

# ROUNDTABLE MEETING ON SUSTAINABLE PALM OIL

Prep. Cluster 4:

Jurisdictional Approaches: delivering sustainable and deforestation-free palm oil

Frederick Kugan

Deputy Chief Conservator of Forests

(Forest Sector Planning)

Sabah Forestry Department

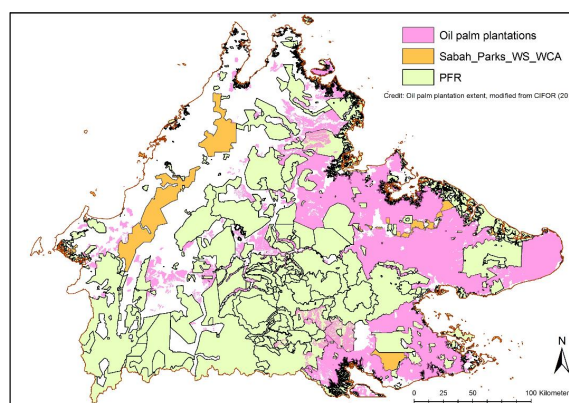


**A Renewed Commitment to  
Achieving Market Transformation**



## The Palm Oil Landscape in Sabah

- **Forest Cover: 61%;**
- **Forest Reserves & Protected Areas: 52%;**
- **Totally Protected Areas: 24%**
- About **1.54 Million ha** of Sabah's land is cultivated with palm oil.
  - **Smallholders: 221,138.49 ha;**
  - **Estates: 1,325,765.88 ha; and**
  - **Mills: 130 mills**
- Sabah currently exports **12%** of the **World's Crude Palm Oil (CPO)**, and is the **third largest producer** after Indonesia and Peninsular Malaysia.
- **RSPO Certified: 24%**
- **MSPO Certified: 22.4%**



**Figure 1: Palm Oil landscape in Sabah**

## Why Jurisdictional Approach (JA)?



### Competitiveness

(Sabah is too small to compete on the basis size, thus, decided to compete on the basis of Governance)

### Addressing issues at jurisdictional level

Labor, Land tenure, Indigenous rights, Smallholders' readiness towards certification, Impacts of oil palm plantations within forest reserves

### Cost effective

(individual certification costly)

### BETTER

access to the Premium market



## The Sabah Jurisdictional Certified Sustainable Palm Oil (JCSPPO) Initiative



- A ten year initiative **(2015–2025)** first adopted in 2015.
- Goal: bring all oil palm plantations within Sabah, including the smallholders towards 100% RSPO certification by 2025;
- Objectives:

Transform  
Sabah's palm  
oil production  
and supply  
chains

Halt  
deforestations

Restore the  
ecosystems

Secure  
sustainable  
livelihoods

## The Implementation of the MSPO Certification in Sabah



- In 2017, the Ministry of Plantation Industries and Commodities (MPIC) announced that the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme is now mandatory. All oil palm plantations in Malaysia are obligated to comply by the **end of 2019**;
- Sabah has agreed to implement both the JCSP0 Initiative and the MSPO Certification **concurrently** within the State;
- The **JCSP0** Initiative is still the **ultimate goal**, obtaining the MSPO Certification is complementary and regarded as a step-wise approach towards achieving the bigger goal, i.e., accepted by the market.

## The Coordination of Palm Oil Certification in Sabah

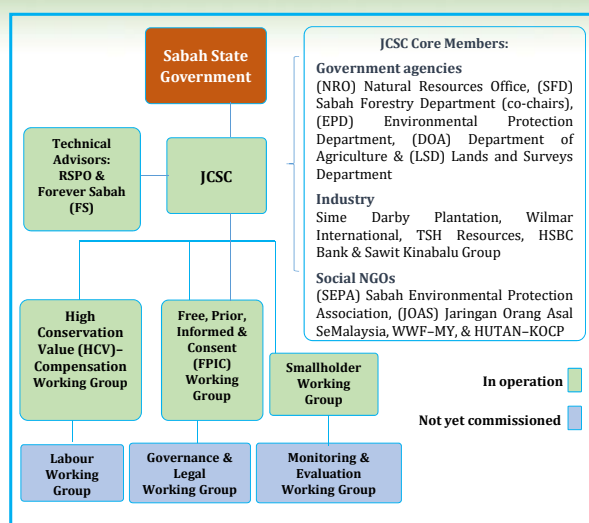


Figure 2: Organizational structure of the JCSC  
(Current institutional structure)

