

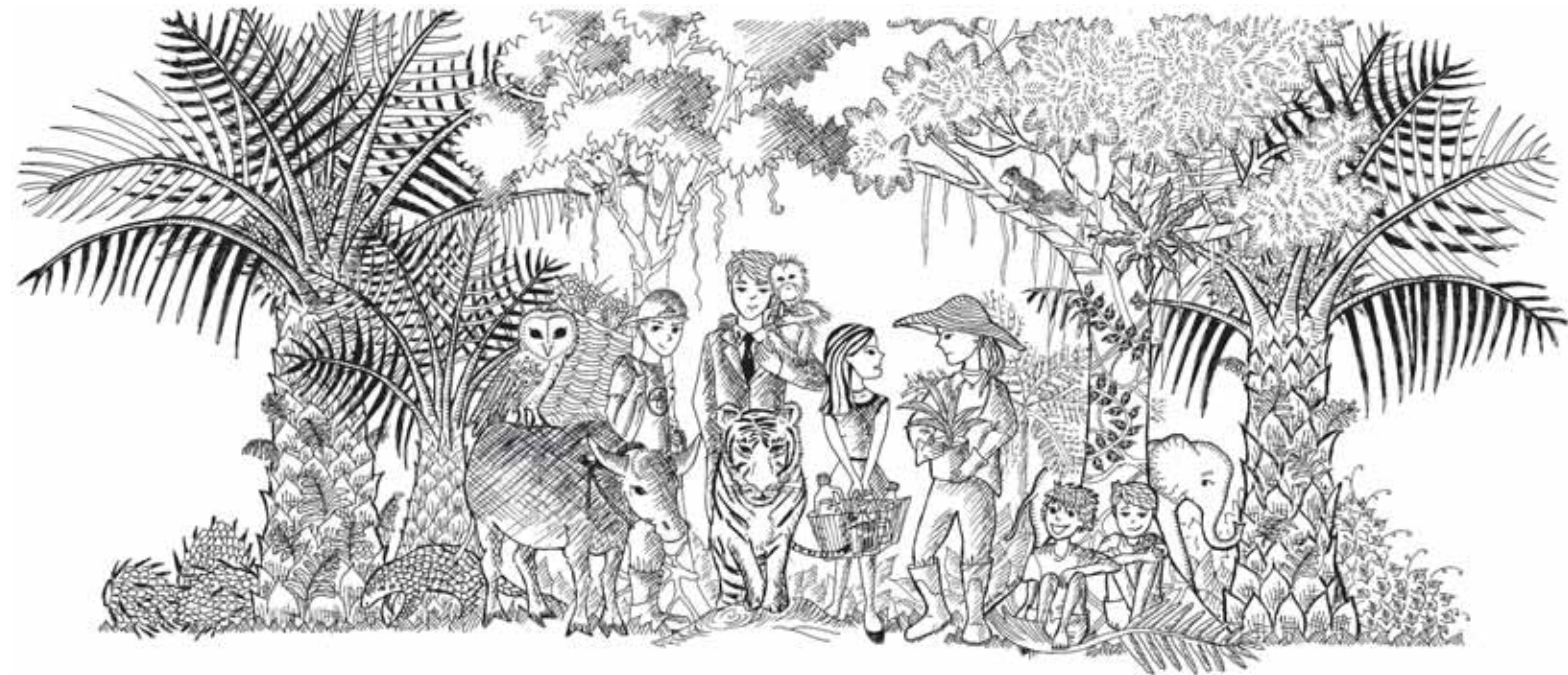
Roundtable on Sustainable Palm Oil

NEWSLETTER

For RSPO Members

Issue #8

July-September 2006



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Members of RSPO

RSPO

Roundtable on Sustainable Palm Oil

RT4

Register for RT4 today!

Read more about RT4: www.rspo.org/rt4.htm

Register for RT4: http://www.rspo.org/payment/rspo_registration.aspx

RSPO

Roundtable on Sustainable Palm Oil

The Roundtable on Sustainable Palm Oil (RSPO) is a global multi-stakeholder initiative on sustainable palm oil that was formally established under Article 60 of the Swiss Civil Code on 8 April 2004. The not-for-profit Association will have members representing major players along the palm oil supply chain. The RSPO is a unique platform for pragmatic co-operation to contribute to the expansion of sustainably produced palm oil and its uses.

EXECUTIVE BOARD MEMBERS

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Jan Kees Vis - Unilever

Vice-President I

Matthias Diemer - WWF Switzerland

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Rikke Netterstrom - The Body Shop

Dian Kosasih - WWF-Indonesia

Simon Harris - HSBC

Murtaza Ibrahim - FELDA

Vacant seat

Banks/Investors - 1

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President's Welcome Message



Dear Sustainable Palm Oil Supporters,

Roundtable conference #4 is almost upon us. You can register for the event on the RSPO web site (http://www.rspo.org/payment/rspo_registration.aspx). November 21-22 we will discuss progress in implementation trials, verification mechanisms, supply chain mechanisms, Code of Conduct, Task Force Smallholder progress and many other subjects. We have invited a key note speaker, David McLaughlin, who lives and works in Costa Rica. David will share with us the experiences of his company in going through certification programmes with Rainforest Alliance standards for all Chiquita banana plantations in Central America. A process that lasted for more than 10 years, required investments, had effects on costs, on yields and on profitability. David is unique in that he not only has vast experience in introducing sustainability standards in a plantation environment; he also used to be charge of the Chiquita palm oil operations in Costa Rica many years ago.

Some weeks ago I was in Kuala Lumpur at the OFIC conference. I talked about the food industry view on supply chain sustainability, but I also made some comments on the issue of biofuels. There is great enthusiasm in certain circles about biofuels, be it rapeseed oil for biodiesel, or bioethanol from wheat or maize for gasoline substitution, or indeed palm oil for biodiesel or power generation. But there is also growing concern that current biofuel crops might not have the potential to make a lasting and sustainable contribution to the solutions of the problem they are supposed to address: greenhouse gas emissions from the burning of fossil fuels, and dependence of economies of supplies of fossil fuels. There are limitations to first generation biofuels, even if the financials look attractive at the moment. We do not plan to have a session on this in RT4, but we will no doubt come back to this subject in future meetings.

End of August, the Second Roundtable conference on Responsible Soy was held in Asuncion, Paraguay. With 250 participants, there was a good turnout. A joint declaration was accepted and the decision was taken to start a process of development of principles and criteria for responsible soy, and to create a permanent organisation. Especially the animal feed industry was very keen on taking this matter forward. Consumer markets are getting more and more vocal about these subjects.

I look forward to seeing you all in Singapore in November.

Jan Kees Vis

4th Roundtable Meeting on Sustainable Palm Oil

Promoting the growth and use of sustainable palm oil

21-22 November 2006

Meritus Mandarin Singapore

RT4

RT4 preliminary agenda

20 November 2006 (Monday)

Registration and badge collection

Pre-meetings

- 2-year P&C implementation trials
- Smallholder Task Force (STF)
- Executive Board meeting

21 November 2006 (Tuesday)

Registration and badge collection

Opening Session

Session Chair: Mr Derom Bangun, RSPO Vice-President II

- Welcome/Opening Address (Jan Kees Vis, RSPO President)
- Keynote Address (David McLaughlin, Chiquita)

Session I

Presentation and discussion of verification protocol options

Session chair: Dato' Mamat Salleh, RSPO Vice-President III

Plenary session

- Presentation: Verifications Systems Paper (Neil Judd, ProForest)
- Presentation(s): Experience of other sectors
- Presentation: Cost & implementation: concerns regarding verification and meeting RSPO criteria (Simon Lord, New Britain Palm Oil Ltd)
- Presentation: Perspective of challenges and addressing them from verifiers' perspective

Group work

Plenary discussion

Session II

Carrying the Principles & Criteria for Sustainable Palm Oil Production (P&C) forward

Session chair: Dr Matthias Diemer, RSPO Vice-President I

Plenary session

- Presentation: Self assessment results or progress on P&C implementation (Andrew Ng, RSPO Secretary-General)
- Defining projects that meet critical needs for implementation: An introduction to the Wall Gallery Walk session

Wall gallery walk

- Test case delegates explaining their cases & outcomes: What are the elements you are testing in the P&C, what is good about it, what is bad?

