economic, social and environmental factors. It models policy interventions elaborated in the RAD KSB, where models project future impacts of implementing interventions to achieve sustainable palm oil. In this study we developed three scenarios: Business As Usual (BAU); No Deforestation and No Peat (NDP); and a scenario combining NDP with intensification, certification and incentives (premium prices, a carbon tax and ecological fiscal transfers).

The sustainable palm oil policy scenario and the policy combined with intensification, certification and incentives would reduce cumulative deforestation by 90% of the BAU scenario, and greenhouse gas emissions by 89% of the BAU scenario, but would also slow oil palm plantation expansion to 30% of the BAU scenario, and during its initial implementation phase would reduce production to 24% of the BAU scenario.

Key recommendations for Sintang Regency's RAD KSB

Key recommendations generated from TTM and JAPOS formulae were a shared vision and recommendation

points, which were then outlined in a matrix comprising five components: strengthening data, coordination and infrastructure; capacity building and accelerated replanting for growers; environmental management and monitoring; governance and handling disputes; and Indonesia Sustainable Palm Oil (ISPO) certification implementation and market access for palm oil products.

The shared vision established for Sintang Regency is to Realize reduced deforestation, increased biodiversity, and enhanced gender inclusive community livelihood resilience. Through the workshop, stakeholders formulated achievement indicators designated through the management of 82,607 ha of high conservation value areas in other land use or *Areal Penggunaan Lain* (APL) areas by 2030; and the creation of livelihoods relating to (at least) three subsectors, i.e., livestock, fisheries and horticulture by 2030. Based on research results, the research team recommended more progressive indicators, by targeting forest protection and no deforestation on 1,087,854 ha; reducing deforestation by 80% in APL areas; balancing these by increasing intensification by 50% to increase smallholder growers' incomes by 33%; and developing alternative livelihoods in three subsectors.

JAPOS simulations showed the scenario with an NDP policy in combination with intensification, certification and various incentive and disincentive schemes could reduce cumulative deforestation by 112,000 ha, or 100% of the BAU scenario, and emissions of 8.37 Mt CO₂e, or 90% of the BAU scenario. Even though this policy would result in reduced crude palm kernel oil (CPKO) production, this reduction could be overcome by increasing intensification and incentives, so an equilibrium between economic and environmental aspects could be attained.