



# POLICY BRIEF

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## Strengthening agricultural certification schemes by adding criteria on forest restoration

### Main messages

- 📶 Organizations that certify agricultural commodities are increasingly requiring concession holders to halt deforestation, but not to restore forest habitats.
- 📶 Forest habitats need to be improved and restored to prevent the lingering effect of past habitat loss from causing further biodiversity loss.
- 📶 Criteria for forest restoration in agricultural commodity certification schemes could be adopted through the following five policy recommendations:
  1. Determine the required scale of habitat improvement and restoration.
  2. Develop guidelines and realistic time frames for complying with new criteria.
  3. Strengthen incentives to purchase certified products in consumer countries.
  4. Recognize concession holders for improving or restoring forest habitats.
  5. Facilitate large-scale improvement of forest habitats at the landscape level.



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## I Introduction: Tropical deforestation, biodiversity loss and agricultural certification

Agricultural certification schemes are increasingly requiring concession holders to prevent deforestation when they develop plantations but do not sufficiently address forest restoration, which is necessary to prevent further biodiversity loss. This policy brief recommends, by focusing on palm oil, that agricultural certification schemes strengthen their criteria to promote forest restoration<sup>1</sup>. It also explains specific and feasible ways in which certified concession holders could move beyond preventing deforestation, and toward mitigating biodiversity loss.

Tropical deforestation is the most extensive form of land-cover change worldwide. It has caused substantial biodiversity loss, and it is a major source of greenhouse gas emissions. Agriculture has been the leading driver of tropical deforestation over the past couple of decades, including both large- and small-scale commodity plantations. Large-scale logging operations and subsequent forest fires, and forest clearance by migrants, have also helped to pave the

way for commodity plantations (Pacheco et al., 2021; Seymour and Harris, 2019; Gaveau et al., 2016).

Voluntary certification schemes are expected to play a key role in reducing the environmental impact of major agricultural commodities in the tropics, for example for palm oil, beef, and soy, and making their production more sustainable. This is partly because governments have been reluctant to address the problem with regulatory approaches. Certification schemes are often labelled as a non-state market-driven governance system driven by customer preference for certified products over non-certified ones (Galati et al., 2017; Cashore, 2002). Concession holders' willingness to become certified is likely to depend on benefits such as increased market access and improved corporate image. Several international certification schemes are already in operation such as the Roundtable on Sustainable Palm Oil (RSPO), the Global Roundtable for Sustainable Beef, and the Round Table on Responsible Soy Association.

## 2 Issues and challenges of certification schemes for oil palm plantations

The overall effectiveness of voluntary certification schemes in preventing deforestation at the national scale remains difficult to determine (van der Ven et al., 2018). Although one report suggests that deforestation has decreased within certified oil palm concessions (Carlson et al., 2018), much recent research is skeptical about the extent to which these certification schemes result in concession holders realizing their zero-deforestation commitments or whether deforestation is actually reduced (Gatti et al., 2019; Blackman et al., 2018; Lambin et al., 2018). There has been little published research on the impact of certification schemes on biodiversity.

The voluntary nature of certification schemes

and insufficient economic incentives to produce certified commodities are important barriers to their effectiveness, since only a minority of plantation concession holders obtain certification that mandates them to prevent deforestation (RSPO, 2019; Elder and Hayashi, 2018).

Furthermore, while agricultural certification schemes have so far focused on preventing the conversion of natural forests to plantations and other land-cover types, little attention has been paid to forest restoration. RSPO criteria, for example, stipulate no clearance of primary forests, High Conservation Value (HCV) forests or High Carbon Stock (HCS) forests, but they have no stipulations that make forest

<sup>1</sup> This policy brief distinguishes agricultural (oil palm, soy or beef) certification from forestry (tree) certification and focuses on an example of the former (oil palm) because some forestry certification schemes already require mandatory restoration. For example, Forest Steward Council criteria stipulate "...The Organization shall restore a proportion of the Management Unit to more natural conditions..." Although several recommendations described in this policy brief also apply to forestry certification, we confine the scope of this policy brief to agricultural certification to avoid confusion.