22 November 2006 (Wednesday)

Session III

What happens in the supply chain?

Trade and supply chain support for sustainable palm oil

Session chair: Mr MR Chandran, RSPO Honorary Member

Plenary session

- Presentation: Supply chain options for sustainable palm oil supply (Ishmael Dodoo, ProForest)
- Presentation: Perspectives of preferences for supply chain options:
 - o Segregation (Gert Vandersmissen, GOPDC)
 - o Mass balance (Umberto Villars, Migros)
 - o Book & claim (Ian McIntosh, AAK)
 - o Large scale handling of sustainable palm oil in the supply chain (Jeffrey Glanz, Unilever)

Group work

Plenary discussion

Session IV

From words to action:

Meeting expectations of RSPO Members & stakeholders

Session chair: Mr Teoh Cheng Hai, former Advisor to the RSPO Executive Board

Plenary session

- Presentation: RSPO Code of Conduct (Andrew Ng, RSPO Secretary-General)
- Presentations by sectoral representatives on their corporate/organizational commitments to sustainability and how palm oil fits within this framework:
 - o Palm oil processors and/or traders
 - o Consumer goods manufacturers
 - o Retailers (Rikke Netterstrom, The Body Shop International)
 - o Banks and investors (Simon Harris, HSBC Bank Malaysia Berhad)
 - o Environmental/conservation NGOs (Dian Kosasih, WWF-Indonesia)
 - o Social/developmental NGOs (Oxfam)

Group work

Plenary discussion

Closing Session

Conclusion and Looking Ahead

- Presentation: Summary of results of RT4 and recommendations on next steps (Andrew Ng, RSPO Secretary-General)
- Closing remarks

3rd RSPO General Assembly (GA3)

For RSPO Members only

Register for RT4 today!

Read more about RT4: www.rspo.org/rt4.htm

Register for RT4: http://www.rspo.org/payment/rspo_registration.aspx

National Interpretation of the P&Cs in Papua New Guinea



The Papua New Guinea National Interpretation Working Group (NIWG) met for the first time in Port Moresby, the Nation's capital, on the 4th and 5th of September.

NIWG goal is to deliver pragmatic guidance to oil palm producers, processors and procurers on how to implement the RSPO - P&C within PNG aiming not only to ensure that the RSPO adequately describe sustainable management of oil palm in PNG but in the process to build the greatest possible level of support for the RSPO criteria among all stakeholder groups in PNG.

Representation at NIWG has been defined in terms of five stakeholder groups.

Stakeholder groups	Representatives
Environmental interests	2 members from National NGO's 1 representative from the DEC 1 representative from National Planning
Social interests	2 members from National NGO's 1 representative from the Trade unions 1 representative from the Rural Industries Council
Palm oil producers	2 representatives from Smallholders (OPIC) 4 representatives from operating company
Technical Advice	1 representative from the Oil Palm Research Association

Each stakeholder group to nominate who their representative(s) should be and then the representative joins NIWG on behalf of the constituent group. Representatives (and their organisation) do not need to be members of the RSPO but they do need to abide by the Code of Conduct. There are 15 representatives, under the watchful eye of Mike Manning a well know face in PNG having been involved in numerous national initiatives not least of which has been transparency International. To date representation from the Social and part of the environmental NGO stakeholders has been absent but it is hoped that this will increase with time. Trade union representation was also lacking. The only representative from the social sector was Brown Bai of the Rural Industries council.

The results of the first meeting can be seen on the PNG web pages hosted by the RSPO secretariat (www.rspo.org/National%20Interpretation.htm#PNG). There the draft interpretation will be available for public comment for one month until **16 October**. If you any comments to make or to state a point of view please send them to the RSPO secretariat at rspo@rspo.org.

Simon Lord

Task Force on Smallholders begins to show results

By Marcus Colchester, Director, Forest Peoples Programme marcus@forestpeoples.org



Ceremonial inauguration of Serikat Petani Kelapa Sawit (SPKS) Sanggau District, West Kalimantan, Indonesia, 9 June 2006

The launch of the new Oil Palm Smallholders Union (SPKS) in West Kalimantan in June 2006 marks an important step for the RSPO's Task Force on Smallholders. The RSPO Principles and Criteria encourages 'indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions'. The new union constitutes the first independent smallholders' association in Indonesia and its establishment opens the way for RSPO to engage directly with a major stakeholder group.

The Union held its inaugural ceremony, attended by local government functionaries and politicians, in Bodok, Sanggau District. The event was held at the close of a workshop organised by the Task Force leaders, Sawit Watch and Forest Peoples Programme, attended by over a hundred oil palm farmers keen to learn about the RSPO and find ways to improve their situation. Following a ceremony led by ritual leaders invoking the aid of spirit forces to favour the association and sanction backsliders, SPKS issued a signed Declaration highlighting their concerns and calling for reforms.

In the Declaration the farmers recognise that the 'development of oil palm plantations has played a significant role in improving people's incomes' but that these benefits have come with a number of serious and growing problems, including the following:

- 'Land acquisition for oil palm development has not recognised the customary rights of indigenous peoples and the rights of local communities';
- Oil palm small-holdings have been allocated in an unfair and untransparent way, 'accompanied by falsified promises, infringed agreements and the fraudulent application of the relevant regulations';
- 'Compensation, if any, paid for land has been insufficient';

- 'Credit has been decided without involving farmers in a participatory manner';
- Farmers are not involved in the government-directed process which annually sets prices for Fresh Fruit Bunches (FFB) in each province;
- There is a lack of maintenance, by both the companies and the government, of roads linking smallholder farms to mills;
- There is serious environmental pollution by mill effluents and chemicals used in the oil palm plantations of downstream river waters, soils and the air;
- 'Companies do not recognise and respect local customary laws and applicable national laws'.

The farmers announced their intention to push for reform of oil palm policies so they really bring benefit to the people. They seek the restitution of lands acquired by the companies without respect for the customary rights of indigenous peoples. They want effective, transparent and systematic participation of farmers in the pricing of FFB. They call for the elimination of smallholders' debts, which they feel were unilaterally and unfairly imposed on them when the estates were established on their own lands while extinguishing their rights. They also call on the government to favour local communities in resolving disputes and to stop using intimidation to quell dissent. Aligning themselves with other Dayak groups further north, they also reject the expansion of oil palm plantations all along the Indonesia-Malaysia border, a plan announced by the Indonesian President in June 2005. A copy of the SPKS Declaration can be found on:

<http://www.rspo.org/PDF/Projects/STF/Declaration%20of%20Union%20of%20Oil%20Palm%20Farmers.pdf>

Challenging research findings:

The initial findings of the research on smallholders' situation, being carried out by Sawit Watch and Forest Peoples Programme through socio-economic surveys and participatory workshops in West Sumatra, Riau, Jambi, Lampung, West Kalimantan and East Kalimantan, corroborate the views expressed by SPKS. Our surveys suggest that many of the estimated 4.5 million farmers and family members dependent on their oil palm smallholdings in Indonesia have very low incomes and bear heavy debt burdens. Even though indigenous people have been obliged to give up large areas of their lands to government-planned estates, they get minimal compensation for these losses and yet are encumbered with substantial debts for the much smaller oil palm holdings they are allocated in return. Most farmers interviewed find they have to supplement their income with off-farm labour or other agricultural activities, as the returns from their two hectare oil-palm smallholdings are not enough to raise a family and repay their debts.

Some workshop participants expressed considerable scepticism about RSPO when they first heard about it, as these drawings - by farmers asked by facilitators at the opening of the workshops to express their expectations - graphically portray.



The fruits of RSPO?



Blood and crushed farmers

However, once the RSPO Principles and Criteria, and the aims of the Task Force on Smallholders, were explained, many farmers expressed the hope that RSPO could indeed lead to major improvements in their situation, if these goals and intentions are honoured by RSPO members.



RSPO as a vehicle for reconciling smallholders with government and investors.

Applying the RSPO Principles and Criteria:

Although the circumstances of smallholders in Indonesia vary widely, the great majority are tied into smallholder-nucleus estate schemes. They are legally obliged to sell their FFB to the parent estates and mills, which administer their debts and hold onto their land titles until these are repaid. In these circumstances, smallholders have neither the freedom nor the resources to engage directly with the RSPO to get their produce certified, so it will be vital that RSPO requires companies applying for certificates to get both the nucleus estates and smallholdings assessed at the same time, otherwise smallholders may end up being marginalised instead of benefiting from the RSPO process.

