



Challenges of Oil Palm Development in Colombia

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1. Oil palm in Colombia: Overview and institutional framework



General features about Colombia (2011)



- ✓ **Area:** 1,141,748 km²
- ✓ **Population:** 46,044,601
- ✓ **GNP per capita:** USD 7,235
- ✓ **Minimum legal and effective labor cost:** USD 20.7 per day
- ✓ **Land use (hectares):** 114 million
 - conservation – 55.0 million
 - cattle – 38.6 million
 - agricultural – 4.8 million
 - others – 15.6 million
- ✓ **Agricultural potential: additional 10 million hectares**

Oil palm sector in Colombia 2012 (e)



- ✓ **Planted area:** 452,435 ha
- ✓ **Average annual growth:** 10% (2002-2012)
- ✓ **Production:** 964,000 ton of CPO
- ✓ **Share of local sales:**
 - Biodiesel 46%
 - Food and other traditional uses 40%
 - Exports 14%

Colombia: first producer in America and fourth in the World

Overview and institutional framework



OP sector productive structure

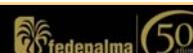
Oil Palm Growers by size

Size ranges in hectares	Percent of total area (%)	
	1999	2010
Alliances	0,4	15,9
0 - 20	3,3	2,8
20 - 200	12,9	13,0
201 – 1000	38,4	32,8
More than 1000	45,0	35,5
Total	100	100

Source: SISPA (Fedepalma's Palm Oil Statistical Information System)

Recent oil palm developments involve an increasing number of small and mid-size growers

Overview and institutional framework



National Federation of Oil Palm Growers in Colombia



Main working areas:

- ✓ Private & nonprofit institution
- ✓ Affiliates and represents oil palm growers and mills
- ✓ Representation of the Colombian oil palm agroindustry
- ✓ Sector planning & sustainable development
- ✓ Sector strategic commercial management
- ✓ Rural Extension
- ✓ **Research & technological innovation**

Overview and institutional framework



Colombian Oil Palm Research Center

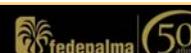


Research & technological innovation

Main programs:

- ✓Biology & breeding
- ✓Pests & diseases
- ✓Agronomy
- ✓Mill processing & industrial uses
- ✓Validation & transfer of technology

General context and institutional framework



Fedepalma's Strategic Objectives for the Colombian OP agroindustry

1. Overcome sanitary problems
2. Increase productivity
3. Optimize sector revenue
4. Identify risks & opportunities of the business
5. Institutional strengthening

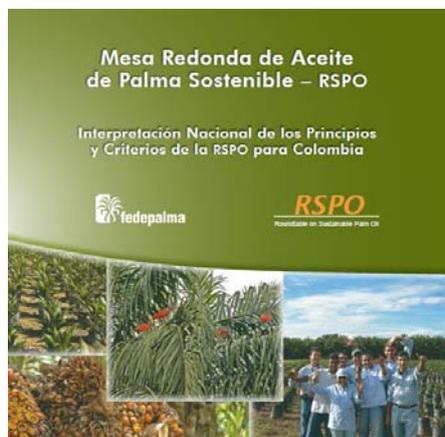
Overview and institutional framework



2. Actions towards RSPO certification in Colombia

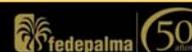


Colombia's National Interpretation of the RSPO Principles & Criteria



Approved in November 2010

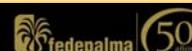
Actions towards RSPO certification



Colombia has 10 members in the RSPO

Member Categories	Name
Oil palm growers (4)	FEDEPALMA
	Aceites S.A.
	Hacienda La Cabaña S.A.
	Poligrow Colombia Ltda.
Palm oil processors & traders (4)	C.I Acepalma S.A.
	Grupo DAABON
	Refinadora Nacional de Aceites y Grasas S.A. (REFINAL)
	C.I. FAMAR S.A.
Consumer goods manufacturers (2)	Team Foods S.A.
	Hada S.A.

