

Enhancing the ecological value of tropical agriculture through set-asides

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25 **Abstract**

26

27 Agricultural expansion across the tropics is the primary driver of biodiversity declines and
28 ecosystem service degradation. However, efforts to mitigate these negative impacts may reduce
29 commodity production. We quantify trade-offs between oil palm cultivation and ecological
30 outcomes (biodiversity, above-ground carbon storage and dung nutrient cycling) across
31 different potential set-aside (uncultivated areas in agricultural landscapes) strategies. We show
32 that all set-aside configurations yield substantial gains in ecological outcomes. The best
33 strategy involves spatially targeted riparian reserves, such as those used in oil palm certification
34 schemes, where species occurrence can be doubled without reducing overall cultivation area.
35 Adopting this strategy throughout the 8 million hectares of plantations in Borneo would lead
36 to extensive improvements in ecological outcomes without losses to production area, and
37 consequently, enhancing agricultural sustainability.

38 **Main text**

39

40 Agricultural expansion is considered critical to meeting the growing food demands of an
41 increasing human population, yet it is also the primary driver of habitat loss across the planet
42 (1, 2). With food demand predicted to double by 2050 (3), it is estimated that up to 1 billion
43 hectares of previously uncultivated land will need to be brought under production to ensure food
44 security (4, 5). Much of this land is expected to replace tropical forest (6–8). Over the past three
45 decades alone, more than 150 million hectares of tropical forest have been cleared for
46 agriculture (4, 9, 10). This leads to disproportionate biodiversity losses (11–13), is a major
47 driver of climate change (contributing 7–14% of global CO₂ emissions (14–17)), and has
48 negative impacts on multiple ecosystem functions and services, including soil fertility, soil
49 stability and the provision of freshwater (18). Consequently, the challenge of reconciling rising
50 food demand while safeguarding critical ecosystems is dependent on the manner in which
51 tropical agricultural landscapes are established and managed.

52

53 Just four agricultural commodities (beef, palm oil, soy and wood products) drive 40% of
54 tropical deforestation (19). Oil palm (*Elaeis guineensis*) occupies ~19.5 million hectares in the
55 tropics, mostly (82%) in Southeast Asia (Supplementary Fig. 1). Since 1980, there has been a
56 15-fold increase in its production, and about half the people in the world currently rely on palm
57 oil as part of their diet, as well as it being a key ingredient in animal feed, cosmetics and biofuels
58 (20, 21). As such, it is predicted that oil palm agriculture will cover 29-33 million hectares by
59 2050 (20, 22). The associated deforestation is anticipated to negatively affect 54% and 64% of
60 threatened mammals and birds globally (20), and release ~330 Mt CO₂ each year (19, 23),
61 equivalent to almost half the average annual CO₂ emissions from global aviation (24).

62

63 Pressure is mounting on food supply chains to improve sustainability standards, or risk
64 continued strident calls for palm oil to be boycotted (25–27). However, switching to
65 alternatives will only exacerbate the problem (20, 25), given that producing palm oil requires
66 four to ten times less land per unit of oil than other vegetable oils (20, 28). To try to alleviate
67 environmental concerns, over 4000 companies have now adopted voluntary commitments to
68 source, produce and sell certified sustainable palm oil, which is cultivated conforming to social,
69 environmental and agricultural best-practice guidelines (23, 29, 30). Nonetheless, we have little
70 understanding of how these guidelines may reduce the environmental impacts of agricultural
71 expansion in tropical landscapes without compromising food security. Here, we quantify the
72 trade-offs between oil palm cultivation and ecological outcomes (biodiversity, ecosystem
73 function and service) across different potential set-aside strategies, which we identified through
74 oil palm producer consultations (Fig. 1). We do this in the carbon- and biodiversity-rich
75 forested landscapes of Borneo, which are considered the global epicenter of palm oil
76 production (31, 32). Our results show that set-asides yield substantial ecological gains, and that
77 locally optimized set-aside enhancements can augment carbon storage, soil nutrient cycling
78 and biodiversity with little or no reduction in cultivated area.

79

80 **Set-aside in tropical agriculture**

81

82 The creation of set-asides, which are uncultivated areas within agricultural landscapes, have
83 long been used as a voluntary and regulatory practice to alleviate the adverse environmental
84 effects of agriculture (33). Set-asides can offer important biodiversity refugia (34–36), help
85 maintain ecosystem functions and services (37–39), and can support livelihoods (40). In
86 relation to oil palm agriculture specifically, set-aside is often incorporated into national
87 legislation (Methods), as well as being required by voluntary sustainability certification

88 systems (e.g. Roundtable on Sustainable Palm Oil (RSPO), which certifies 19% of all palm
89 oil). Nevertheless, set-aside policies vary greatly, and are not necessarily informed by scientific
90 evidence (34).

