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# Palm Oil Certification Schemes: ISPO

**Info Briefing #5 Part 2**  
**Prepared for Partnerships for Forests**  
**March 2020**

## ISPO

### What is ISPO?

The Indonesian Sustainable Palm Oil (ISPO) standard, introduced in 2011 by the Government of Indonesia, is designed to ensure that all Indonesian oil palm growers, not just those exporting to foreign markets, conform to higher agricultural standards. Based on existing Indonesian legislation, it aims to improve the sustainability and competitiveness of the Indonesian palm oil industry, whilst contributing to the Indonesian government's commitments to reducing greenhouse gas emissions and improving rural livelihoods. It is currently mandatory for all plantations in Indonesia, but voluntary for smallholders and plantations supplying for bioenergy production.

The seven principles of the ISPO are<sup>1</sup>:

- 1) licensing system and plantation management
- 2) technical guidelines for palm oil cultivation and processing
- 3) environmental management and monitoring
- 4) responsibilities for workers
- 5) social and community responsibility
- 6) strengthening community economic activities, and
- 7) sustainable business development.

By design, ISPO criteria are strongly aligned with existing legal and regulatory requirements, and for this reason the ISPO is sometimes referred to as Indonesia's "legality standard" for palm oil. The system relies heavily on AMDAL – the Indonesian Environmental Feasibility Assessment, in its requirements.

Due to its national reach, ISPO offers the potential of improving the entire Indonesian plantation industry. However, this will take some time. From 2011 to 2017, only 16.6% of the total plantation area in Indonesia was ISPO certified (1.9 million hectares). There has been a recent push to certify more plantation area: the ISPO Commission has now certified 502 plantations, covering 4.11 million hectares of area, or nearly 30% of Indonesia's estimated 14 million hectares of palm plantation, according to the head of the ISPO Commission Secretariat.<sup>2</sup> The Commission Secretariat projects that the area covered by ISPO certified plantations will have reached 5.5 million hectares by the end of 2019.<sup>3</sup>

Voluntary implementation of ISPO for independent smallholder farmers began in 2015. In 2017, 3,631 ha of smallholder plantations were ISPO certified, or 0.08% of the total smallholder

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<sup>1</sup> See the [ISPO website](#) for more information.

<sup>2</sup> <https://www.reuters.com/article/us-indonesia-ispo/indonesia-certifies-a-record-amount-of-palm-plantations-as-sustainable-idUSKCN1R80GJ>

<sup>3</sup> <https://uk.reuters.com/article/indonesia-palm/indonesia-ispo-certified-palm-oil-plantations-seen-at-55-mln-hectares-by-2019-idUKL3N2631I9>

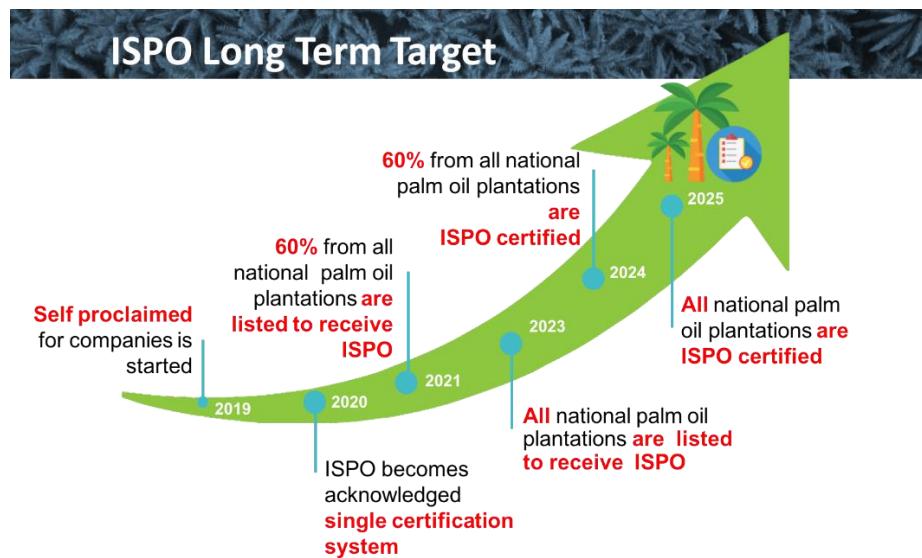
plantation area. Smallholder plantations currently make up 41% of the total plantation area in Indonesia. This number has now risen to 1%, according to recent reporting.<sup>4</sup>

