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# **SUSTAINABLE PRODUCTION POLICY REFORM IMPACT OF THE GOOD GROWTH PARTNERSHIP**

© Palm Oil in Liberia, Getty Images

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## SUSTAINABLE PRODUCTION POLICY REFORM

Working simultaneously on production, demand, and finance, in Brazil, Paraguay, Indonesia and Liberia, the Good Growth Partnership (GGP) enables sustainable development in three global commodity supply chains: soy, beef and palm oil.

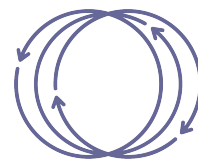
This Impact Brief sets out the work of GGP in supporting policy reform for sustainable agricultural commodity production in Indonesia, Liberia and Paraguay.

Over the last five years, GGP has supported an improved enabling environment for sustainable production through the development or improvement of nine policies. Four of these have been legalized and are moving into implementation and some are showing early impact.

In this paper we focus on policy reform related to sustainable production; other briefs in this series cover land use policy reform, producer support systems, collaborative action mechanisms, and integrated approach using systems mapping.

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## Why Policy Reform?

Policy reform is crucial because policies define the “rules” of the system. Changing and enforcing policies will change the way the system works. In the context of reducing the negative environmental impacts from agricultural commodities production, appropriate policies are needed to ensure that agricultural production is highly efficient, resilient, and regenerative. It is important to ensure that agricultural expansion, when necessary, happens away from ecologically important areas. Policies defining where to produce will be discussed in the paper on land use planning, here the focus is on those policies that support farmers to adopt more sustainable production practices on their land.



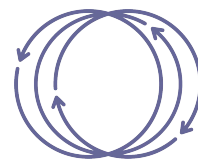
*“I used to be Minister of Environment three times in Costa Rica, let me tell you, each time that I was in government, my biggest challenge was the Minister of Agriculture, he had a very different vision than the one that we had. What we needed in government was policy coherence. We must understand how programmes such as the Good Growth Partnership have helped and can support countries to set the right policies, because at the end of the day it is a mixture of good market, and good policies.”* - Carlos Manuel Rodriguez, CEO and Chairperson of the Global Environment Facility.

## The Impact of Policy Reform

Policy reforms and improved enforcement measures take time to have an effect and show impact.

In **Indonesia**, where the policy work has had more time to mature, concrete results are emerging from new regulations brought in early in the project. One of the main policy challenges in Indonesia regarding sustainable palm oil production is the lack of support to smallholders for them to increase productivity and shift to more sustainable agricultural practices, reducing the need to expand production through deforestation. The limited number of public extension workers is not providing sufficient coverage to support farmers to intensify sustainably. Increasing funding and capacity for public extension services and mandating palm oil companies and independent extension service workers to strengthen the technical and organizational capacity and capability of smallholders is part of the solution. The GGP is focused on **increasing public and private support to smallholders** and on improving how this support is being coordinated. For instance:

1. The **Pelalawan District government passed new regulations for Corporate Social Responsibility (CSR) and Smallholder Partnerships**, that require companies to **contribute more to support smallholder producers with improved access to inputs and good agricultural practice training towards sustainable palm oil production**. CSR budgets of companies are now better aligned to support smallholder needs and the district development agenda and to date a total of 10 companies have entered new partnerships with smallholders allowing them to benefit from secured access to market, technical assistance or inputs.
2. Two **Ministry of Agriculture-level regulations** introduced require **scaling-up of smallholder support for sustainable production**:
  - The national level decree ***Guidelines for Growth and Development of Private and Independent Agricultural Extension Agent in Oil Palm Plantation Area*** aims at improving the capacity of extension services by mandating palm oil companies and independent extension service workers to assist and



strengthen the technical and organizational capacity of independent smallholders. The guidelines establish a system to identify the location of private extension service workers to provide support to nearby concessions. This will increase the uptake of good agricultural practices by smallholders and contribute to sustainable production.

