The Oil Palm Dilemma: Seeking Solutions (UNEP/CBD meeting a

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I. Summary on how to minimize negative impacts of production and use:

- HCVAs and other sensitive areas (including peatlands) not to be opened for plantations in order to maintain crucial ecosystem services (ecosystem management)
- Set-asides of HCVAs and sensitive areas (e.g. protected areas?)
- Improve the certification to a "gold standard" where the Life Cycle Analysis (LCA) system boundary is made to be comprehensive i.e. expanded to include the crucial impacts such as land use changes, GHGs, degradation of soil, deforestation, burning/fire, acidification, biodiversity, etc.
- Application of Integrated Water Management
- Other Best Management Practices such as oil palm agro-wastes composting to produce organic fertilizer, hence reduce chemical fertilizer input
- **Increase production or yield per ha – but must be aware of high-yielding GMOs should not be released into the environment without proper safeguards as provided under the Biosafety (note: genome for oil palm plant has been sequenced recently, opening ways for genetic modifications).**
- Research on second and third generation biofuels that can minimize the negative environmental impacts (e.g. micro- or macro-algae which does not use arable land or precious fresh water)

- Work with RAMSAR closely for wetlands/peatlands and biodiversity issues
- Develop good policy integration
- Develop good business model to promote really sustainable certified palm oil (gold standard, which has comprehensive LCAs).
- See below for some details:

II. Some details of proposed actions (also for funding):

1. To promote policy improvement by creating an enabling policy environment relevant to RSPO vis-à-vis Biofuel Policy, Energy Policy, Biodiversity/Environmental Policy, Development Policy, Agriculture Policy, Wetlands Policy, EU RED, etc

2. To develop a business model for optimizing sustainability and biodiversity conservation; hence increasing acceptance and demands for RSPO-certified palm oil in the future.
Demand for palm oil is increasing. Simultaneously, there is an increased demand by discerning consumers and green investors **who are concerned with biodiversity conservation**. They want higher standards for the products they utilize or finance e.g. fisheries (MSC), timber (SFC), cosmetics, coffee (Fairtrade), energy (EU RED), etc. There is a need for a transformation strategy for palm oil in order to ensure a widened global market and increased demands for, and acceptance of, RSPO-certified palm oil in the future (*e.g. where under the EU RED, the GHGs savings required would have increased from 35% to 50% by 1 Jan. 2017,and to 60% by 2018, and so on*).

Proposed activities

a) A survey of international markets and consumers'/investors' demands for higher standards in the future

b) Develop measures to achieve high GOLD standard e.g. via enhanced & comprehensive LCA, and hence to globalize credible sustainability certification and products; **Develop measures (e.g. hydrological regime studies, restoration strategies to include post-restoration issues, etc) for BMPs in order to achieve global GOLD standard**
c) Make a case to influence financiers/investors to accept enhanced, comprehensive LCAs and GOLD standard;
d) feasibility of REDD as part of business model possibility

3. To support better production for sensitive habitats in partnership with stakeholders by developing BMPs for <u>current</u> oil palm in/near sensitive areas HCV categories 1-5, in particular for peatlands areas.

Peatlands host relatively high biodiversity, particularly endemics and highly endangered species e.g. orang utans, Sumatran rhinoceros, etc. Many plants species have also been recorded as endemic to peat swamp forests, supporting these high conservation value (HCV) areas. Peatlands is critical for several crucial ecosystem functions such as climate and hydrological regimes, fire/haze prevention etc which all supports the biodiversity and endemism within the HCVs. These ecosystem functions in turn are critical for conserving its special biodiversity of endemics and endangered species.

Thus, this proposal is on the development of components of BMPs with smallholders and other stakeholders who are <u>currently</u> within or adjacent to sensitive areas (HCV categories 1-5), specifically around peatlands. This would be complementary to the existing efforts of the Biodiversity WG at RSPO, in the effort of supporting better production of certified sustainable palm oil.

E.g. **Restoration** of degraded peatlands is important, taking into account the current activities and stakeholders involved. The local communities or stakeholders involved should actively participate in the restoration projects and its anticipated results and changes and management e.g. alternative income, re-training, capacity building in scientific peatland management, etc.