### Latest developments

After a slow start to certification, the ISPO was revised in 2015, and was recently revised again after stakeholders gave feedback on many weaknesses in 2018.<sup>5</sup> Downfalls included a lack of traceability, protection for workers’ rights, effective independent monitoring, and complaint mechanisms. ISPO requirements also do not align closely with NDPE policies.<sup>6</sup>

As a result, the government (led by the Coordinating Ministry for Economic Affairs.) drafted a presidential regulation to address the highlighted weaknesses of the ISPO scheme,<sup>7</sup> requiring new regulation that was meant to be finalised in 2019. The aim was to increase the scheme’s credibility, make it more inclusive to smallholders, drive plantations to be more sustainable, and be accepted by the global market. According to the deputy coordinating minister of economic affairs, the Government also plans to create a new agency to conduct independent audits to bolster credibility.<sup>8</sup>

To start, ISPO will become mandatory for smallholders from 2020.<sup>9</sup> The scheme aims to have all palm oil plantations certified ISPO by 2025, and for ISPO to comply with 12 out of 17 of the UN Sustainable Development Goals by 2030. The below diagram details ISPO’s targets:



**Figure 1: ISPO Targets**

<sup>4</sup> <https://www.thejakartapost.com/news/2019/07/31/govt-to-fully-finance-ispo-certification-for-smallholders.html>

<sup>5</sup> <https://news.mongabay.com/2017/11/rspo-tops-among-certification-schemes-though-all-must-improve-report/>

<sup>6</sup> [https://ndpeirf.files.wordpress.com/2019/09/ndpe\\_irf\\_03\\_guidance.pdf](https://ndpeirf.files.wordpress.com/2019/09/ndpe_irf_03_guidance.pdf)

<sup>7</sup> <https://news.mongabay.com/2018/04/small-farmers-not-ready-as-indonesia-looks-to-impose-its-palm-oil-sustainability-standard-on-all/>

<sup>8</sup> <https://www.reuters.com/article/inndonesia-palm-certification/indonesia-plans-new-agency-to-bolster-palm-oil-certification-idUSL3N27G2II>

<sup>9</sup> <https://news.mongabay.com/2018/04/small-farmers-not-ready-as-indonesia-looks-to-impose-its-palm-oil-sustainability-standard-on-all/>

In order to revise and implement ISPO, regulations must be updated, and mapping and land policies must be clarified. Regulations are being prepared through a multi-stakeholder process, with four regional public consultations across Indonesia. The government aims to adopt procedures for independent monitoring and implement a new clear complaint mechanism.

In order to bring more smallholders into the scheme, work must be done to increase capacity and awareness, and solve land tenure issues. Most smallholders cannot currently comply with ISPO.

The new ISPO is developing a roadmap for smallholders, and, in a parallel process, the Government of Indonesia aims to solve issues of land tenure across 12.7 million hectares of land. Work on the evaluation of existing permits in forest areas and mapping using high resolution satellite data has begun, to clarify ownership as well as map the quality of production, in order to inform a replanting program of old and inefficient trees. This will allow smallholders to earn more from existing land and avoid deforestation. A further important factor for small farmers will be to access high quality seeds, as well as access more expensive fertilisers.<sup>10</sup> Yayasan Kehati (the Indonesia Biodiversity Conservation Trust Fund), is supporting the process.<sup>11</sup> Furthermore, the Government has agreed to bear the costs incurred by smallholder farmers for obtaining certification through a funding program.<sup>12</sup>

The revision process of the ISPO has been criticised by some parties for dropping a new agreed principle on human rights. This is cause for concern as ISPO currently has the weakest human rights safeguards of all palm oil certification schemes.<sup>13</sup> It remains to be seen how the ISPO revisions are implemented, and the new ISPO regulations will hopefully emerge soon.

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<sup>10</sup> <https://news.mongabay.com/2018/03/debates-heat-up-as-indonesian-palm-oil-moratorium-is-about-to-be-signed/>

<sup>11</sup> <http://revampingispo.com/>

<sup>12</sup> <https://www.thejakartapost.com/news/2019/07/31/govt-to-fully-finance-ispo-certification-for-smallholders.html>

<sup>13</sup> <https://eia-international.org/backtracking-reform-indonesias-government-weakening-palm-oil-standards/>