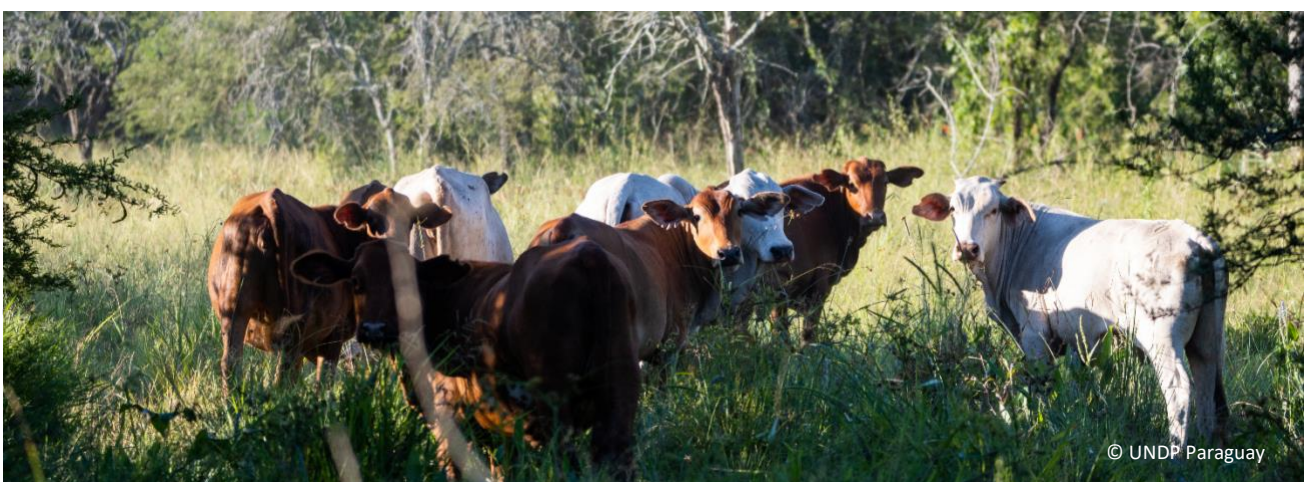
- The national policy ***Corporate Responsibility to Facilitate Community Plantation Development*** makes operational an existing obligation on companies to host community smallholder plantations in an area equivalent to 20% of the company plantation. It requires that if there is no land available for community plantations in concessions, companies will establish new supply chain partnerships with smallholders, guaranteeing them access to their market. The regulation will increase the capacity of thousands of smallholders to produce sustainably and to link to higher value markets.

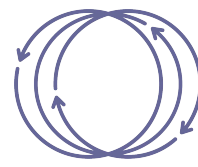
*“Financing brings the farmers to the table. We have the capital, agronomists, inputs, and a history with the farmers. Many farmers can use their certifications to secure legal rights to their land and we receive a sustainable source of Palm Oil. Everybody wins.”* - Rob Nichols, General Manager for Programs and Projects, Musim Mas.

In **Liberia**, palm oil production is growing as an economic opportunity and as an opportunity for the country to follow the path of sustainable commodity production. However, Liberia has not been able to take advantage of growing sustainable markets due to the lack of a national interpretation of certifications and standards. Hence, the GGP provided support to ***the Roundtable on Sustainable Palm Oil (RSPO) National Interpretation*** process. The aim was to adapt the RSPO principles and criteria to the Liberian context, including definition of a minimum wage for workers, and agricultural and expansion practices allowed. This National Interpretation received its final approval in August 2021 and the process of socialization to key stakeholders has begun. Liberia joins a network of 94 RSPO countries, and **palm oil companies working in Liberia will be able to access markets for certified products.**

*“The involvement of committed people is important...We must create awareness of the benefits.”* - Mr. Konikay Nimely, Forest Development Agency, Liberia.