91

92 Set-asides generally come in two forms in industrial-scale tropical agriculture: the maintenance
93 of natural forest habitat on steep slopes (25° and above; hereafter ‘maximum slope for
94 cultivation’) to protect soils and watersheds, and, retention of forest near rivers (‘riparian
95 reserve width’) to maintain hydrological systems (Supplementary Note 1). Each of these
96 components can contribute to broader environmental outcomes beyond their intended
97 objectives. For example, remnant forest on steep slopes or in riparian zones may provide habitat
98 for biodiversity and maintain carbon stores (Supplementary Note 1) (35, 41–43). In industrial
99 oil palm estates, most riparian reserve legislation stipulates fixed widths (e.g. 20 m or 50 m) of
100 forest are retained either side of the river, depending on the country/state. Conversely, some
101 policies, including those of RSPO, vary based on river width and local context (e.g. 5 m of
102 forest to be retained either side of small rivers, but up to 100 m of forest for larger rivers or
103 areas considered to be particularly important for wildlife or habitat connectivity;
104 Supplementary Note 1, Supplementary Table 1). Maximum slope for cultivation is often 25°,
105 but this is climate and soil dependent (Supplementary Note 1).

106

107 **Impacts of set-aside policies on cultivation area**

108

109 Given the variability of set-aside policies, we examine the trade-offs between the amount of
110 land available for cultivation and the ecological outcomes that can be realized for a suite of
111 different set-aside configurations. We do so in a 119,000-hectare production landscape in
112 Sabah, Malaysian Borneo, comprising four industrial-scale plantations and an array of remnant

113 forest in set-asides (Methods; Supplementary Figs. 2-6, Supplementary Table 2). Before
114 evaluating the impacts of set-aside policies, we consulted major producers across the palm oil
115 industry to ensure our analyses focused on maximum slopes for cultivation and riparian reserve
116 widths that could be implemented feasibly in a real-world context (Methods). We then
117 examined different set-aside configurations, encompassing combinations of 20 riparian reserve
118 widths (in 5 m increments, ranging from 5 to 100 m, on both sides of rivers) and 11 maximum
119 slope angles (ranging from 15 to 25°) per plantation, equating to 880 combinations across the
120 four plantations (220 in each). Larger riparian reserve widths and lower maximum slopes for
121 cultivation both mean that there is a greater area of set-aside in the landscape and,
122 correspondingly, less area available for cultivating crops.

123

124 Across all the set-aside configurations examined, 61–92% of the landscape remained available
125 for cultivation. We find that riparian reserve set-aside comprised 0.5 to 10% of the landscape,
126 while set-aside based on maximum slope for cultivation accounted for 4 to 30%. By
127 comparison, 20 and 50 m riparian reserve widths (corresponding, respectively, to current
128 policies for Sabah in Malaysia and Indonesia), combined with 25° maximum slope, would
129 leave 89-91% of the landscape available for oil palm cultivation (Fig. 2A & B).

130

131 **Optimizing trade-offs**

132

133 To assess the trade-off between the land available for cultivation, and ecological outcomes
134 (biodiversity, ecosystem function and ecosystem service), we combined our set-aside
135 configurations with field-derived distributions for 235 species (150 birds, 19 non-volant
136 mammals, 21 bats and 45 dung beetles), dung nutrient cycling and LiDAR-derived above-
137 ground forest carbon storage (Methods). We express ecological outcomes of different

138 landscape scenarios in terms of net and relative percentage changes in species occurrence, and
139 total above-ground forest carbon storage and dung nutrient cycling under different set-aside
140 configurations. Net changes in species occurrence are calculated as the percentage change in
141 landscape area, whereas relative changes are calculated as a percentage change in species area.
142 For example, if a species occurred in 20% of the landscape in one set-aside configuration and
143 then 30% in another, this would equate to a 10% net increase and a 33% relative increase.

