

Case study taken from: [The search for synergy: Business Environment Reform and Green Growth – A practical guide for policy practitioners, DCED, 2017.](#)

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UNDP: Green Commodities Programme

Background

Palm Oil is a critical agricultural commodity for Indonesia, representing 4.5% of its national GDP and employing millions of people. However, the growth of the sector over the past twenty years has led to some unsustainable practices that have contributed to a high rate of deforestation and a significant increase in national Greenhouse Gas Emissions (GHG).



[The UNDP's Green Commodities Programme](#) has been *Source: UNDP GCP Website* supporting the national government in setting up the Indonesia Sustainable Palm Oil Platform, known as FoKSBI since 2015. [FoKSBI](#) is a multi-stakeholder forum that receives input and provides recommendations and activities to support national sustainable palm oil development. As part of FoKSBI, stakeholders 'co-create' solutions as part of a National Action Plan, which results in broader ownership, greater trust between sector actors, and an increased adoption of sustainable palm oil practices. Activities include support for improved environmental monitoring and promotion of certification practices, increasing small farmer productivity by providing training on Good Agricultural Practices, and working with the government to consider regulatory reforms.

Results and impacts

- Successful creation of the Sustainable Palm Oil Initiative FoKSBI, which provides a regular sectoral forum with governmental members, international and national private sector (e.g. Ikea, Mondelez), NGOs, and international organisations (UNDP, IFC) to discuss sustainable palm oil issues, share best practices and lessons learnt
- Development of a a National Action Plan detailing activities, timelines and success indicators for the sector
- Detailed research and feasibility steps taken towards alignment between the voluntary international RSPO (Round Table on Sustainable Palm Oil) certification and the national Indonesia Sustainable Palm Oil (ISPO) Standard

Business Environment Reform – Green Growth Synergy and Trade-offs

The Indonesia Palm Oil GCP programme works directly at the interface between economic growth and environmental sustainability as a neutral advisor and facilitator. Due to the main drivers behind the programme, the awareness of the difficult trade-off between private sector development and the protection of natural resources (tropical forests) as well as climate change mitigation is inherent in the programme. The programme seeks to utilize selected business environment reform strategies such as improving value-chain governance and monitoring, and supporting efforts to increase sustainability certification. As such, the programme demonstrates relatively high levels of synergy between business reform and green growth, albeit that the sustainability objectives are more dominant. The latter is shown through the fact that there are a lot of activities that fall more under non-BER green growth activities, such as farmer training. It is too early to already judge the actual final impact on business environment and environmental sustainability.

Good practices and lessons learnt

- Independent smallholder sustainability certification – UNDP has partnered with a leading Indonesian plantation company to certify the first ever group of independent palm oil smallholders under the Indonesian Sustainable Palm Oil (ISPO) Certification System.
- Working with the Indonesian government on an assessment of existing Essential Ecosystem Area Legislation to consider ways in which it could be updated and improved to increase environmental protection.
- Facilitating the development of a sustainable palm oil National Action Plan owned by the Indonesian government and focusing on smallholder support, environmental management and monitoring, land use and conflict resolution, and increasing ISPO strengthening and market access.

For more information:

www.greencommodities.org

www.foksbi.id/en/home