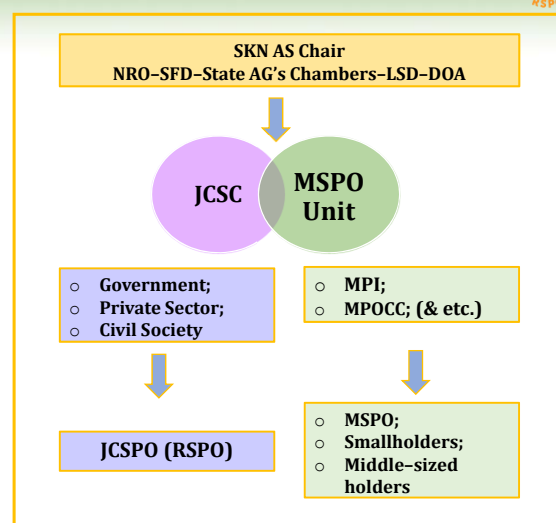


Figure 3: the proposed Governance Structure  
(Future institutional structure)

## The Implementation of the Sabah JCSP0 in Sabah



### Funds needed over the period of five (5) years (2016–2021)

- About **RM 17.8 million/approx. USD4.2 million** is needed;
  - a) Achieving no loss to HCV and HCS Forests for oil palm in Sabah  
**(approx. RM 4.3 Million)**
  - b) Enable zero-conflict in oil palm production landscapes in Sabah  
**(approx. RM 3.4 Million)**
  - c) Strengthen smallholder sustainability and uplift local livelihoods  
**(approx. RM 7.8 Million)**
  - d) Institutional Framework  
**(approx. RM 2.3 Million)**
- **Total fund secured thus far:**

**Approx. RM 12.6  
Million/ USD 3  
Million**

## cont. The Implementation of the Sabah JCSP0 in Sabah



Sabah Forestry Department	contributed <b>RM 1 million</b> <b>(approx. USD 238, 339.00)</b>	to kick-start the implementation of the Year One (1) Action Plan
RSPO & WWF-Malaysia	contributed <b>USD300,000.00</b> & <b>USD58,177</b> respectively	to support the <b>High Conservation Value (HCV) and High Carbon Stock (HCS)</b> mapping process in Sabah
High Carbon Stock Approach (HCSA) Executive Committee	contributed <b>USD15,000.00</b>	to support the <b>Sabah HCS process</b>

## cont. The Implementation of the Sabah JCSP0 in Sabah



AAK gave a **one (1) year grant** to support the **smallholder work** in **Telupid, Tongod, Beluran and Kinabatangan (TTBK)**

awarded **USD200,000.00 & USD100,000.00** match from RSP0, for over **22 months** (to be shared equally between Sabah and Central Kalimantan)

UNEP 10-Year Food Program (Through RSP0) to support the **smallholder work**

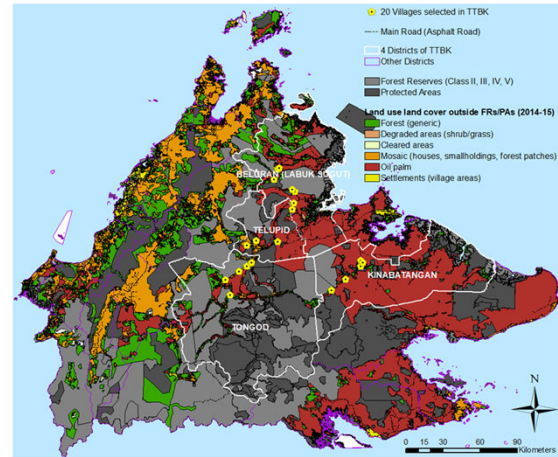


Figure 4: Twenty (20) villages selected in TTBK

## cont. The Implementation of the Sabah JCSP0 in Sabah



- Unilever will contribute **USD 1,400,000.00** over the **five (5) years** to support the **Living Landscape Programme (LLP)**, targeting **60,000 ha middle-sized holders** in the **Sugut and Tawau** landscapes for certification by 2023;
- Unilever will also contribute **USD 220,000.00** over the **five (5) years** to support the **institutionalization of a Permanent Secretariat** in Sabah. The State Secretary has agreed to this and suitable candidates/officials will be identified.