In the cattle ranches of the **Paraguayan Chaco**, wildlife such as the jaguar may prey on livestock, especially calves, leading to ranchers hunting them. To avoid resorting to killing endangered species, a **Jaguar Management Protocol** was developed with support from GGP and is with the Paraguay Ministry for Environment and Sustainable Development for adoption. It includes video surveillance, appropriate fencing and other prevention and deterring methods, as well as keeping a healthy stock of jaguar natural preys. Thus, it allows jaguar populations to be maintained within the beef production landscapes.

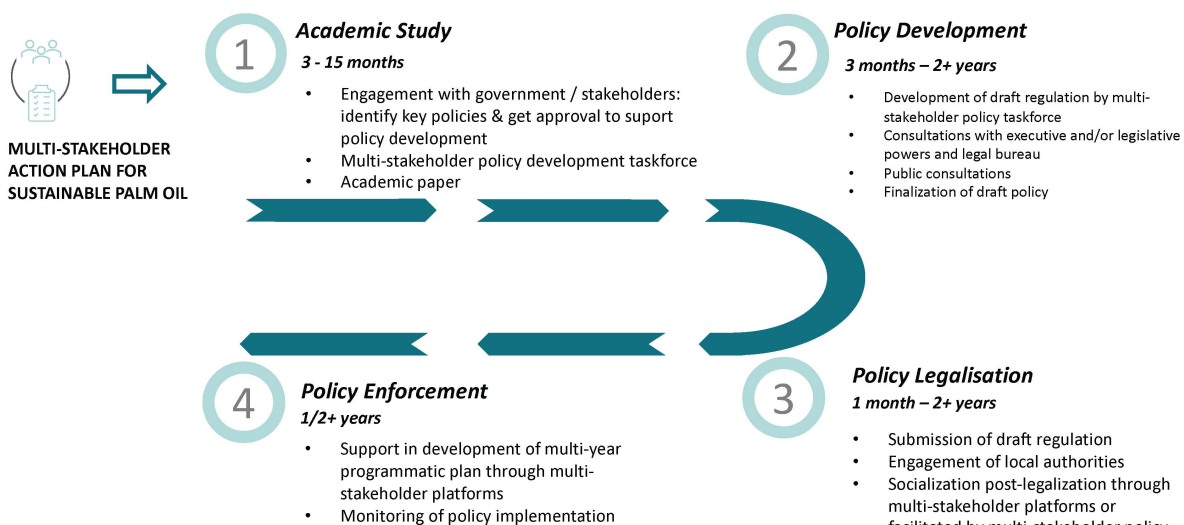




**Effective Collaborative Action is at the heart of the GGP’s approach** in the three countries. Key policy reform needs were collaboratively identified with the full range of stakeholders, prioritizing those that would fulfil GGP’s objectives of a long-term reduction of the global impacts of agricultural commodities on greenhouse gas emissions and biodiversity.

GGP’s deep collaboration with government and other stakeholders goes through 4 stages detailed in the graphic below illustrating the work done in Indonesia.

## From action plan to policy enforcement supporting sustainable palm oil: the case of Indonesia



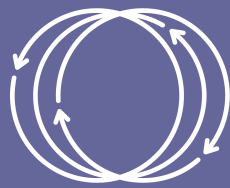
*Note that timelines are approximate and apply for national and subnational processes. Overall, national process are longer than subnational ones.*

## The Future of Policy Reform

**The seeds planted by the GGP are germinating with policies moving into implementation.** The policies must have the proper organizational capacity and financial resources in place to achieve their full potential impact towards systemic change. For instance, GGP has been supporting Indonesia to that end by strengthening its government institutional capacity to plan, budget and implement some of these policies.

It is also important to remember that national and subnational sustainable agricultural commodities action plans have been developed by government with GGP’s support, in all target countries. These plans, that represent the joint vision of stakeholders in that agricultural commodities supply chain, all include key interventions related to improving the policy environment for the sector to shift towards sustainability. Hence, they represent the frameworks that will spur more policy reforms as they get implemented. Please refer to the [Impact Brief on Action Plans](#) for more on this.

Much remains to be done in GGP’s target countries and there are opportunities to replicate and scale-up in others. **We invite you to join us in that endeavour.**



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