Workshops and field surveys revealed quite a few major dilemmas about how the RSPO standard will be applied to smallholder realities in Indonesia. Interviewees noted the following major, widespread inconsistencies between the RSPO Principles and Criteria and their realities:

- Farmers have unclear rights in land and lack tenurial security
- Land disputes with estates or with neighbours are general
- There are no mutually agreed conflict resolution or complaints mechanisms
- There are no independent representative organisations for smallholders (except SPKS)
- Prices are too low, and both prices and debts are unclearly administered
- Farmers feel powerless to address environmental problems even though they are concerned about them
- Pesticides are provided without training about risks and safety procedures.

As one farmer remarked, 'Yes, we do (use pesticides) but we don't know about the risks. None of us had training. We took no precautions until someone went blind. So, yes, now we are very concerned'.



'I'm so sorry if you are not satisfied with my answer! [about why farmers are not concerned about High Conservation Values] But we cannot look after this on our own, as the one who cuts the forest is the company. There are no longer any animals. Actually we are very angry about this but we can't do anything about it. We cannot replant another forest on the oil palm now. It is true we should worry about the impact but once it is cleared what can we do about it?'

The next meeting of the Task Force on Smallholders is scheduled for 20th November 2006, the day preceding RT4. The main objectives of the meeting are to share information and elaborate a work plan to address smallholder concerns. RSPO is committed to socially just palm oil production and use. The Task Force offers a forum for smallholders to raise their concerns and for RSPO members to discuss with them how to ensure that oil palm operations comply with RSPO standards in ways that will benefit them.

Towards better practice in smallholder palm oil production

Sonja Vermeulen and Nathalie Goad, IIED
July 2006

Summary

Smallholders are major contributors to world palm oil output, delivering up to 33% of production of crude oil in the leading producer countries Malaysia and Indonesia, and as much as 80% in West African countries such as Nigeria. But smallholders are much less understood than larger-scale growers. The aim of this report is to compile and summarise the main types of current arrangements for smallholder palm oil production, and to identify promising options for improvement.

Defining smallholders has always been problematic. The RSPO views smallholders as family-based enterprises producing palm oil from less than 50 ha of land. In practice, people in this smallholder category often include holders of customary rights (or otherwise new settlers) and perhaps also labourers on nearby plantations, all of which affect the choices they make as smallholders.

At present, the main types of arrangements for smallholders are:

1) *Supported smallholders:*

Growers who cultivate palm oil with the direct support of either government or the private sector. The basic concept is that the government agency or private plantation company provides technical assistance and inputs of seed stock, fertilisers and pesticides, on a loan basis, sometimes partially subsidised by government. There may be a verbal or written contract delineating the agreement and possibly including guarantees of sales, plus terms for calculating the mill price. Examples of supported smallholder schemes are nucleus-plasma (PIR) in Indonesia and the variety of land resettlement and rehabilitation schemes in Malaysia (RISDA, FELCRA, FELDA).

2) *Independent smallholders:*

Growers who cultivate palm oil without direct assistance from government or private companies. They sell their crop to local mills either directly or through traders. In Malaysia, independent growers are proliferating as independent mills multiply and FELDA schemes mature towards less regulation and subsidy.

3) *Collective landowner schemes:*

Another option for local communities who hold land title or recognised customary land rights. These are land leases or joint ventures, whereby local landowners rent out use rights of their land to a plantation company, or collect a share of profits based on the equity value of their land. This is not strictly a smallholder model, but can be an attractive alternative for local landowners. The mini-estate or *Konsep Baru* in Malaysia (Sabah and Sarawak) and *Lease-lease-back* schemes in Papua New Guinea are current models.

The main constraints for smallholders include ownership status, securing capital to meet upfront expenses, balancing food security with cash crop production, sufficient labour, and getting good technical, policy and market information. There are isolated examples of innovations to deal with these problems and improve the contribution of smallholders to sustainable palm oil production. The challenge now is to share good practice more widely.

Download the full IIED report (PDF/500kb):

<http://www.rspo.org/PDF/Projects/STF/final%20IIED%20report%20on%20smallholder%20palm%20oil.pdf>

Secretary-General's Report



The last quarter signalled the start of preparations for the upcoming fourth Roundtable Meeting on Sustainable Palm oil, or RT4 in this coming November. The proposed agenda and sessions look like delivering on the key issues from all our sectors. Based on lessons learnt last time round, improvements and enhancements are being introduced to add value for participants.

As we approach the half-way mark in testing the P&C, many concerns remain over the applicability of many criteria, especially on environmental / biodiversity and social ones. Without testing them, we remain stuck at the debate on whether the P&C needs a modification or not. And many participants in the 2-year trials have called for RSPO to act and provide the necessary guidelines, etc. for implementation.

But who is RSPO? The last quarter has revealed that as a voluntary organisation, we are as effective as each member's willingness or ability to participate and contribute in initiatives that lead to our collectively agreed goal in RSPO. We need members to step-up now to the task of trials. We need champions to be prepared to take these concerns by the scruff of its neck and test them out.

RSPO is fast becoming the leading group and reference point for sustainable palm oil matters. Much rides on our ability to see through the ambitious programme set forth in November 2005 at GA2. At RT4 we can assess ourselves how far we have come in meeting our stakeholders and customers needs.

This year's General Assembly (GA3) is significant for elections of Executive Board members to represent stakeholder or sectoral interests as well as work towards the common goal of sustainable palm oil within RSPO. The first Executive Board of RSPO has been a pioneering group who have put in time and effort in maintaining feedback from respective sectoral or stakeholder groups while balancing out their own goals with that of RSPO. Behind the scenes, the Board, or EB has been tireless in driving along RSPO from its early form to what it is today. All this through various challenges to RSPO. The P&C and verification process are just two programmes overseen by the EB.

As we search for worthy candidates at GA3, let's spare a moment to acknowledge the achievements of the outgoing EB. In the face of internal and external stakeholder pressure the EB proved that despite having different objectives, a multi-stakeholder organisation can take sensible decisions (not necessarily popular) to act in the best interest of all. That in itself is an achievement and should be a quality sought after when we choose our next EB.

I look forward to meeting up at RT4 and GA3. It promising to be exciting as we once again review our progress to date, deliberate them and put for plans to meet the global demand for sustainable palm oil in the most pragmatic, fair and credible way.

Announcements

RSPO Annual Communication of Progress

RSPO Members are expected to communicate on an annual basis on progress towards the production and use of sustainable palm oil. By networking and cooperating within the multi-stakeholder platform provided by RSPO, members can ensure a constructive and transparent operation throughout the palm oil supply chain as well as participate in activities promoting sustainable palm oil production, procurement and consumption, as articulated through the RSPO Code of Conduct, applicable to all Members. This way of working has become the standard by which RSPO is identified and gains repute and credibility from.

All RSPO Members are urged to submit their annual reports to the Secretariat from now until **20 October 2006** for inclusion in an RT4 publication on progress by RSPO Members.

Download the recommended format of the RSPO Annual Communication of Progress [MS Word/42 KB]
<http://www.rspo.org/PDF/RSPO%20Annual%20Communication%20of%20Progress%202006.doc>

Announcements

Letter to IUF regarding settlement between Union SP KAHUTINDO and RSPO Member PT Musim Mas

The settlement that was reached by both parties in conflict was heavily criticised by you, as was RSPO for acknowledging that a settlement took place. We would like to briefly respond to that criticism.

RSPO was set-up up as a voluntary organisation to promote sustainable practices in the palm oil industry. The membership we have attracted are those organisations, companies and NGOs who wish to subscribe to the approach we take. Being a member is neither a claim of sustainability nor the ultimate solution to the issues affecting the palm oil sector, its supply chain, stakeholders or any other interested party's activities. The RSPO, however, has become an important platform for communication and constructive - dialogue aimed at producing and using sustainable palm oil. This has in turn led to action at various levels...

