



AGRICULTURAL RESEARCH
FOR DEVELOPMENT

ARE SUSTAINABLE PATHWAYS POSSIBLE FOR OIL PALM DEVELOPMENT IN LATIN AMERICA?

Colombine LESAGE, Laurène FEINTRENIE

2018 WORLD BANK CONFERENCE ON LAND AND POVERTY

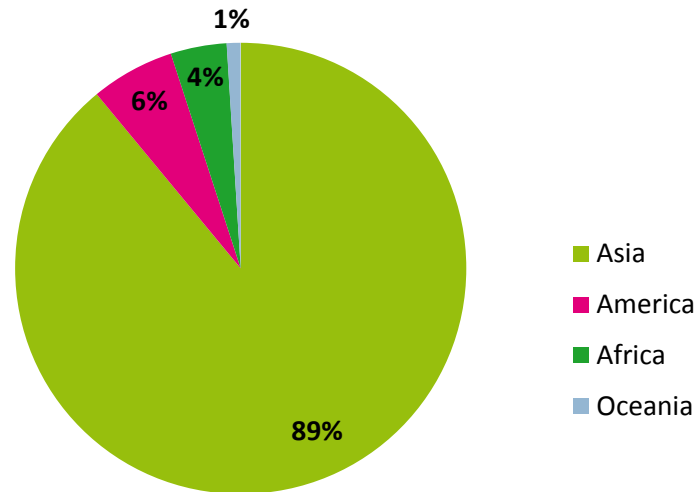




Introduction



- Huge increase of the **global demand for oils and fats** for the last 30 years
- Since 2010, palm oil has been the **main source of vegetable oil** worldwide
- In 2016 : **60 million tons** of palm oil
20 million hectares harvested worldwide



Source : Oil World 2015

Distribution of the CPO production worldwide

- In Southeast Asia many **environmental and social issues** were raised.

Learning from the experience of oil palm development in Southeast Asia,
and taking into consideration the specificities of Latin America :

*Are sustainable pathways for oil palm development
possible in Latin America?*



Material and Methods



- This work is a **preliminary study** based on a systematic **literature review** on oil palm sector in Latin America.

- *History*
- *Development*
- *Public policies*
- *Business models*
- *Impacts*
- *Polemics*
- *Perspectives*

- **15 countries** studied.

- A **case study** was conducted in **Costa Rica** with field interviews of the sector's actors.

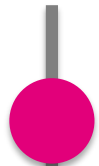




Results :
Three regional
business models



THE BEGINING OF OIL PALM PLANTATIONS



The **first plantations** were launched between the late 30's and the 50's by the *United Fruit Company* (UFCO)



In the 50's Brazilian and Mexican **governments**, started to express their interest in the sector and to **support** its development through **national plans**.



Since the 1970's other countries have followed their example

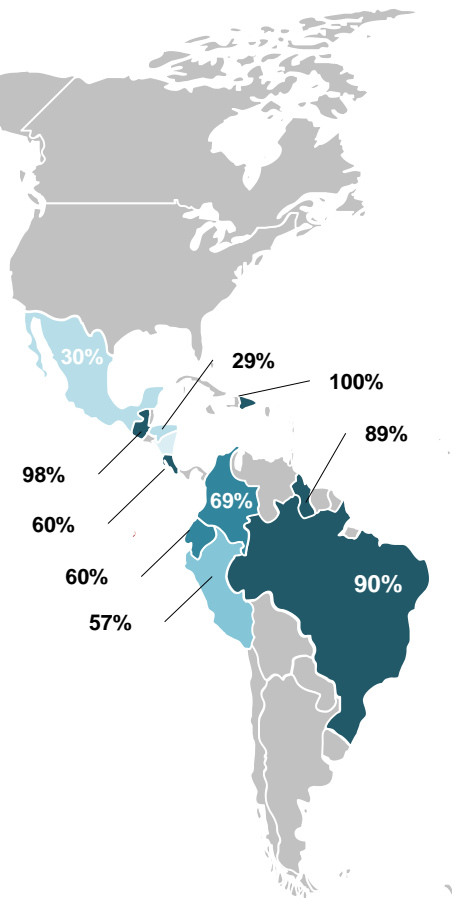
National plans were emitted to **promote the sector** and various actions were launched :

- Financial incentives
- Preferential credits
- Land distribution
- ...