Actions towards RSPO certification



Heading to RSPO certification



Certified: **1 company**

Pre-audits: **5 companies**

RSPO certification technical capabilities
2012

- ✓ 4 certification bodies
- ✓ 5 firms advising palm oil companies for RSPO certification (none two years ago)

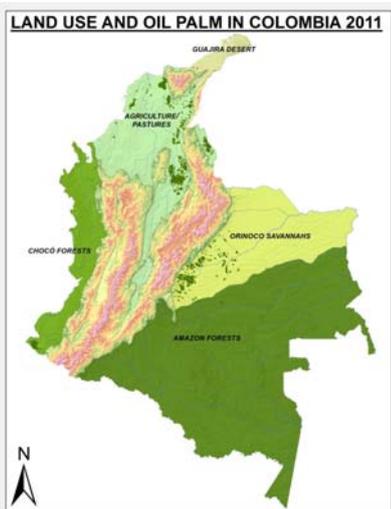
Actions towards RSPO certification



3. Colombian palm oil sustainability



Environmental situation in the Colombian OP sector



Land-use change

- ✓ Oil palm crop expansion mainly within the agricultural frontier
- ✓ Marginal impact on natural forests
- ✓ Land use change for oil palm brings social, economic and environmental benefits

Colombian palm oil sustainability

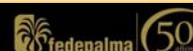


Colombian National Biodiesel Program

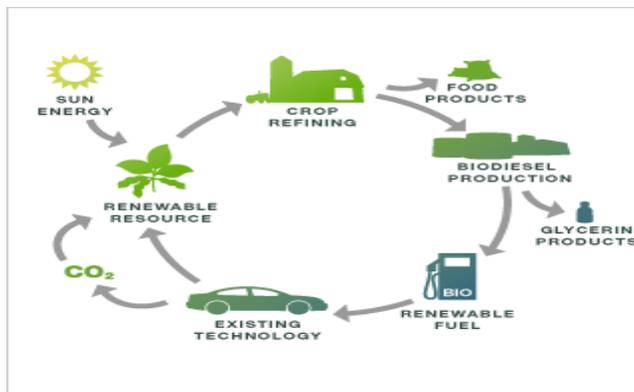


- ✓ The program began in January 2008 with a B5 blend
- ✓ Blend 2012: **10% (B10)**
- ✓ 46% of local palm oil production is demanded by this industry
- ✓ Fourth country in biodiesel production in America & first in palm biodiesel

Colombian palm oil sustainability



Life Cycle Analysis for palm biodiesel in Colombia (1/2)



Colombian palm biodiesel has a potential reduction of GHG between 83% and 108%

Hired by:
Colombian Ministry
of Mines and Energy

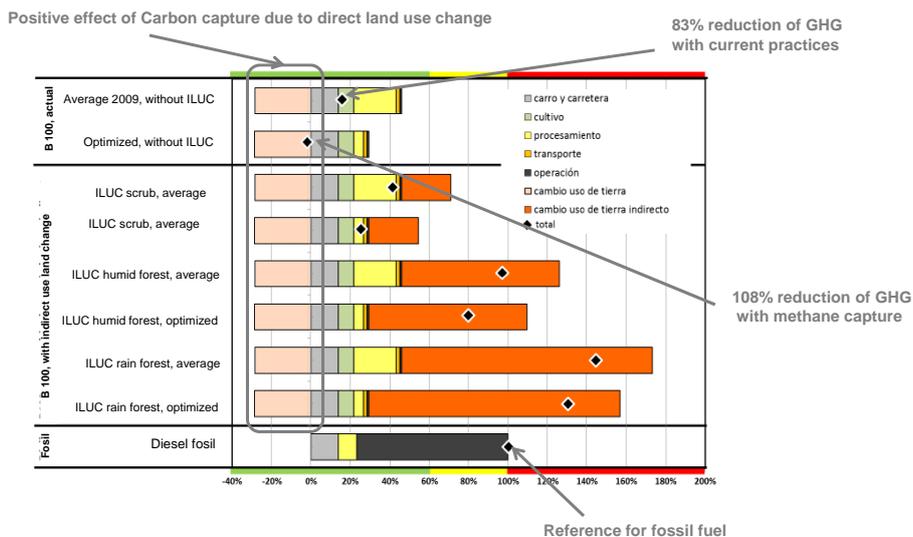
Financed by:
Inter-American Development
Bank

Consortium:
EMPA (Switzerland)
Centro Nacional de Producción más Limpia
Universidad Pontificia Bolivariana (Colombia)

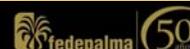
Colombian palm oil sustainability



GHG emissions: fossil fuel vs. palm biodiesel (2/2)