Download full letter [PDF/22 KB]
<http://www.rspo.org/PDF/Letter%20to%20IUF.pdf>

Download IUF letter to RSPO Executive Board (7 July 2006) [PDF/75 KB]
<http://www.rspo.org/PDF/IUF%20BWI%20on%20RSPO%20Musim%20Mas%20settlement.pdf>

Interim claims regarding RSPO Sustainable Palm Oil

Over the past months since the adoption of the Principles & Criteria for Sustainable Palm Oil Production (P&C), several developments have taken place that pave the way for the use of the P&C in audits of production units for their compliance with what are now regarded as the sole set of sustainability standards for palm oil anywhere in the world. RSPO understands that organizations are currently working on assessments based on the P&C and this can be used to satisfy consumers and customers. RSPO has initiated a Verification Working Group (VWG) with the expressed goal of developing an agreed set of verification options for RSPO's consideration and eventually towards a protocol for the audit of producers or their units against the P&C. However, until work being carried out by the VWG is completed, a proper protocol that is acceptable to all and reflective of the concerns shall not be in place. Until such time, making reference to RSPO based verification efforts is acceptable, claiming conformity to RSPO P&C is not.

In the interim, 2-year trials on implementation of the P&C as well as national interpretation will become the basis for measuring performance against the P&C. The work here relevant to this discussion includes efforts to carry out trial audits based on the P&C that are fully under the mandate of RSPO.

Projects

Supply Chain Project: Developing a mechanism for palm oil traceability from plantation to end user

Download Final report: Developing a mechanism for palm oil traceability from plantation to end user (August 2006) [131 KB]
<http://www.rspo.org/PDF/Projects/Supply%20Chain/RSP%20supply%20chain%20report%20final.pdf>

Download Briefing note on supply chain options (August 2006) [291 KB]
<http://www.rspo.org/PDF/Projects/Supply%20Chain/RSP%20supply%20chain%20options%20briefing%20note.pdf>

Download Final report Annex 3: A background review of supply chain traceability options [916 KB]
<http://www.rspo.org/PDF/Projects/Supply%20Chain/RSP%20final%20report%20Annex%203.pdf>

Download Final report Annex 4: Key findings from feasibility study of supply chain traceability options [94 KB]
<http://www.rspo.org/PDF/Projects/Supply%20Chain/RSP%20final%20report%20Annex%204.pdf>

Download Final report Annex 5: A summary of options [533 KB]
<http://www.rspo.org/PDF/Projects/Supply%20Chain/RSP%20final%20report%20Annex%205.pdf>

Download Final report Annex 6: Draft chain of custody procedures for pilot testing (May 2006) [248 KB]
<http://www.rspo.org/PDF/Projects/Supply%20Chain/RSP%20final%20report%20Annex%206.pdf>



News & Views from Members

This column provides the platform for discourse among members to share experiences and ideas on the achievement of RSPO's objective of promoting the growth and use of sustainable palm oil.

Members could use this space to:

- Communicate their views and experiences on sustainable palm oil
- Critique on RSPO activities or decisions
- Provide suggestions for new projects
- Provide ideas for funding of new projects or activities
- Solicit partners for collaborative projects or activities
- Network, etc.

We invite contributions from all members, in any form they consider appropriate. Articles could include pictures, graphs, figures, etc. For inclusion in the next issue of the RSPO newsletter (Oct-Dec 2006), please submit your contributions to us by **15 December 2006**.



Sustainable Palm Oil Frenkendorf, 26th July 2006

Palm oil is the second most important oil substance. More than 30 million tons are produced each year. It is used as an ingredient in food as well as in washing powder and detergents. As the world population increases this figure is also rising to meet this extra demand.

A boycott of this product is therefore futile as palm oil can be profitably produced with the minimum of land usage compared to other oils that require a lot of land to produce the same quantity.

Tropical rainforests are under threat due to the expansion of palm oil plantations. The Round Table on Sustainable Palm Oil has taken this problem on board and is now trying to find a lasting solution to this untenable situation. Guidelines have been set up and are in the process of being implemented.

The Retailers are keen to find a long term solution to this problem in order to avoid coming under heavy criticism. The article in the Observer Newspaper (<http://observer.guardian.co.uk/magazine/story/0,,1798614,00.html>) high-lights this situation and provides a good example of how more critical the medias and the NGO's are becoming. It also states in this article how Migros has already

resolved this issue a while ago. Since December 2001 Migros is only using sustainable palm oil and is trying as co-founder of the RSPO to promote the use of sustainable palm oil. Due to their efforts Migros was awarded a prize at the UNO summit in 2002.

Therefore it makes sense for the retailers to enhance their activities to create a climate towards their suppliers to use only sustainable palm oil. It is for this reason that we are organising a workshop on the **10th October 2006** in order to agree to commit to mutually viable activities. We therefore cordially invite you to attend this workshop.

We look forward to welcoming you in October. Should you have any activities already planned regarding palm oil you are most welcome to let us know with the necessary details. We are willing to offer any assistance that you may require in these endeavours with regard to our expertise and exchange of information, so please do not hesitate to contact us. MIFA is also able to supply sustainable palm oil under your own brand.

Yours faithfully

U. Villars
Email: umberto.villars@mifa.migros.ch
Migros-Genossenschafts-Bund

WTO Negotiations

Doha Round

The world trade talks known effectively as the Doha Development Agenda began nearly five years ago aimed at helping the poorer countries to benefit from trade liberalisation with the reduction of tariff and non-tariff barriers and poverty eradication. The goodwill and political will that helped launch the Doha Round in the Qatari capital amidst much fanfare in the aftermath of September 11, 2001 seems to be fading away.

In Doha in November 2001, the world's rich countries pledged to give something more than money: *the opportunity for poor countries to sell their goods and earn their way out of poverty*. The focus was on fair trade and a more level-playing field for the developing world, including advocating big cuts on farm subsidies by the industrialised nations. In agriculture, developing countries are required to cut tariffs by 24 per cent while it is 36 per cent for developed countries. Thus, Doha Round was tasked with the mandate of reforming the world trading system by putting together a broad negotiating framework on world trade liberalisation. However, the talks got stuck on US and European opposition to wider reform of their politically sensitive farm programme.

Meeting in Geneva during the months of June and July 2006, international trade negotiators failed once again to successfully conclude the Doha Development Round. This nearly two-year stalemate is the result of the major players



News & Views from Members

- particularly the EU, the US, and the G-20 - persistently treating the negotiations as a zero-sum game, only making a concession in exchange for one from the other sides. The wrangling and the blame game on who is not prepared to give in and make concessions has been the order of the negotiations. With no player willing to even take the first step, there seemed little point in dragging out the end and finally, in late July, the WTO's Director-General, Pascal Lamy reluctantly suspended the so-called Doha Round indefinitely after major powers failed to overcome a deadlock over agricultural subsidies and tariffs.

EU and US farm subsidies

The United States (US) maintained that the Europeans are highly protective of their farmers and that the European Union (EU) needed to do much more to reduce the subsidies which Washington says are twice those in the US. *The US now spends about US\$20 billion annually on trade-distorting farm subsidies, however, Washington has offered to cut its WTO allowance for the main farm programme by 60 per cent to US\$7.6 billion, but trade rivals argue the reduction leaves real spending unaffected, for other elements of the proposal would still allow Washington to spend about US\$23 billion each year. In the case of Europe, Britain's Centre for Economic and Business estimates that European trade protectionism costs each EU citizen about 1000 sterling pounds a year.*

Regrettably, this inconsiderate approach to trade negotiations overlooks two important considerations. First, many "painful" concessions are, in reality, beneficial policy measures that should be undertaken whether or not concessions are extracted from the other parties. Second, negotiators have lost sight of the big picture, namely that all parties stand to benefit from an agreement, even if concessions are not equally balanced.

A bigger factor in the collapse might have been the decision in 2001 to label the negotiations a 'development round', which raised expectations among developing countries that could not be delivered.

Protectionism and employment

The Doha Round is the best opportunity there is to reduce and eventually eliminate agricultural subsidies and to open markets for agro-products. These are essential steps needed to increase wealth and create jobs through international trade, particularly in developing world. There is growing awareness that subsidies are not only immoral, but also illegal. Decisions taken by WTO in the past few years, in response to complaints from Australia, Brazil, India and others have endorsed the view that subsidies

profoundly distort international trade. They increase poverty in developing countries, encourage inefficiency among producers in developed nations and punish consumers worldwide.