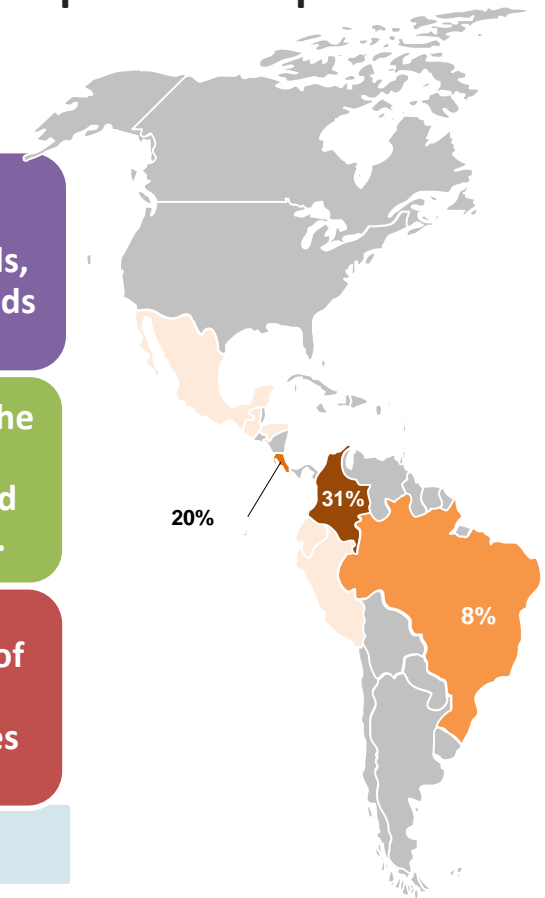
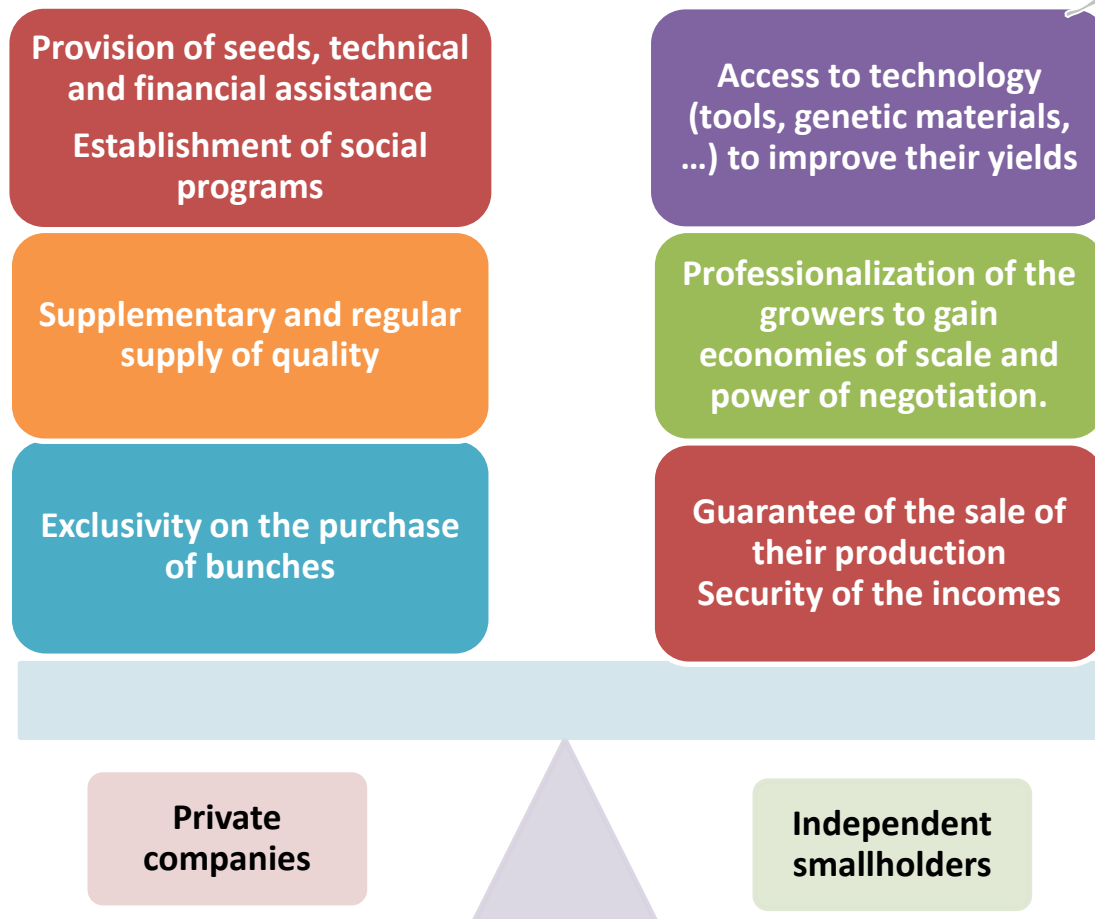
THE RISE OF AN AGRO-INDUSTRIAL MODEL

