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

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- 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

![Distribution of CPO production worldwide](source: Oil World 2015)

- 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 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
- ...
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:

  - Provision of seeds, technical and financial assistance
  - Establishment of social programs
  - Supplementary and regular supply of quality
  - Exclusivity on the purchase of bunches
  - Access to technology (tools, genetic materials, ...) to improve their yields
  - Professionalization of the growers to gain economies of scale and power of negotiation.
  - Guarantee of the sale of their production
  - Security of the incomes

Private companies

Independent smallholders

Map indicating percentages: 31%, 20%, 8%
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?

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