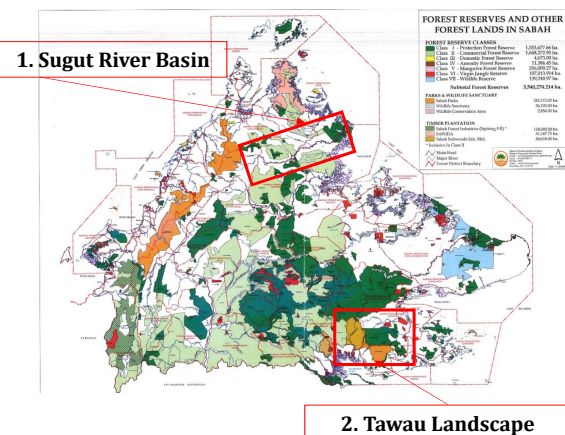


Figure 5: Twenty (20) villages selected in TTBK

## Key Achievements of the Sabah JCSP0



- 1) The establishment of the **Jurisdictional Certification Steering Committee (JCSC)**
- 2) The development of the **First Five (5) Years Action Plan** and the **Year One (1) Action Plan**;
- 3) The implementation of the **Year One (1) Action Plan**

**a) HCV-Compensation Working Group**–to produce a HCV map and assessment report for Sabah

**Progress:**

- The State-wide Forest Carbon mapping: **completed**;
- The HCV Map Zero: will be ready in **December 2018**

**b) FPIC Working Group**–to develop and field-test the Sabah specific FPIC Guide & operational mechanism

**Progress:**

- The Sabah specific FPIC Guide: **developed**;
- Field-testing of the FPIC Guide: **Pilot phase in TTBK**

**c) Smallholder Working Group**–cataloguing smallholders

**Progress:**

- **Smallholder pilot** will be conducted in **TTBK**

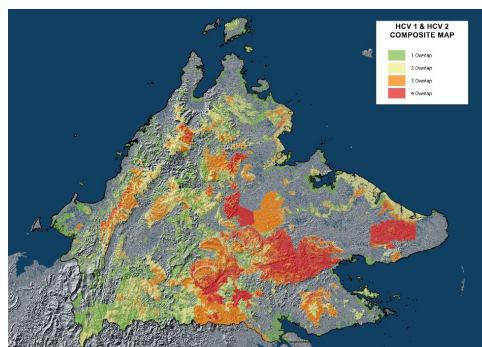


Figure 6: HCV 1 & HCV 2 Composite Map

## *cont.* Key Achievements of the Sabah JCSP0



4. Recognition of the Sabah JCSP0 Initiative as the **ultimate goal for oil palm certification in Sabah**;
5. Recognized as the **most advanced Jurisdiction Initiative** globally, in terms of its implementation and had attracted interests of support from the consumers/International Community.
6. The **Living Landscape Programme (LLP)**–targeting 60,000 ha middle-sized holders in the Sugut and Tawau Landscapes  
Progress: Planning phase
7. The **Institutionalization of a Permanent Secretariat**  
Progress: the State Secretary has agreed to this.

## Ten (10) Anticipated Outcomes by 2025



- 1) Adoption of the State-wide HCV map. The no-go zones are determined;
- 2) Incorporation of the FPIC and HCV requirements into the Environmental Impact Assessment (EIA) and the Proposal for Mitigation Measures (PMM) Guidelines for Sabah;
- 3) Incorporation of the Sabah FPIC Guide into Company Policy and Standard Operating Procedures;
- 4) Full implementation of FPIC in the State;
- 5) Endorsement of the State level Land Use Change Analysis (LUCA) map and the Sabah's nett conservation liability

## *cont.* Ten Anticipated Outcomes by 2025



- 6) Adoption of the Sabah Compensation and Remediation plan;
- 7) Full implementation of the i) Smallholder interventions, ii) Smallholder Facilitated Land Application Process (FLAP) and iii) Mill-smallholder Best Management Plan (BMP) Programme
- 8) Fully functioning Permanent Secretariat and its Governing Body to oversee all oil palm matters within the State;
- 9) 100% RSPO & MSPO Certification for all oil palm plantations in Sabah;
- 10) 6 million metric tonnes of CSPO fully procured.



## Conclusion



Adoption of the  
Sabah JCSP0  
Initiative

All oil palm  
plantations in Sabah  
are MSPO certified  
by the end of 2019

60,000 ha middle-sized  
holders within the Sugut  
and Tawau landscapes are  
certified by 2023

**2015**

**2017**

**2019**

**2021**

**2023**

**2025**

Development of the first  
five (5) Year Action Plan  
& the Year One (1)  
Action Plan

By 2021,

- The Smallholder pilot in TTBK is completed; and
- The Sabah FPIC Guide has been field-tested in TTBK

By 2025,

- All oil palm plantations are RSPO & MSPO certified; and
- 6 million metric tonnes of CSPO are fully procured

- Our target is 2025, **ten (10) years** and we are currently in the **initial stage**;
- The **Sabah JCSP0** remains as the **ultimate goal**, pursuing the MSPO Certification is complementary and regarded as a step-wise approach towards achieving the bigger goal;
- We hope to garner supports from interested parties to enable Sabah to have all of its **oil palm 100% RSPO-Certified by 2025**.

# Thank You