

SETTING THE BIODIVERSITY BAR FOR PALM OIL CERTIFICATION

Assessing the rigor of biodiversity and assurance requirements of palm oil standards

INTRODUCTION

This report provides an overview of palm oil sustainability standards' measures to stop biodiversity loss and restore habitat for biodiversity conservation. It highlights critical areas (particularly in standards' biodiversity and level of assurance criteria) that need to be improved and recommends specific actions for palm oil buyers and investors.

Expansion of palm oil production has been a major cause of biodiversity loss. The Oil Palm Task Force of the International Union for the Conservation of Nature (IUCN) however concluded that palm oil is one of the most productive vegetable oils per land area and that alternatives require more land and could lead to more biodiversity loss on a global level. A responsible, deforestation free, biodiversity friendly management of oil palm plantations is a high priority.

IUCN NL supports the role of robust voluntary agrocommodity sustainability standards as an important element in a mix of governance measures that aim to improve sustainability of agricultural production, trade and consumption. This report attempts to address the main knowledge gap on the feasibility and effectiveness of the multiple certification

standards currently available to companies, in order to identify strengths, weaknesses and similarities between them.

APPROACH

This report combines two new benchmarks on biodiversity and level of assurance (i.e. the degree of confidence a standard can provide that its criteria are indeed met) with the analysis of previous benchmark studies on palm oil sustainability standards. These new benchmarks include six sustainability standards namely: the newest RSPO standard of 2018, Sustainable Agriculture Network (SAN) 2017, International Sustainability and Carbon Certification (ISCC) EU and Plus, Indonesia Sustainable Palm Oil (ISPO) and Malaysia Sustainable Palm Oil (MSPO). These six were chosen as they currently have the biggest market share in certified palm oil production.

KEY CONCLUSIONS

The report concludes that RSPO shows best results in relation to both biodiversity protection and level of assurance. RSPO attains almost 70 percent of the maximum score for biodiversity protection and slightly over 85 percent for level of assurance (Figure 1).

BIODIVERSITY PROTECTION VS. LEVEL OF ASSURANCE

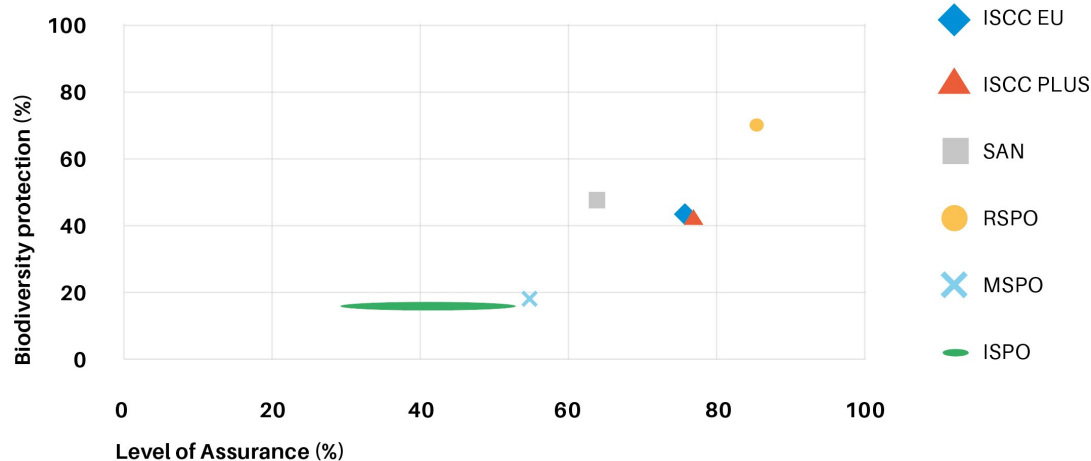


Figure 1 percentage scores of level of assurance (x-axis) plotted against biodiversity (y-axis).

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ISPO and MSPO lag behind in both benchmarks resulting in 16 and 18 percent respectively of the maximum score for biodiversity protection. MSPO scores 55 percent on level of assurance. ISPO could not be fully assessed for level of assurance criteria due to lack of information from primary sources, hence figure 1 shows the possible range. These national standards play an important role in ensuring a countrywide level playing field for palm oil producers. Their current criteria on biodiversity protection and level of assurance however is far from satisfactory and risks providing a sustainability stamp without robust criteria and assurance.

ISCC EU and Plus show almost equal results on both the biodiversity and level of assurance benchmark. The slight difference in relation to level of assurance lies in how other standards are recognised, and under which conditions. Under ISCC EU certified palm oil for biofuel sold as "EU Renewable Energy Directive (RED) compliant" there is a higher risk that its certified palm consists of certified palm from other EU recognised, and possibly weaker, standards.

The report found that standards with stronger bio-diversity protection safeguards also had a stronger level of assurance. This suggests that standards with advanced criteria recognise the importance of level of assurance better than those lagging behind (Figure 1).

The conclusions drawn from the new benchmark studies are in line with previous benchmark studies. As social safeguards were not part of this study, it is interesting to note that the previous benchmark studies analysed also show strong social safeguards of the RSPO 2013 standard.

KEY RECOMMENDATIONS

A full list of recommendations for the separate standards and companies (producers and financial institutions) in the palm oil supply chain can be found in chapter 6 of the report. Key recommendations are:

1. ISPO and MSPO should be strengthened on both

biodiversity protection and level of assurance criteria to utilise their role to attain sector-wide sustainability at a national level.

2. Players in the palm oil supply chain, like buyers and investors, should demand RSPO certified palm oil. For biofuels imported into the EU, combined ISCC EU and RSPO certification should be demanded.

3. ISCC should set stronger criteria to prevent weaker standards being used in the supply chain when selling under the "EU RED compliant" claim.

4. Standards should engage in jurisdictional or landscape approaches that aim to realise sustainability goals across commodities and stakeholders. Even if more complex to implement they will reduce costs, conflicts between stakeholders and risks for investors and increase legal compliance.

5. Standards and their member companies and financial institutions should collectively invest in implementation through sufficient capacity to monitor, audit compliance and reconcile conflicts.

6. Standards should involve civil society to improve audits, carry out truth finding and have effective early warning systems of conflict.

7. The capacity of companies and smallholders should be enhanced to enable them to implement the standards



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ABOUT IUCN NATIONAL COMMITTEE OF THE NETHERLANDS (IUCN NL)

IUCN NL is the Dutch national committee of the International Union for the Conservation of Nature, the world's largest and most diverse environmental network. Greening the economy is one of its key topics. Stimulated by its partners in Indonesia and other producing countries, IUCN NL has been an advocate for sustainable palm oil. In recent years, IUCN NL has contributed with advise and input to the IUCN Oil Palm Task Force and the Amsterdam Declaration Partnership. IUCN NL convenes Dutch civil society discussions and exchange on topics related to palm oil finance. IUCN NL advises civil society organizations, government, business and financial institutions on issues of agrocommodity governance.

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