Trade in agricultural goods has never been the subject of a serious liberalisation effort. Trade in industrial goods, by contrast, was the main goal of previous trade deals under the Uruguay Round. As a result, protection of industrial products like chemicals, textiles, electronics, cars, computers and others were significantly reduced everywhere, while protection of agricultural sector was barely scratched. Eliminating agricultural subsidies and opening markets in rich countries will affect no more than 2 per cent of their labour force. This is nothing compared to the 30-35 per cent of workers who hold industrial jobs in developing countries, whose markets for imported industrial goods are being targeted by richer nations.

Agriculture protectionism is an indefensible folly which depresses living conditions worldwide to the benefit of a handful of privileged farmers in rich countries. The rich world's farm subsidies cost their own taxpayers and consumers nearly US\$250 billion, while depriving developing countries' exporters of about US\$75 billion a year. More balanced international trade relations will have a multiplying effect on developing countries, where a significant part of the population makes a living from agriculture. The truth is that on economic terms, this is not a big deal. Agriculture's share in world trade has fallen steadily since the 1950s to less than 9 per cent overall and a mere 3 per cent in the EU.

Concessions

The players in the Doha Round make much of the offers they have placed on the table, but truly many of these 'concessions' are tantamount to sound domestic policy measures. While the EU and the US face off regarding the EU's agricultural tariffs versus the US's domestic support, they ignore the economic gains from lower prices and decreased tax burdens that would be captured by their own consumers if these concessions were made. Moreover, producers in the EU and the US - in the face of greater competition from abroad - would have to rise to the challenge of responding to market signals; many would actually become more competitive as a result.

Rather than clinging to high tariffs or trade-distorting support, US and EU producers would do better to turn their attention to expanding their export markets. Food demand is expected to double in the next fifty years, due to increasing populations, and most of this growth will occur in developing countries. EU and US producers need to look ahead to the population boom beyond their borders to be in position to meet the demands of these new consumers. However, this population surge will only translate into greater purchasing power if incomes in the developing world grow. Moreover, the most effective way to reduce poverty is to provide developing countries with the opportunity to export products in which they have a comparative advantage, many of which are agricultural products.



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A cloudy future

There are two pertinent points about the status of the Round that are fundamental to understanding the status of the negotiations; firstly, that negotiations on trade issues have passed out of the hands of professional negotiators and into the domain of trade ministers - strikingly different than in previous WTO Rounds, causing trade negotiations now to be highly politicised compared to all earlier GATT Rounds. Secondly, that the Doha deal is already on the table forcing a take-it-or-leave-it scenario with some elements to be refined, but essentially staring negotiators and politicians in the face.

The Uruguay Round, did not achieve significant liberalisation. It left in place the entitlement for members to continue large production and trade distorting subsidies and the acceptance of massive tariffs, while eliminating some protectionist devices like the variable import levy, and prohibitive import quotas. While it took seven long years to accomplish as much as it could at the time by adopting comprehensive tariffication and reform of historic trade distorting instruments, one must remember that there was no substantial reduction in absolute supports. That was left to the ninth multilateral Doha Round. And because this Round has been underway since 1999, the elements of the deal are already known. Only the parameters and extent of reform need to be nailed down.

It is widely believed that the multi-lateral trading system is healthy enough to absorb the shock of this singular political failure. Since 1948, eight previous rounds have reduced barriers to trade and these gains are safely banked. Most countries are converts to open markets – many have been cutting tariffs without waiting for the WTO. In an increasingly globalised economy, trade continues to flourish and fuel world growth. Since the WTO took over from the General Agreement on Tariffs and Trade (GATT) in 1995, a robust system has existed for resolving trade disputes. Finally, the big players have, through regional and bilateral 'free trade' agreements (over 180 to date) have found other ways to open markets. These bilateral agreements are inherently discriminatory, penalising countries with limited bargaining power and leaving out in the cold the poorest – the very countries that Doha was designed to help.

Bilateral negotiations cannot resolve the differences and distortions of domestic subsidies nor can they deal with export subsidies. Bilateral deals will appeal to number of countries and regions but not to terms of trade for all the 149 WTO members.

It seems unlikely that the Doha Round can be concluded anytime soon for it lacks a clear roadmap going forward.

Yet, it is imperative that some form of agreement is concluded by end of this year. While WTO has its share of critics, it nonetheless is the only world body currently overseeing the reform of the world's trading system. The stakes are high for export dependent countries like Malaysia, which is ranked among the top 20 trading nations in the world by the WTO. Indeed, exports make up more than 100% of Malaysia's gross domestic product.

For a start, the collapse of the Doha Round could nullify the commitments already made in agriculture. These would include the removal and reduction of subsidies on exports by 2013 as well as allowing duty-free and quota free market access for some 32 least developing countries by 2008. Tariff barriers will also continue to distort world trade and the biggest losers may well be the smallest and weakest countries, given that they have little or no bargaining chips.

M R Chandran, RSPO Honorary Member
Email: MRchandranNair@gmail.com



Wilmar hosted IPOC's Workshop on 'Awareness and Capacity Building on HCVF and RSPO P&C for Small Holders'

As part of our sustainable palm oil (SPO) initiatives and the Indonesian Palm Oil Commission's (IPOC) effort to promote SPO awareness and training, Wilmar Group Plantation hosted a workshop on 'High Conservation Value Forest (HCVF) and RSPO Principles and Criteria (P&C) for Small Holders in South Sumatra, Indonesia' in Burnai Timur Estate of PT Tania Selatan (Palembang) on the 25th of July 2006. This workshop was organized by the IPOC and in collaboration with the WWF-Indonesia. A total of 105 participants including 65 plasma farmers (out-grower scheme) and small holders attended the 1-day event.



Opening of the workshop by Dr Rosediana Suharto - Executive Chairman, IPOC (2nd from left) with Dr. Asril Darussamin - IPOC, Ir Sarjito - Department of Estate Crops, South Sumatra, Ir Suhandri-WWF- Indonesia and Mahalingam - PT Tania Selatan (seated from left to right).



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Participants listening attentively to the presentation.

Framework on sustainable palm oil production involving RSPO P&C, HCVF and Best Management Practices (BMP) as well as non-sustainable practices were presented to enable a better appreciation of the need to produce palm oil sustainably by both the plantation and small holder sector. Discussions amongst all participants were positive, proactive and consensus achieved on the need for sustainability in palm oil production.

Submitted by Wilmar International Limited



Job advertisement: Group Environment, Health and Safety Manager

Cargill is an international marketer, processor and distributor of agricultural, food, financial and industrial products and services with more than 140,000 employees in 65 countries. The company provides distinctive customer solutions in supply chain management, food applications and health and nutrition.

If you want to fulfill your potential and are looking for a company that thrives on innovation, values diversity and rewards performance, consider a career with Cargill. With annual sales of approximately \$70 billion and growing, we're among the world's largest companies. We sell thousands of products; operate hundreds of businesses and partner with dozens of other companies, many of whom are leaders in their industries.

In line with our continued growth and expansion, our Oil Palm Plantation business, CTP Holdings Pte Ltd, invites suitably qualified candidates for the role of:

Group Environment, Health and Safety Manager

Based in Singapore and reporting to the Chief Executive Officer, the position will be responsible for developing the group strategy for EHS and Corporate Social Responsibility and serve all operating units by sharing key expertise and knowledge in this area. The position will require working closely with local management in Papua New Guinea and Indonesia to identify, establish, define, implement, measure, monitor and improve on existing practices, systems and standards in EHS and be a "hands on" catalyst for continuous improvement.

The person we seek for this challenging role should hold relevant Tertiary qualifications and preferably a Degree in Environmental Management. A minimum of 10 years of experience in a large, complex business environment with a proven track record of effectively managing the EHS function in remote locations and across a variety of cultures and spectrum of employees will be a significant advantage.

The successful candidate will also possess strong oral and verbal communication skills in English, have analytical and self-starting ability with "hands on" leadership, and proven integrity. Ability to travel extensively to remote locations in Indonesia and Papua New Guinea is a must. Ability to speak Bahasa Indonesia will be preferred.