- Thanks to the public incentives, **private investments** have emerged and **agro-industrial complexes** have multiplied : units of large-scale plantations around extraction plants and sometimes refineries belonging to the same company.
- Its development has been strongly **supported and encouraged by governments**
- This model is the **most frequent** in Latin America and represents almost **70% of the regional production.**



THE EMERGENCE OF SOCIAL MODELS : « Strategic Alliances »

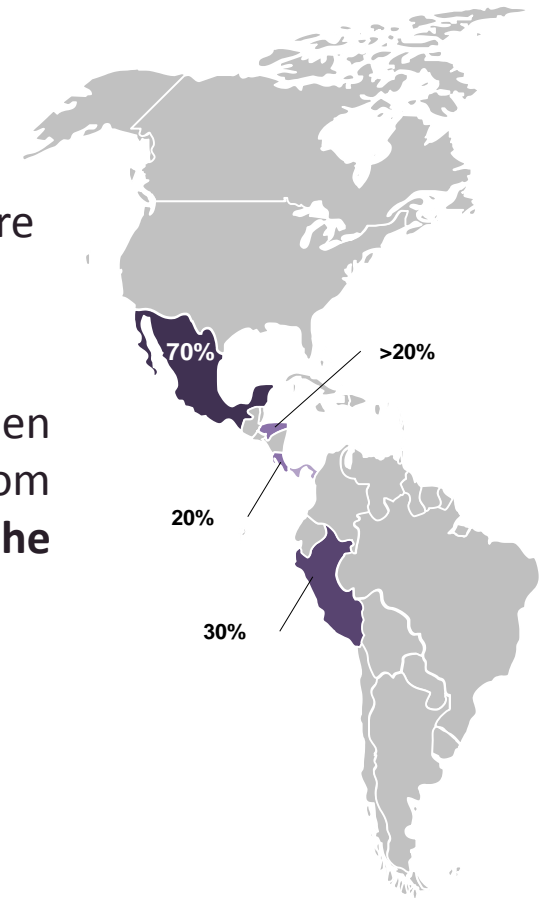
- A **partnership** between **independent growers** and **private companies** is initiated through a **sales agreement** :



THE EMERGENCE OF SOCIAL MODELS : « Social sector »

■ Association between growers and factories :

- The plant partly or fully, **belong to the growers and groups of growers** who supply it and who are therefore **shareholders**.
- The results of the exercise are **distributed** between the members : growers receive the profits from the **sale of their FFB** as well as a **percentage of the profit** made on the sale of finished products.