144

145 We evaluated two categories of set-aside policies. First, we considered ‘uniform’ policy
146 scenarios, meaning a one-size-fits-all approach, as implemented in most national/state-scale
147 legislation. Even with these very simple policies, the potential importance of set-asides in
148 delivering ecological gains in tropical agricultural landscapes becomes clear. In our landscape,
149 each 10% of the area in set-aside results in a net increase in species occurrence, ranging from
150 3% to 23% across all 235 species (mean = 10% net increase, but up to 223% relative increase),
151 a 6% net increase in above-ground carbon storage, and 9% net increase in dung nutrient cycling
152 (Fig. 3 and Fig. 4A blue curve). We also evaluated ‘variable’ policies, under which we
153 optimized set-aside configurations, allowing these to vary between plantations in a way that
154 maximized ecological outcomes at least cost to cultivation. To calculate the variable policy
155 outcomes, we used multi-objective optimization models to maximize ecological outcomes
156 (species occurrence, above-ground carbon storage and dung nutrient cycling across set-aside
157 in the landscape) (objective one) and maximize area of the landscape available for oil palm
158 cultivation (objective two).

159

160 Compared to a uniform approach, the variable policy yields even higher levels of species
161 occurrence and above-ground carbon storage for any given percentage of the landscape
162 cultivated. Alternatively, the variable policy achieves specified levels of species occurrence

163 and above-ground carbon storage at lower overall set-aside area than in the equivalent uniform
164 policy (Fig. 4). The greatest gains from the variable policy are obtained when set-aside
165 configurations result in 77–87% of the landscape cultivated (upper quartile of the difference
166 between uniform and variable policies; Fig. 4A,B). The most efficient of these is achieved
167 when 83% of the landscape is cultivated ('maximum efficient'). In this scenario, net species
168 occurrence within set-asides rises by 8.1% (range: 0.3–18% net increase in occurrence across
169 all species), from an average across species of 55% for the uniform policy to an average of
170 63% for the variable policy, and 3.8% more above-ground carbon stored (Supplementary Table
171 3; Fig. 4A,E). By comparison, achieving the same gain in ecological outcomes with the uniform
172 policy would require a reduction in cultivation area of 7.7% (Supplementary Table 3; Fig.
173 4A,C). At maximum efficient cultivation levels, all species had increased occurrence under the
174 variable policy, compared to the uniform policy (Fig. 5 & Supplementary Figs. 7-11;
175 Supplementary Note 2), with the greatest average gains among the birds, including endemic
176 and threatened species. We also find that at 90% ('business-as-usual'; broadly equivalent to
177 current policies in Indonesia and Malaysia) and 70% ('high level set-aside') of the landscape
178 cultivated (Fig. 4C-F), the variable policy enhances ecological outcomes, albeit to a lesser
179 degree than when 83% of the landscape is planted (Fig. 4D,F; Supplementary Table 3;
180 Supplementary Note 2).

181

182 With 83% of the landscape cultivated, the corresponding set-aside (17% of the landscape) can
183 be achieved through a range of uniform set-aside configurations of riparian reserve widths
184 (mean = 61 m) and maximum slope for cultivation (mean = 22°; Supplementary Table 4).
185 However, the flexibility of the variable policy, allows for more spatially targeted set-asides to
186 be distributed heterogeneously across the landscape to maximize ecological outcomes. As a
187 result, the variable policy could have lower overall set-aside with a mean riparian reserve width

188 of 44 m and mean maximum slope for cultivation of 22° to achieve the same ecological
189 outcome (Supplementary Table 4). This is particularly pertinent for the variable set-aside
190 configurations used in most certification schemes (Supplementary Note 1), because they should
191 translate into improved ecological outcomes without the need to reduce cultivation area.

192

193 We also conducted our optimizations with a uniform maximum slope of 25° but letting riparian
194 reserve width vary. We did this because the palm oil industry told us that varying maximum
195 slopes for cultivation would be less favorable from an operational perspective. Again, the
196 variable policy resulted in ecological gains, albeit with reduced benefit compared to when the
197 maximum slope for cultivation could also vary (Fig. 4A). Nonetheless, at current business-as-
198 usual cultivation (90% of the landscape), the reduction in gains compared to the fully variable
199 policy were only marginal. Our findings additionally demonstrate that riparian reserves are the
200 more important set-aside policy component for optimizing ecological outcomes. Indeed, when
201 more than ~85% of the landscape is cultivated, the impact of changes to maximum slope
202 diminish, and riparian reserve width primarily drives changes in the amount of set-aside and,
203 consequently, ecological outcomes (Fig. 2, Supplementary Fig. 12; Supplementary Note 3).

