

Low-Emissions Oil Palm Development in Berau District, East Kalimantan (LEOPALD)

Project name	Low-Emissions Oil Palm Development in Berau District, East Kalimantan
Commissioned by	German Federal Ministry for Environment, Nature Conservation and Nuclear Safety (BMU)
Project region	Berau District, East Kalimantan, Indonesia
Lead executing agency	Indonesian Ministry of National Development Planning
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from the different stakeholders while at the same time collaboratively work with local community groups and the private sector in the supply chain to improve the production practices of the large-scale producers as well as smallholders.

The challenge

The primary greenhouse gas (GHG) emissions from palm oil production are carbon emission from land use change (deforestation and peat decomposition) on the farm level and methane emissions from the effluent produced by the mills. The level of the emissions follows the level of production which driven by the growing global demand and, in the case of Indonesia, by the decentralization policy. Global palm oil consumption in 2017 was almost six times compared to that in 1990 and estimated to grow about 2.5 million ton per annum from 2015 to 2025. Most of the expansion of national oil palm area (76%) happened after 2001, the first year the decentralization policy in Indonesia was started. The same case occurred in Berau District, East Kalimantan, of which the proportion of plantation area (dominated by oil palm) to the total eligible land for plantation development increased from 2% in 2000 to 27% in 2017. The increase followed by the decline of natural forest cover from 75% to 45% in the same period (see chart on next page).

Indonesia is currently the top palm oil producer (53%) and ranked number two in consumption (14%) after India. Transforming the sector into a sustainable one requires consolidated efforts in the multi-level of jurisdictions, with more focus on a district level. District governments need to have the capacity to reconcile the multiple-interests (socio-economic, ecology) on land use

Objective

A coalition of government, business and community actors understands and applies tools, approaches, incentives and policy frameworks for sustainable palm oil development and pilots implementation towards a district-level low-emission oil palm development in Berau.

Our approach

The low-emissions oil palm development (LEOPALD) project focuses its intervention into the lowering emission comes from land use change. It applies landscape approach with the focus on district jurisdiction. The project strengthens the capacity of Berau district government in performing the critical functions in land use governance and plantation management; they are planning, monitoring, and controlling (which include licensing). It also works with five villages on land use and development planning while also create the capacity of the stakeholders for developing partnership and resolve conflicts between communities and palm oil companies. The project supports the East Kalimantan Province Government—particularly the Estate-Crop Office and Development Planning Agency (BAPPEDA) of East Kalimantan Province—to provide tools and data to help districts in planning, monitoring and controlling the oil palm development. In addition, the project works with the Indonesian Ministry of Finance to explore possible fiscal

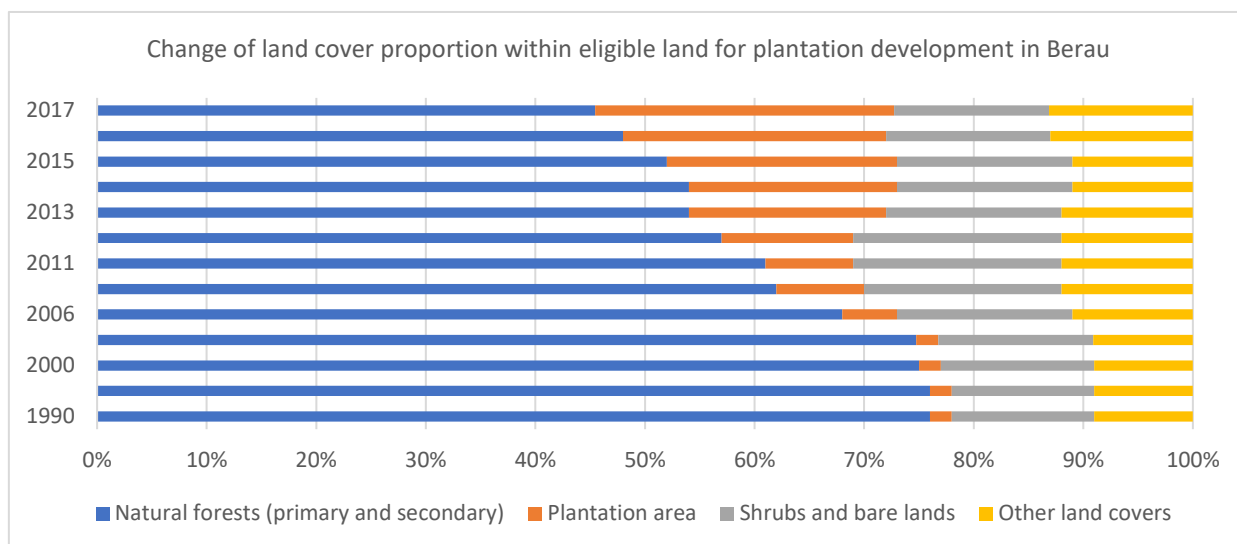
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incentives for regional governments, companies, and communities to implement sustainable palm oil approaches at a site-specific or jurisdictional level.

GIZ implements the project under a collaboration with The Nature Conservancy (TNC) and Climate Policy Initiative (CPI) on behalf of the German Federal Ministry for Environment, Nature Conservation and Nuclear Safety (BMU). The leading implementation partner is Indonesian Ministry of National Development Planning (BAPPENAS). At the sub-national level, the project works with the Province Government of East Kalimantan as well as the District Government of Berau.

Results achieved so far

- Spatial datasets necessary for sustainable oil palm development planning and land-use monitoring (land cover, indicative HCV areas, plantation permits, land suitability map and spatial plan) are being developed, hosted, and endorsed by the provincial government through the web-geospatial tool available on the East Kalimantan Provincial Estate Crops Office's official website.
- Together with the heads or secretaries of the five districts, the Governor of East Kalimantan has signed the Sustainable Plantation Declaration to protect 640,000 ha of natural forest in areas designated for oil palm development.

- The Governor and Provincial Legislative Assembly have agreed on a provincial regulation on sustainable plantation development, which stipulates the obligation for growers to protect and manage conservation areas (including oil palm areas), apply FPIC approaches and resolve conflicts.
- Indicative HCV areas in province jurisdiction landscapes have been identified.
- Implementation of the SIGAP Sawit approach (the land use and development planning at village level) has commenced in two villages.
- Partial mapping of the supply chain and palm oil actors in Berau and recommendations on making the supply chain more efficient to support sustainable land use are identified.
- Diagnosis of fiscal conditions; feasible policy options to adjust fiscal flows and create better incentives have been studied and identified.
- The Ministry of Finance, East Kalimantan Provincial Government and Berau District Government have been consulted on and acknowledge the need to improve fiscal policies for regionally sustainable land use.
- Multi-stakeholder forums (MSF) on Sustainable Estate Crops are initiated at provincial and district level to support dialogue and joint problem-solving related to sustainable palm oil.

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'This project is part of the International Climate Initiative (IKI). The Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (BMU) supports this initiative on the basis of a decision adopted by the German Bundestag.'

Jakarta, April 2018