Should you meet the above-required qualifications and if you are interested in this position, please send your complete CV and contact details, via email within two weeks from the date of publication to:

Director of Human Resources
CTP Holdings Pte Ltd
300, Beach Road, #23-01
The Concourse, Singapore (199555)
Email: nutan_singapuri@ctpholdings.com

Only shortlisted candidates will be notified



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BIOX



Sime Plantations signs MOU with BioX

Sime Plantations (SPSB) signed an MOU agreement with BioX on August 9th, 2006, to collaborate in a palm oil mill effluent (POME) Clean Development Mechanism (CDM) project. The POME CDM project is based on the concept of reducing greenhouse gas emissions, i.e. methane, by capturing biogas at POME ponds, for combustion in gas engine or boiler, whereby carbon dioxide neutrality throughout the production process of the mills will be achieved. SPSB plans to implement this POME CDM project in 6 of its palm oil mills.

"Greenhouse gases are reduced and this is in compliance with the Kyoto Protocol and the RSPO Principles and Criteria", says En Azhar Abdul Hamid, Managing Director of SPSB.

Criterion 5.4 - Efficiency of energy use and use of renewable energy is maximised.

Criterion 5.6 - Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.

"Energy cost saving at the mills can be achieved using this technology as usage of fossil fuel is replaced with renewable biogas. Therefore the execution of this concept brings in additional income for SPSB as well as improvements in terms of sustainability enhancement for our palm oil mill operations and environmental improvements especially in terms of reduction of odour from the POME ponds to the surrounding community," he added.

"Implementing CDM takes SPSB's corporate social responsibility to a higher level since CDM is one of the few environmental initiatives recognised by national and international bodies", says BioX Chief Financial Officer & Head Asia Edgare Kerkwijk.

"Adopting CDM enables SPSB to deliver value on environmental consciousness even while it strives to deliver value in its operations", he added.

Submitted by:

Intan Shafinaz Mohd Suhaimi

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CO₂-Neutrality of Palm Oil Based Biofuel

Subsequent to BioX's article in the previous RSPO newsletter, we would like to elaborate further on the subject of CO₂-neutrality of palm oil, as BioX regards CO₂-neutrality as a very important aspect of sustainability. Besides the fundamentals reflected in RSPO's Principles and Criteria, the CO₂-neutrality of palm oil is also an important criterion to environmental NGOs and governments within the European Union. In most of the European countries binding criteria will be defined by the authorities for the use of biomass as biofuel, including CO₂-neutrality. It is therefore a significant aspect (or obstacle) with respect to the continued utilization of palm oil based biofuel in Europe and should be seriously considered when determining the sustainability of palm oil as a biofuel as source for transport or energy generation.

The use of palm oil as a biofuel seems logical. Commercially, competitive pricing (in comparison to other vegetable oils) and existing trade relations from the food-, soap- and feedstock industry, make palm oil based biofuel an attractive diversification alternative to fossil and other vegetable oil based biofuels. Furthermore, the use of biofuels in general and palm oil in specific over fossil fuel should help counter climate change by reducing greenhouse gas (GHG) emissions to the atmosphere. To uphold the last claim though, research into the CO₂-neutrality of palm oil is, according to BioX, of vital importance.

The criterion to decide whether the use of palm oil biofuel is sustainable in the light of CO₂-neutrality is defined by BioX as:

A very positive GHG-balance; the emission of GHGs during production and transport of the biomass is less than fixated during the growth of the biomass, and the GHG reduction when using biofuels instead of fossil fuels should be considerable.

To analyze the CO₂-neutrality of palm oil, BioX has conducted a lifecycle analysis (LCA). During the lifecycle of biofuels, emissions arise during biomass feedstock production, transport of the raw material and products, conversion of the feedstock into biofuel, and use of the biofuel in cars or power plants. These emissions have an impact on the environment and by means of an LCA, the effects can be studied.

The LCA prepared by BioX focuses on the GHG-balance, taking into consideration the use of palm oil products to be used in bio-energy installations in Europe in general, and especially for the BioX initiatives in the European Union.

The boundaries BioX uses in its LCA are defined by the following systems, processes and uses of raw materials:

- The palm oil tree (absorbing CO₂);
- The use of fertilizer;
- Local transport within plantation and mill;
- Palm oil mill and the production of CPO;
- Treatment of biomass residue;



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- Treatment of palm oil mill effluent (POME);
- Regional transport to the harbour;
- International transport;
- Refining;
- Regional transport to the power plant; and
- Power generation with high electrical efficiency.

The results of the BioX LCA show that, compared to other raw materials used for biofuels, palm oil has a more favorable CO₂-balance, despite the fact that palm oil is transported over greater distances. The study further shows that there is still room for improvement where CO₂-neutrality is concerned. Two processes at the palm oil mill have been identified as considerable emitters of GHGs.

The first is the use of chemical fertilizers. Therefore, promoting good fertilizer management and fertilizing schemes in accordance with the RSPO Principles and Criteria is vital to the sustainability of palm oil.

The second major source of GHG emission during the lifecycle of palm oil is the release of methane (21 times more harmful to the environment than CO₂) from the POME ponds. BioX, through its subsidiary BioX Carbon, actively promotes and initiates projects to reduce methane emission from the POME ponds by covering them and capturing the methane for energy purposes. These Clean Development Mechanism (CDM) projects can be financed by selling the CO₂ credits awarded. BioX estimates that with developing these CDM projects, the emissions of the POME ponds can be reduced by at least 80%.

The BioX Group puts great emphasis on the sustainability of its biofuels and would therefore like to take this opportunity to announce the appointment of Ms. Petra Meekers as its Sustainability Manager for Asia and Mr. Arjen Brinkmann as its Sustainability Manager for Europe.

For further information regarding this subject, please feel free to contact:

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Protecting biodiversity through better agricultural practices

The IFC/GEF Biodiversity and Agricultural Commodities Program

A number of you were present at RSPO's last meeting in November 2005, when the International Finance Corporation team presented the Biodiversity and Agricultural Commodities Program (BACP)*. At the time, we were initiating the preparation of the program. A number of you, producers, financial institutions, NGOs, special programs, roundtable secretariats and others expressed interest in participating in BACP and have since sent us letters of intent to that effect.

I am now pleased to inform you that the Council of the Global Environment Facility (GEF), in its last summer session, approved a grant of US\$ 7 million to support (with leverage) technical assistance projects in a first five-year phase of BACP, addressing palm oil, cocoa, soybeans and sugarcane.

We are now in the final stage of program development, fine-tuning certain aspects of the program, consolidating the pipeline of projects to be funded by BACP, and we are still aiming at starting implementation early 2007, after final approvals are obtained from GEF's CEO and IFC senior management.

What is BACP?

Markets can cause damage to nature but they can also protect it, using the same forces, only applied differently. BACP is based on the premise that there is a great potential for using markets to significantly bolster biodiversity conservation, on a global scale, in the agricultural commodities sector, especially the production landscape. Recent research and experience have shown the potential for "triple bottom line" gains in the agricultural commodity sector. Integrated pest management techniques, no-till cultivation or conservation buffer strips, for example, have proven their ability to significantly bolster biodiversity, reduce costs and improve yields.

Major business players and other stakeholders in a number of commodity markets are actively engaging in international roundtable processes, such as RSPO or equivalent large-scale market transformation initiatives, to define Better Management Practices (BMPs) that can alleviate the environmental and social impacts of agricultural production.

*

Technical studies and preparation of the BACP documentation for the GEF Council was completed with the assistance of a consortium led by PricewaterhouseCoopers (PWC), with Centre de coopération internationale en recherche agronomique pour le développement (CIRAD) and the University of Wageningen's Plant Research Institute (PRI) and Alterra.



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BACP would operate as a grant-making facility, leveraging the GEF funds, to support these private sector-led initiatives, and their members, to mainstream the adoption of biodiversity-related Better Management Practices in four target commodity markets: palm oil, cocoa, soybeans and sugarcane.

Besides environmental and social benefits, BMPs also have direct business benefits. These can include reduced production costs, improving supply security, and increasing the production life of farms. However, lack of awareness or capital, or inadequate regulatory environments, amongst other barriers, still hamper the adoption of BMPs. With the support of GEF and other donors, IFC is therefore leading an initiative to leverage the power of global supply chains to overcome these initial barriers. BACP projects would take place in any developing country concerned with the production, processing or consumption of the above commodities**. Initially, the following countries are eligible:

- Palm oil: Indonesia and Malaysia
- Cocoa: Côte d'Ivoire, Ghana and Indonesia
- Sugarcane and soybean: Brazil

With a track record in transforming markets, IFC will act as executing agency for the BACP. Based on a thorough, roundtable-approved (RSPO in the case of palm oil) market transformation strategy for each commodity, the Program will offer technical assistance (TA) for projects in four categories, with the following goals:

1. to support the adoption of better management practices at production level
2. to increase demand for biodiversity-friendly products (e.g., traceability, verification, certification, quality assurance, identity preserved schemes, awareness raising)
3. to improve financial institutions' ability to support the adoption of biodiversity-friendly practices (e.g., incorporating biodiversity concerns into investment screens)
4. to improve the enabling market environment by providing support to existing commodity roundtable initiatives, documenting the benefits of BMPs, and working with national and sub-national governments to address relevant policy issues, especially land-use planning

How will projects be selected?