204

205 **The importance of plantation topography**

206

207 Across the tropics, agricultural plantations are less likely to occur on steep slopes, because they
208 are more expensive to deforest and harder to cultivate successfully (6, 44). Landscape
209 topography is, therefore, a key attribute affecting the impacts of set-aside policies. In our study
210 landscape, each plantation had a distinct topographic profile (Supplementary Table 2), varying
211 with the percentage of the plantation consisting of slopes above 15°, ranging from 18% of the
212 plantation (Plantation D) to 56% (Plantation A; Supplementary Figs. 1 and 4). In general,

213 rugged tropical landscapes with high proportions of steep areas, have more rivers and riparian
214 areas. Accordingly, the set-aside policy changes we explore have the most pronounced
215 consequences. This is highly relevant because much of the undeveloped land remaining in the
216 tropics comprises forest on steep slopes, as opposed to lowlands that have already been
217 converted to agriculture (6).

218

219 **Implementing set-aside in tropical agricultural landscapes**

220

221 On Borneo, an additional 30 million hectares (40% of the island) is suitable for oil palm
222 cultivation and falls outside of protected areas (44). Of this, we estimated that 8 million hectares
223 (11% of the island) could be potential set-aside in future plantations, as this is the area of
224 forested slopes of 15–25° and within 100 m of a river. Therefore, compared with existing
225 plantations, for no net decrease in ecological outcomes, future plantations with optimized set-
226 asides (i.e. variable policies) could represent a potential increase in cultivated area of up to
227 7.7%, yielding 189 million tonnes of crude palm oil over 20 years (Table 1).

228

229 Our findings are important for both conservation and food security debates as we show that
230 set-asides can greatly enhance ecological outcomes without compromising the area of the
231 landscape available for cultivation. This is critical because perceived losses to production may
232 disincentivize growers from adopting best practice set-aside measures. To this end, our study
233 shows that locally tailored riparian set-asides may be the best way to boost the biodiversity and
234 ecosystem service value of tropical agricultural landscapes.

235

236

237

238 **Methods**

239 **Study landscape**

240 Our study site is made up of four oil palm plantations and a logged forest reserve in Sabah,
241 Malaysian Borneo (Supplementary Fig. 2). One of the plantations lies within the Stability of
242 Altered Forest Ecosystems (SAFE) project (<https://www.safeproject.net/>; 46). The other three
243 are commercial plantations owned by two Malaysian palm oil producers. Together, the study
244 area covers 119,000 ha of forest and plantation. Most of the remnant forest has been logged
245 two to four times over 30 years and contains few mature trees (47), although some areas are
246 less disturbed and are now formally protected. The surrounding agricultural matrix comprises
247 oil palm trees, which were planted 12–15 years prior to our data collection. Remnant logged
248 forest areas are present within the agricultural matrix, occurring on steep slopes and alongside
249 some rivers, with widths between 5 and 470 m either side of the river. Each plantation has a
250 distinct topographic profile varying in ruggedness from 18 to 56% of the landscape above 15
251 degrees slope. The area of a plantation within 100 m of a river varies from 12 to 23%
252 (Supplementary Table 2).

253

254 Across the study area, we sampled multiple taxonomic groups, above-ground carbon storage
255 and dung nutrient cycling. Methods, locations, and sample sizes varied, but all encompassed
256 logged forest and riparian forest fragments and oil palm (details for each group or function are
257 provided below). Species occurrence data from the logged forest reserve was used to improve
258 our estimates of species distributions, but were not used in the trade-off analyses.

259

260 We obtained plantation boundaries for the experimental landscape directly from plantation
261 owners. We mapped rivers across the landscape using a combination of geographic information
262 system (GIS) data from the Sabah DID and the Shuttle Radar Topography Mission (STRM)

263 (<http://srtm.usgs.gov>) digital elevation model (DEM) at a resolution of 30 × 30 m. The DID
264 data included the location of rivers, but did not include hydrological information such as flow,
265 which is used to estimate channel width. To estimate flow, we first used the `r.watershed` module
266 in GRASS GIS to create raster files for flow accumulation and drainage direction, which were
267 then inputted into the `r.stream.extract` module to create a raster and vector of channels using
268 the flow accumulation and direction layers. We subsequently added network information to the
269 raw vector channels using an R script to find links between channels
270 (https://www.safeproject.net/dokuwiki/safe_gis/stream_networks). The STRM generated data
271 matched very closely with the governmental DID data, so we used the STRM generated river
272 network in our analysis, which allowed us to exclude small streams estimated to be under 5 m
273 in channel width, because in all guidelines and legislation these size rivers receive no or very
274 small riparian reserves. We ground-truthed 20 rivers to ensure that predictions of channel width
275 were broadly accurate. To estimate and map slope across the landscape, the SRTM data was
276 further processed using the `gdaldem_slope` function (<https://gdal.org/programs/gdaldem.html>)
277 for Python to generate a raster of slope angles measured in degrees.