Colombian palm oil sustainability



CDM Umbrella project: Methane capture in palm oil mills



- ✓ 32 mills
- ✓ Potential CO₂-eq reduction: 757.000 ton/yr
- ✓ Current status:
 - 2 mills in operation
 - 6 mills in construction
 - 8 mills in feasibility studies
 - Pending audit to begin sale of CERs
- ✓ Future inclusion of energy co-generation

Colombian palm oil sustainability

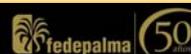


Global Environmental Fund - GEF Project



- ✓ Approved in April 2012
- ✓ US\$18.5M – 5 years
- ✓ 6 oil palm nucleus states (~70,000 ha)
- ✓ Contribute to biodiversity conservation
- ✓ Sustainable management of oil palm landscapes
- ✓ Planning and adoption of better management practices

Colombian palm oil sustainability



Social situation in the Colombian OP sector

Employment:

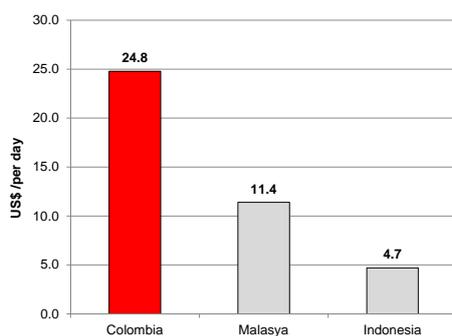
- ✓ **Formal and stable employment:** More than 130,000 direct & indirect jobs
- ✓ Wages 20% higher than other agricultural sectors
- ✓ Social security coverage:
 - Health (88%)
 - Retirement pension (83%)
- ✓ Training and business development programs
- ✓ Welfare programs for housing, health, education and recreation



Colombian palm oil sustainability



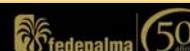
Average legal wage in the OP sector



Higher wages in Colombia mean:

- ✓ **better employment conditions**
- ✓ better sector revenue distribution
- ✓ better social impact
- ✓ but...cost & economic disadvantages

Colombian palm oil sustainability



Inclusive businesses in the OP sector

Strategic Productive Alliances (SPA):

- ✓ Joint venture between entrepreneurs (as operator) and smallholders (associated farmers)
- ✓ Win-win relation
- ✓ **116** SPA established
- ✓ More than **6,000** smallholders
- ✓ Around **70,000** ha
- ✓ **1 in 4** hectares planted over the last decade involve SPA



Colombian palm oil sustainability



OP land litigation issues in Colombia

3.8% of the OP area in Colombia have faced land litigation issues

Closed by the authorities:

- **Urabá region (2002):** forced displacement of Afro descendant communities

Decision pending:

- **Tumaco region (2005):** palm developments on collective territories of Afro descendant communities
- **El Peñón region (2006):** land ownership extinction process (underused land)
- **Mapiripan region (2011):** land allocated by the state to farmers in agrarian reform with limitations on property
- **La Gloria region (2012):** OP project in not- allocated government land

Body Shop ethics under fire after Colombian peasant evictions

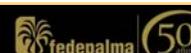


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[Biofuels fuel Colombia's conflict](#)

THURSDAY, 05 MAY 2011 07:02 PABLO ROJAS MEJIA

Colombian palm oil sustainability





4. Colombian challenges towards the RSPO



Colombian OP sector Challenges (1/2)

- ✓ Identification and management of High Conservation Value (HCV) areas – toolkit for Colombia
- ✓ Better planning and zoning tools for natural savannahs – new frontier for oil palm expansion
- ✓ General adoption of better agricultural practices (BAPs)
- ✓ Compliance with new and more stringent environmental standards
- ✓ Clear relationship between the costs and benefits of the RSPO certification
- ✓ Development of a traceability system for sustainable palm oil

Colombian OP challenges



Colombian OP sector Challenges (2/2)

- ✓ Increase in productivity and crop mechanization
- ✓ Creation of clusters and economies of scale
- ✓ Clarity in land property rights and tenure
- ✓ Marginal consideration of Latin American realities in RSPO debates and decision-making
- ✓ Language barrier (English as official language) (spanish and portuguese mainly spoken in Latin America)
- ✓ Lack of appropriate focus and experts for RSPO certification based on the Latin American context

Colombian OP challenges



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Thank you!