The program will support individual projects that fit the biannual Market Transformation Strategy for each target commodity. A Steering Committee will select projects according to a preset transparent process using criteria which will include:

**

The government of an interested country must be member of the GEF and must have formally endorsed BACP for a project to take place on its territory.

- *Impact on biodiversity of global significance* — the project should reduce impact of production on biodiversity of global significance
- *Incrementally* — the proposed activities could not be implemented at the same speed and with the same biodiversity impact without support from BACP
- *Measurability* — the proposal must identify indicators of its outcomes and corresponding verifiers
- *Co-financing* — the project must show proof of co-financing contributions from project partners and other stakeholders at a minimum level of 1:2 (1:3 preferred)
- *Social impact and local engagement* — all proposals will need to show that they take social implications into account and have no adverse social impacts (a project with a higher social impact, especially with smallholders, will be preferred, all other aspects being equal)

IFC has expressed interest in the creation of a Technical Working Group on Biodiversity within the RSPO framework and is ready to discuss this proposal and other ideas with interested members. In any case, IFC looks forward to supporting, through BACP, the RSPO membership's efforts to adopt biodiversity-enhancing and profitable business practices. We will be present at RT4 to discuss this further with interested members.

For more information, please contact the author, and/or visit the following websites:

http://www.thegef.org/Documents/Council_Documents/GEF_C28/WP.html

<http://www.ifc.org/ifcext/enviro.nsf/Content/Biodiversity>

About IFC

The International Finance Corporation, the private sector arm of the World Bank Group, is the largest multilateral provider of financing for private enterprise in developing countries. IFC finances private sector investments, mobilizes capital in international financial markets, facilitates trade, helps clients improve social and environmental sustainability, and provides technical assistance and advice to businesses and governments. From its founding in 1956 through FY06, IFC has committed more than \$56 billion of its own funds for private sector investments in the developing world and mobilized an additional \$25 billion in syndications for 3,531 companies in 140 developing countries. With the support of funding from donors, it has also provided more than \$1 billion in technical assistance and advisory services. For more information, visit www.ifc.org

About GEF

The Global Environment Facility is the designated financial mechanism for international agreements on biodiversity, climate change, and persistent organic pollutants. GEF also supports international agreements to combat desertification and protect international waters and the ozone layer. GEF is the single largest source of funding available to developing countries to help them protect the global environment. Since 1991, GEF has provided US\$ 6.2 billion in grants, and leveraged more than US\$ 20 billion in additional financing, for over 1,800 projects in 155 countries.

Submitted by:

Catherine Cruveillier Cassagne,
Programme Manager - Biodiversity, Sustainability Business
Innovation Group, International Finance Corporation



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Sime inks MoU with Wild Asia to conduct a biodiversity and social assessment project

Sime Plantations Sdn Bhd and Wild Asia Sdn Bhd signed an MoU on August 11th to jointly conduct a biodiversity and social assessment project in selected oil palm plantations in Malaysia and Indonesia. This study is critical in promoting sustainable agricultural practices in accordance to the Principles and Criteria (P&C) as provided by the Roundtable on Sustainable Palm Oil (RSPO).

Following the adoption of the P&C by all members at the last Roundtable 3 General Assembly in November 2005 in Singapore, RSPO members have been given a 2-year trial period

(Nov `05 to Nov `07) to ascertain the practicality of the P&C as well as to identify issues related to the implementation of the P&C.

"Since we will be expanding, biodiversity and social issues will pose major challenges in complying with the RSPO P&C. We feel that we should therefore take a hands-on approach and embark on a pilot testing to see where we stand" says Encik Azhar Abdul Hamid, Managing Director of Sime Plantations Sdn Bhd.

"We have registered this project as a trial under the RSPO and we look forward to sharing our experiences with others. It is one way of demonstrating that we are committed to conducting our business in a more environmentally-sound and socially-conscious manner" he added.

Wild Asia Sdn Bhd is a Malaysian-based company that specialises in supporting conservation initiatives in Asia. It runs several programmes that promote conservation in target sectors forestry, plantations and tourism.

Wild Asia secured from DOEN Foundation EUR 54,625.00 for this project, aptly named "Promoting Sustainable Oil Palm Agriculture - Engaging the Private Sector in Understanding Biodiversity and Social Issues". Wild Asia and Sime Plantations will be contributing to the remainder 50% of the project cost.

Audit team member Toh Su Mei with the Heads of Orang Asli of Kampung Tekir, a village adjacent to one of Sime Plantation Sdn Bhd's estates.





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"RSPO considers this as a key priority project as it deals with two critical issues related to oil palm - biodiversity and social. We hope the experience gained will be shared with others in upcoming Roundtable conferences for the betterment of the industry" comments RSPO Secretary-General, Mr. Andrew Ng.

"Since the two-year trial period is closing in, I would urge RSPO members to test the P&C as extensively as possible for the results will be very useful in refining the P&C to make it practical for the palm oil producers" added Mr. Ng.

Submitted by:

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Audit team member Dwi Muhtaman having a word with the sprayers.

The initial part of this 2-year project will consist of a baseline audit against the RSPO P&C, which was carried out by Wild Asia in September to gauge where Sime Plantations stood in terms of compliance. The audit, which was carried out in Malacca and Johor estates, covered legal, technical, economical, social and environmental aspects of oil palm cultivation and management. Following the audit, a more thorough assessment will be performed, focusing specifically at the environmental and social elements.

Workshops and other relevant dialogue sessions with plantations management personnel will also be conducted by Wild Asia throughout the duration of the assessment to explain findings and assist in coming up with practical solutions to meet RSPO's requirements.

"We are really looking forward to working with such an established entity. The outcome of this project will prove that the oil palm business can indeed be carried out in a sustainable manner and this will only encourage others to move towards that same direction" says Wild Asia's Executive Director, Dr Reza Azmi.

Hope for Sabah's Plantation Children

The Malaysian and the Indonesian Governments have implemented a plan of providing education for the thousands of children in the plantations to be facilitated by our society. The participation of the plantation companies and the support from other corporations involved in palm oil production is crucial to the success of this plan.

Six months ago I had an article in this newsletter under the heading: "Sabah's Forgotten Plantation Children," describing our society's work to educate the thousands of children, who stay in Sabah's plantation without access to education.

Since then many things have happened.

First of all the Malaysian and the Indonesian Governments have made an agreement making it possible, that Indonesian teachers will be posted in the plantations of Sabah to teach the estimated more than 20,000 children, staying in plantations in Sabah without education. At a meeting in Tawau August 2006 headed by high ranking officials from the Ministry of Education Kuala Lumpur with representatives from our present cooperation partners among the plantation companies as well as the MPOA, the EMPA and the Incorporated Society of Planters and representatives from various Malaysian and Sabah government agencies and also the Indonesian Embassy, it was decided to go ahead with a plan to post the first 51 Indonesian teachers to the Learning Centres run by Borneo Child Aid/Humana Child Aid Society, and it was made clear that many more teachers will follow.

It is made very clear that the plan to educate the children in the plantations has the full backing of the Ministry of Education in Kuala Lumpur, and that the Indonesian teachers salaries and costs in connection with their stay will be paid by the Indonesian Government. The first 51 teachers have arrived already, and are now engaged in teaching the children in our centres under IOI, Kwantas, Hap Seng, Borneo Samudera, Teck Guan, Asiatic Development, Pontian Plantations and Melangking Oil Palm Plantation.



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We are proud to have been trusted with this by the Ministries of Education in Jakarta and Kuala Lumpur, and we are very happy that the plight of these children has come so high on the agenda as it is now.



