



# PROJECT POTICO WINS AWARD TO SCALE UP IMPACT

In late 2010, the World Resources Institute (WRI) obtained a grant to develop three systems designed to ramp up utilization of degraded lands for oil palm plantations and thereby conserve tropical rainforests in Indonesia. Awarded by the “Biodiversity and Agricultural Commodities Program” of the International Finance Corporation (a member of the World Bank Group), with funds from the Global Environmental Facility (GEF), the grant leverages NewPage Corporation’s commitment to Project POTICO (Box 1) to take the vision of Project POTICO to scale.

## WORKING AT THE PILOT SCALE

Until recently, Project POTICO has been concentrating its efforts in the Indonesian province of West Kalimantan on the island of Borneo (Figure 1). Among other steps, WRI and its Indonesian project partner Sekala have developed a method for identifying degraded lands that are physically suitable, economically viable, socially acceptable, and legally available for oil palm plantations. They mapped suitable and viable tracts of degraded land across the



Figure 1. Indonesian provinces on Borneo

### Box1. Project POTICO

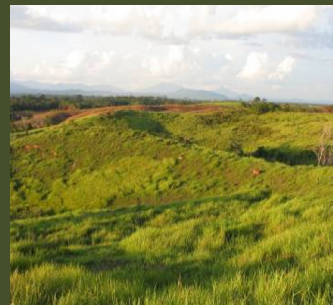
In 2009, the World Resources Institute (WRI) launched Project POTICO (palm oil, timber, carbon offsets) with support from NewPage Corporation. Project POTICO



Forest slated for conversion to oil palm plantation in Indonesia

seeks to prevent deforestation in Indonesia by diverting planned oil palm plantations away from natural forests, having them established instead on degraded lands, and ensuring that the forest previously slated for conversion remains conserved and sustainably managed.

Combined with logging, agricultural expansion is a leading cause of tropical deforestation in Indonesia and



Degraded area in Indonesia suitable for oil palm plantation

elsewhere. Restoring and utilizing degraded lands provides an opportunity to continue sustainable agricultural expansion while avoiding deforestation. In this context, “degraded lands” do not necessarily have poor soil quality. Rather, the term refers to areas that were cleared of their natural vegetation cover, now contain low levels of biodiversity and low stocks of carbon, and are not currently used for productive agriculture or human habitation.





province, creating the first ever degraded lands map for an area of Indonesia (Figure 2). And they have worked through the legal processes for swapping permits from natural forests toward degraded lands.

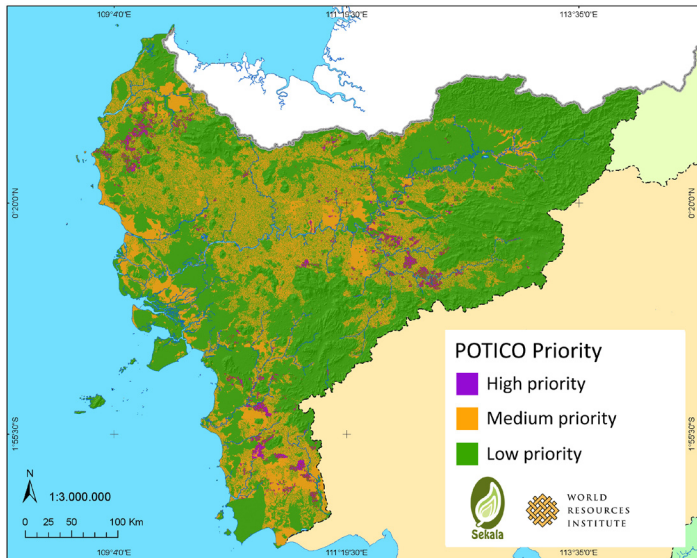


Figure 2. Map of land suitability for sustainable oil palm development

## THREE QUESTIONS FOR SCALING UP

The project's vision expands beyond one province to the entire archipelago of Indonesia. But if the strategy of utilizing degraded lands for oil palm expansion is to become mainstream, the POTICO team identified three questions that need to be addressed:

### 1. *How does one identify and locate degraded lands that are acceptable for sustainable oil palm plantations?*

Although the POTICO team mapped degraded lands in the province of West Kalimantan, such areas need to be identified across the entire country of Indonesia. Likewise, the "suitable degraded lands identification" methodology the project developed needs to become usable by oil palm growers, government spatial planners, and others without direct assistance from WRI and Sekala.

### 2. *How does one permit and develop oil palm plantations on degraded lands in accordance with best social and environmental practices?*

Since degraded land utilization is so new, those growers and government officials whom the project has not yet engaged currently lack the experience on how to do it.

### 3. *How does one monitor and verify adherence to the degraded lands strategy?*

For the strategy to be effective, stakeholders such as palm oil buyers, governments, non-governmental organizations, and international lenders giving financial support need to be able to identify implementation shortfalls (e.g., the oil palm grower starts cutting down forests again) and take corrective action. Likewise, knowing that on-the-ground activities are being monitored should serve as a deterrent to new forest clearing.

## DEVELOPING THREE NEW SYSTEMS

With support from NewPage and the International Finance Corporation, WRI and project partners will address these questions by developing:

### 1. *An online degraded land identification system.*

WRI will create and promote a free, online system that would enable users to identify tracts of degraded land in Indonesia. The system will apply pre-determined screening criteria and user-defined parameters to generate maps of degraded land with high potential for sustainable oil palm expansion and prioritize areas for site-specific field assessments. Essentially, the system will standardize and make user-friendly the desktop portion of the methodology WRI developed for West Kalimantan.

The system has multiple target users. For instance, governments could use it when redoing their land use plans. Oil palm





companies could use it to find tracts of degraded land for future oil palm plantations. Investors could use it to guide their investments in sustainable palm oil.

## 2. A “how to” guide.

Based on its field experience in West Kalimantan, WRI will publish and promote a “how to” guide for utilizing degraded lands for oil palm expansion, offering practical, step-by-step guidance to oil palm growers and government officials. It will provide technical advice on spatial decision-making for degraded land, detail best practice social engagement procedures, and recommend changes to Indonesia law to facilitate degraded land utilization and land swaps.

## 3. A forest monitoring system.

WRI will develop a publicly available, web-based forest cover monitoring system that allows investors, buyers, and NGOs to monitor and verify adherence of oil palm growers to the degraded land utilization strategy. The system will use satellite imagery to identify changes in forest cover on an annual basis. Combined with data on concession boundaries, this system could be used to determine whether or not oil palm growers are using degraded lands, are following through on commitments to not develop forests that are saved via land swaps, or are moving into natural forests.

Once these systems are in place, Project POTICO will have taken a significant step toward making degraded land utilization the norm for oil palm expansion.

*The IFC is not responsible for the implementation or administration of this project.*

## The Prince of Wales’ Rainforests Project and Project POTICO

In London on November 18, 2010, His Royal Highness the Prince of Wales gathered together international leaders from government, environmental and social nonprofits, agribusiness, and financial institutions to profile successful ways to curb tropical deforestation. Project POTICO was highlighted as an approach that was revolutionary in its practicality—restoring degraded lands to absorb agricultural expansion.



*WRI's Craig Hanson discusses details of land swaps with His Royal Highness the Prince of Wales (November 18, 2010).  
Photo: Moray McLeish*