restoration mandatory (see Table 1). According to global assessments of biodiversity loss that is caused by the production of agricultural commodities, the immediate cessation of natural forest conversion does not halt further species loss. This is due to the lingering effect of habitat loss. Certain species may,

therefore, become locally extinct unless some habitat is restored in the wake of large-scale conversion of natural forests to plantations and other land use (Kubo et al., 2021; Lomolino, 2000; IUCN Standards and Petitions Committee 2019; Chaudhary and Kastner, 2016).

**Table 1** Descriptions related to deforestation and protection in standards of the RSPO scheme

Criteria (excerpts)
<p>7.12.1. Land clearing since November 2005 has not damaged primary forest or any area required to protect or enhance HCVs. Land clearing since 15 November 2018 has not damaged HCVs or HCS forests.</p> <p>7.12.4 (C) ...An integrated management plan to protect and/or enhance* HCVs, HCS forests, peatland and other conservation areas is developed, implemented and adapted [the rest is omitted].</p>

Note: \* The word "enhance" indicates taking measures to improve the quality of existing HCVs, HCS forests, peatland and other conservation areas. Sources: RSPO (2018), HCV Resource Network (2018)

Despite these questions about the effectiveness of voluntary certification schemes, there are few other readily available incentives to reduce deforestation, especially ones that directly involve agricultural

producers. Since biodiversity loss in tropical regions is becoming more severe, efforts should be made to utilize and strengthen these certification schemes to promote biodiversity conservation.

### 3 Five policy recommendations

This policy brief makes five recommendations to strengthen voluntary agricultural certification schemes, particularly oil palm certification, to increase their effectiveness. The goal is not only to halt deforestation, but also to prevent biodiversity loss by adding criteria for forest restoration. Actions to meet expanded criteria may not directly produce profits for concession holders. Therefore, certification organizations and concerned stakeholders such as government agencies and conservation NGOs should consider financial measures to enable and incentivize concession holders.

#### 1) Determine the required scale of habitat improvement and restoration

Certification organizations should identify the required scale of habitat improvement and restoration in ecosystems or ecoregions where recent plantation development has taken place, in collaboration with research institutions and government agencies, in order to prevent further biodiversity loss.

This could be done by: (i) identifying keystone species of threatened status on the Red List of Threatened Species in a concerned ecosystem or ecoregion; and (ii) calculating required areas for the improvement and restoration of forest habitats for keystone species to be maintained safely by referring to Red List guidelines (IUCN Standards and Petitions Committee, 2019). For example, for the Red List status of Bornean orangutan ("critically endangered") to be improved to "near threatened", the quality of currently degraded habitat needs to be improved to 1973 levels to enhance population density, and 22,000 km<sup>2</sup> of additional forest habitat needs to be restored in Borneo (Kubo et al., 2021).

With information at the scale required for habitat improvement, and restoration at the ecosystem or ecoregion level, certification organizations should set target areas for the improvement and restoration within specified periods of time. Then, by sharing this information with concerned government agencies, concession holders, conservation NGOs and wider

society in general, they can facilitate an understanding that biodiversity conservation requires large-scale habitat improvement and recovery beyond the cessation of deforestation. This should be followed by an integrated and multi-stakeholder land use planning process. Unless full restoration of required habitats is possible, the feasible scale of restoration needs to be identified with the estimated range of further biodiversity loss.

**2) Develop guidelines and realistic time frames for complying with new criteria**

Certification organizations should develop guidelines, in collaboration with conservation NGOs, to enable concession holders to take actions to improve and restore forest habitats. The guidelines should include information about concrete measures that companies can take such as “green corridors” (see point 5 below). If certification organizations set a realistic time frame within which revised certification criteria for improvement and restoration of forest habitats must be fulfilled, concession holders may be more likely to accept such criteria.