Results :
What challenges
to reach
sustainability?



WHAT ARE THE IMPACTS OF OIL PALM EXPANSION IN LATIN AMERICA?

- **Economic appeal** for small producers
- Improvement of the **quality of life** in the production basins

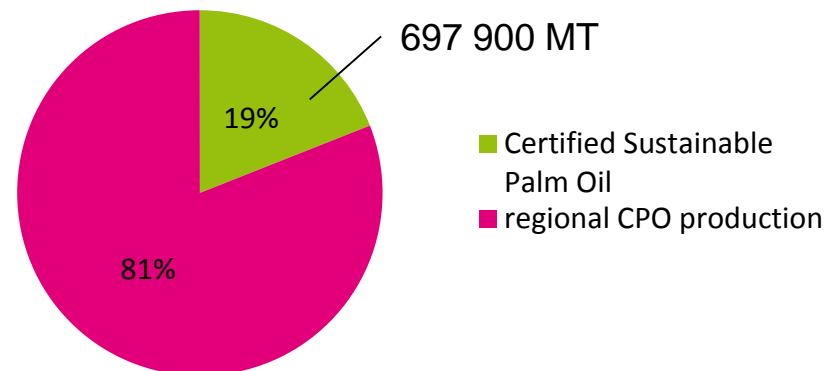
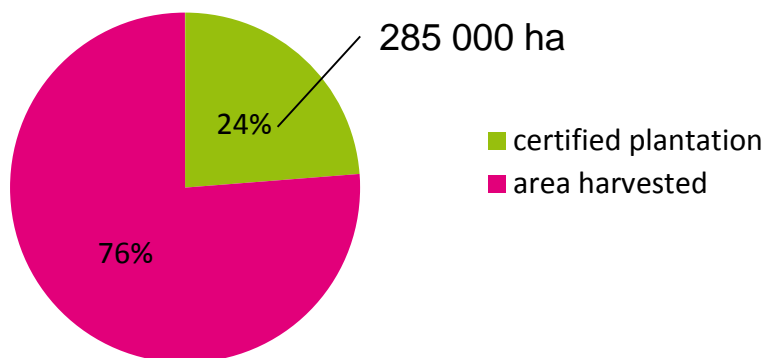
- Strong **land conversion** phenomenon.
 - Mainly as a **replacement** of other forms of agriculture
 - **Deforestation** is the second land-use transition

- **Strong impacts** caused by the deforestation
 - On the environment
 - On local populations

- **Land grabbing issues**
 - Presence of paramilitaries
 - Non-recognition of indigenous land

A MOVE TOWARDS SUSTAINABILITY

- Numerous **programs** and **actions** were launched by the States :
 - To favor **social inclusion** of the planters,
 - To **supervise** the geographical development of oil palm cultivation,
 - To establish **environmental restrictions** and control of the plantations,
 - To spread **good agricultural practices** for the oil palm cultivation.
- The **RSPO certification** is gaining importance in Latin America :
 - Adoption of RSPO's criteria is **promoted by private groups and States**
 - Latin America has the **largest potential** for sustainable production



Importance of the RSPO certification in the planted area and the CPO production in Latin America (RSPO, 2017)



Conclusion



Take home message

- Three business models characterize the American sector:
 - The "social" sector
 - The "strategic alliances"
 - The agro-industrial model
- } Favor the social aspect of production
} Aim to turn the sector into a driver of social integration and territorial development.
- } Priorities profitability and profit
} Moves towards sustainable production (RSPO)
- Following the awareness of oil palm problems in Asia, **many measures** have been taken to ensure a development that is **respectful of the environment** and of **the local populations** and to **limit deforestation** in Latin America.
 - The sector is **moving towards more sustainability** in production and all the actors are involved in this process.



Thank you for
your attention

Any questions ?



colombine.lesage@gmail.com
laurene.feintrenie@cirad.fr