Visit by Principal Secretary to the Minister of Education, Dato' Abdul Latif bin Endot and Mr. Kenneth Luis from International Department in Ministry of Education visiting the Humana Learning Centre in Ladang Madai, Borneo Samudera S/B.



First group of Indonesian teachers, sent by the Indonesian government, here with Kids in Andum Plantation, Teck Guan.

But the work has not been done. It is only beginning. And the active participation of the plantation companies and their organizations is crucial for the success. Our society's work is still depending on the good showing of Corporate Social Responsibility from companies involved in the production of Palm Oil.

The plan to open up Learning Centres for the children in the plantations requires that a building for this purpose is prepared by the plantation, and that accommodation for the teachers is provided. It also requires that the plantation company is ready to fund the operational costs for our society to operate the centre.

The present cost per unit of 50 children is Malaysian Ringgit 1250 per month. It is a very small cost for giving so many children a proper chance in life.

The benefits for the plantation company in providing this support for the children of the workers are obvious. When asked about the most important improvements required for them, most workers will answer "Education for our Children" before asking for higher salaries. A plantation which provides education for the children will get a more stable workforce, and the reward is loyalty and appreciation from the workers.

I hope that all companies, especially among the members of RSPO will take this chance to become part of this very important programme. We will warmly welcome this support, and as we are planning to open many new Learning Centres during the coming months, we need all the support we can get from corporate side. Among RSPO members the HSBC is already sponsoring 100 children's education under this programme, and we recently received 5 sets of PCs for our centres.

Finally, I hereby also call for this issue to reach the official agenda of the RSPO as a criterion of sustainable palm oil production, along with all the other important issues as described in the last newsletter under the heading "Ten steps towards increased sustainability of palm oil production". If production of palm oil in Sabah and other places has not previously secured the plantation workers' children's right to education, it is time to secure this now. And also it is time to show this good corporate citizenship with the full appreciation and backing of the Malaysian and the Indonesian Governments.

Torben Venning
Project Manager/Acting Director

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Members of RSPO

as of 30 September 2006

RSPO Ordinary Members (128)

Oil Palm Growers (30)

Agropalma Group / Asiatic Development Berhad / Boustead Plantations Berhad / FEDEPALMA - National Federation of Oil Palm Growers of Colombia * / FELDA * / Golden Hope Plantations Berhad / Hap Seng Consolidated Berhad / IJM Plantations Berhad / Indonesian Palm Oil Producers Association (GAPKI) * / KL Kepong Berhad / Kulim (Malaysia) Berhad / Kumpulan Guthrie Berhad / Malaysian Palm Oil Association * / New Britain Palm Oil Ltd / Pacific Rim Palm Oil Ltd / PPB Oil Palms Berhad / PT Agro Bukit / PT Agro Indomas / PT Inti Indosawit Subur / PT PP London Sumatra Indonesia / PT SMART Tbk / PT Tunas Baru Lampung Tbk / Sawit Mas Group / SIAT SA / Sime Plantations Sdn Bhd / SIPEF Group / Socfin Group (PT Socfindo & Socfinco SA) / TH Plantations Sdn Bhd / United Plantations Bhd / YPJ Oil Palm Estate Sdn Bhd

Palm Oil Processors and/or Traders (48)

Aarhus Karlshamn UK * / Aarhus Karlshamn Sweden / AB Fortum Värme samägt med Stockholm stad / Biofuels Corporation PLC / BioX / BP / Cargill BV / Cargill Palm Products Sdn Bhd / Carotino Sdn Bhd (a member of JC Chang Group) / China National Cereals, Oils and Foodstuffs Corp / Cognis Deutschland GmbH & Co KG / D1 Oils PLC / Daabon Organic CI Tequendama SA / Danisco Emulsifiers / Essent Energy Trading BV / Florin AG / Fuji Oil Group / Gardner Smith Pty Ltd / Glencore Grain BV / Godrej Industries Limited / Greenergy Biofuels Ltd / Imperium Renewables Inc / Intercontinental Specialty Fats Sdn Bhd / IOI Group (Malaysia / Netherlands) / Itochu Corporation / Jin Wei (M) Sdn Bhd / kemOleo Pte Ltd / KOG Edible Oils BV / Kuok Oils & Grains Pte Ltd / Lipidos Santiga / Mewah Oils Sdn Bhd / Midwest BD Limited / Mitsubishi Corporation (KL Branch) / Natural Fuel Group / Nutriswiss AG / Pan Century Edible Oils Sdn Bhd / Permata Hijau Group / Peter Cremer (S) GmbH / PT Agro Jaya Perdana / PT Musim Mas * / Safic-Alcan / Spsychiger Oil Trading AG / Sumi Asih Oleochemical / Uniqema (Malaysia) Sdn Bhd / US Food Group / Vance Bioenergy Sdn Berhad / Vegoil EP AB / Wilmar Trading Pte Ltd

Consumer Goods Manufacturers (21)

Burton's Foods Ltd / Cadbury Schweppes plc * / Cloetta Fazer AB / ConAgra Trade Group, Inc / CO-OP CLEAN Co Ltd / CSM NV / Ecologico Packaging Sdn Bhd / Ferrero SPA / Goodman Fielder Ltd / Lion Corporation / Matthews Foods / Neste Oil Corporation / Northern Foods plc / Reckitt Benckiser plc / RHM / Santa Maria AB / Saraya Co Ltd / SAS Devineau / Unilever * / W Jordans (Cereals) Limited / Walter Rau Lebensmittelwerke GmbH & Co KG

Retailers (13)

Asda stores / Coop / Co-operative Group / Earthcycle Packaging Ltd / Federation of Migros Cooperatives * /

Marks & Spencer / RWE npower / Sainsbury's Supermarkets / Tesco Stores Ltd / The Body Shop International * / The Boots Group plc / Waitrose Limited / WM Morrison Supermarkets PLC

Banks/Investors (6)

Co-operative Insurance Society / International Finance Corporation (IFC) / HSBC Bank Malaysia Berhad * / HSBC Indonesia / Rabobank / Standard Chartered Bank

Environmental/Nature Conservation NGOs (6)

Borneo Orangutan Survival Foundation (BOS) / Global Environment Centre / PanEco / WWF-Indonesia * / WWF-Malaysia / WWF Switzerland *

Social/Developmental NGOs (4)

Both ENDS / Oxfam GB/Novib * / Pesticide Action Network (PAN) Asia and the Pacific / Sawit Watch *

* RSPO Executive Board Member

RSPO Affiliate Members (42)

Organizations (39)

Alterra (Wageningen - UR) / Applied Agricultural Resources Sdn Bhd / Bayer CropScience AG / Bayer CropScience (M) Sdn Bhd / Behn Meyer & Co (M) Sdn Bhd / Borneo Child Aid Society / Cirad Tree Crops Department / Control Union (Malaysia) Sdn Bhd / EcoOils Sdn Bhd / Environmental Management & Monitoring Pty Ltd / EPChem International Pte Ltd / FEDIOL (EC Seed Crushers' & Oil Processors Federation) / Grenidea Technologies Pte Ltd / HIF TECH Sdn Bhd / International Association of Seed Crushers (IASC) / Liebenauer Feld GmbH / London Commodity Brokers Ltd / Malaysia Oleochemical Manufacturers Group (MOMG) / Malaysian Estate Owners' Association / Margarine & Spreads Association / National Edible Oil Distributors' Association / Oilpalmworld Sdn Bhd / PalmPool / Palm Oil Refiners Association of Malaysia / Papua New Guinea Oil Palm Research Association Inc / Pon Power BV / Product Board for Margarine, Fats and Oils / PT Syngenta Indonesia / qa plus asia-pacific Sdn Bhd / Renewable Fuel Supply Ltd / SAI Platform / Schutter International BV / Seattle Biofuels / Southeast Asia Program (SEAP) of PPI/PPIC and IPI / SGS (Malaysia) Sdn Bhd / SIRIM QAS International Sdn Bhd / Syngenta Crop Protection AG / Syngenta Crop Protection Sdn Bhd / Transworld Commodity Consultants (TCC) / TSL (Trading Services London)

Individuals (3)

Dr Reza Azmi / Dato' Henry S Barlow / Mr Fritz Moedinger

RSPO Honorary Members (1)

Individuals (1)

Mr MR Chandran

Read more: www.rspo.org/Members.htm