**3) Strengthen incentives to purchase certified products in consumer countries**

Governments in producer countries should promote and encourage concession holders to acquire certification through the provision of incentives such as subsidies for application or technical support for preparing application documents. Despite the current inadequacies of certification schemes, an increase in the number of certified concessions is likely to increase the level of biodiversity conservation if certification criteria are improved as suggested above. There is also an option for governments to develop a co-management scheme of restored forest habitats located within concessions. In such cases land titles remain under the concession holder and restoration and protection activities are directly supported by a conservation office of the government. Such a co-management scheme could encourage concession holders to restore forest.

Plantation companies are motivated to commit to

certification only if it has merit, such as increased sales due to improved access to markets, premium prices, or recognition as an environmentally committed company. The current ratio of 19% for RSPO labelled products out of global palm oil production is still too small for certification schemes to change oil palm value chains and to halt deforestation at the sub-national and national scale. Governments in consumer countries should thus consider regulations to support the purchase of certified products, which will help to promote certification in producer countries. Such regulations could include the mandatory purchase of certified commodities and the mandatory provision of an extra premium on top of a market price. In the case of the United Kingdom, the introduction of a legally binding target for ending deforestation in commodities' supply chains is being discussed (Department for Environment Food & Rural Affairs, 2020).

**4) Recognize concession holders for improving or restoring forest habitats**

Recognition of concession holders who improve and restore forest habitats could enhance their reputation among traders and consumers, which would then improve marketability of their products. Certification organizations are thus encouraged to communicate such achievements to prospective customers, for example through their websites. The same can be applied if concession holders create new jobs through restoration work or provide income opportunities at nearby communities. Such stories are conducive to encouraging concerned stakeholders to appreciate impacts of certification schemes.

**5) Facilitate large-scale improvement of forest habitats at the landscape level**

Certification schemes could encourage concession holders to achieve larger-scale improvements in ecological conservation by collaborating with neighboring stakeholders at the landscape level, for example by linking to forest habitats in neighboring properties to form an ecological corridor, or by managing neighboring natural forest habitats in an

integrated manner (Hilty, 2019; Resasco, 2019). As species vary in their response to corridors, technical guidance needs to be sensitive to the local situation and context (Hilty, 2019). This kind of collaboration

would require minimal additional effort but could significantly strengthen concession holders' sustainability reporting results.

## 4 Feasibility of implementing the recommendations

The recommendations listed above would be feasible, and not burdensome or costly, for concession holders if they are supported by corporate policy. First, green corridor development would require concession holders to convert only minimal plantation area to forest. One concern is that newly-restored forests might interrupt efficient transportation of harvested materials from plantation areas, but this could be managed by carefully designing a restoration plan to achieve an appropriate balance between corridor development and operational efficiency. Second, forest can recover through natural regeneration with the planting of tree seedlings after the harvest of plantation commodities. This would not be costly

because it does not require any large-scale action.

Where concession holders themselves have an interest in enhancing regeneration or where funding is available, donors could provide various forms of assistance. Technical experts could be provided for field assessment, designing, management, monitoring and evaluation. Other assistance could include biological resources such as seeds and seedlings; labor for nursery management, planting, site maintenance and monitoring; and communication and administrative experts for external relations and overall management.

## 5 Conclusion

Agricultural certification schemes currently contribute to the prevention of further deforestation in tropical regions, but do not halt further biodiversity loss due to the lingering effect of past large-scale loss of forest habitats caused by commodity plantations, fires, logging, clearance and so forth. This policy brief recommends that certification organizations add criteria to require concession holders to improve

and restore forest habitats, not just to halt their degradation. The main methods for restoring forest habitats are not very costly. Governments, donors and certification organizations should nevertheless provide financial support and other enabling measures, including stronger promotion of the preferential purchase of certified commodities by consumers.

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