278

279 **Palm oil producer consultations**

280 Before undertaking our landscape analyses, we consulted palm oil producers to inform the
281 range of set-asides policies to be tested, to ensure that the policies tested were feasible to
282 implement from an industry perspective. We conducted semi-structured interviews with nine
283 representatives from seven of the largest palm oil producers, with plantations located in nine
284 different countries across Southeast Asia and West Africa. Collectively, these companies
285 manage about 9% of the world's industrial palm oil plantations, an area of land covering 1.7
286 million ha. From these consultations, two key set-aside components emerged, riparian reserve
287 widths and maximum slope for cultivation. Eight of the nine respondents felt that increasing

288 riparian reserve width was both feasible and important for enhancing ecological outcomes
289 (biodiversity, ecosystem functions and ecosystem services). Additionally, all respondents
290 indicated that they would support the establishment of wildlife corridors within plantations,
291 with riparian reserves being the main way to achieve this. Four out of the nine respondents
292 were supportive of policy changes to maximum slope for cultivation, but explained that they
293 rarely cultivate slopes steeper than 20°.

294

295 **Set-aside configurations used in the analyses**

296 Set-aside configurations of maximum slopes for cultivation and riparian reserve widths were
297 assessed in a GIS. We created 20 different riparian reserve width layers by adding buffers of
298 5–100 m (in 5 m increments) around the river network. We created polygons for 11 different
299 thresholds for maximum planting slope ranging from 15 to 25° (in 1° increments). These two
300 sets of layers were subsequently merged to produce 220 combined riparian reserve width and
301 maximum slope for cultivation layers and then clipped to each plantations (but not the forest
302 reserve) to produce 880 plantation-specific set-aside layers. Across the four plantations, this
303 resulted in 220⁴ or 2,342,560,000 unique ways to configure the landscape. The landscape
304 configurations were overlaid with species distributions, above-ground carbon storage and dung
305 nutrient cycling layers. These allowed us to examine and optimize trade-offs between between
306 the amount of land available for cultivation and the ecological outcomes.

307

308 Each five-meter increase in riparian reserve width results in an increase in set-aside of just 0.44
309 – 0.52% of total production area, staying more-or-less constant across the 20 riparian reserve
310 widths we tested (Fig. 2A). On the other hand, decreasing the maximum slope for cultivation
311 reduces planted area to a much greater extent, with a one-degree change leading to a 0.9–4.1%
312 reduction in cultivated area (Fig. 2B).

313

314 **Bird biodiversity field methods**

315 We sampled bird communities via point counts at 376 sample locations across the landscape
316 spaced a minimum of 200 m apart. Our point count locations covered all habitats types across
317 the landscape. During each point count, a single experienced observer (SLM) recorded all bird
318 species heard or seen within a 50 m radius of the point for 15 min, including fly-overs. We
319 conducted point counts between 05:50 and 11:00 in clear weather and these were repeated on
320 three separate occasions at each site between 2014 and 2016. For further details see (48).

321

322 **Non-Volant mammal biodiversity field methods**

323 Camera-traps (HC500 Hyperfire, Reconyx, WI, USA) were deployed at 121 locations across
324 the landscape between May and September 2015. Locations were separated by a mean distance
325 of 1.4 km and were stratified to capture the heterogeneity of the landscape. The camera-traps
326 were positioned at a standardised height of 30 cm and were deployed for 42 consecutive nights
327 per location, yielding a total survey effort of 4,669 camera nights. For further details see (49).

328

329 **Bat biodiversity field methods**

330 We sampled bat communities via harp trapping at 294 sample points across the landscape from
331 2015 to 2016. Locations were stratified to capture the heterogeneity of the landscape and
332 tactically to maximize captures. At each site and each year, we performed ten nights of trapping
333 using six four-bank harp traps (60 harp trap nights per site total) from 20:30 to 08:30. For
334 further details see (50).

335

336 **Dung beetle biodiversity field methods**

337 We sampled dung beetle (*Scarabidae* sp.) communities via baited pitfall traps at 197 sample
338 points across the landscape from 2015 to 2016. Traps were plastic containers 14 cm deep and
339 13 cm in diameter, part-filled with a mixture of water, salt, detergent, and chloral hydrate.
340 These were placed flush with the soil surface. A muslin bag of human dung (c.25 g) was
341 suspended 5 cm above the trap. Each trap was protected from rain by a plastic plate held 20 cm
342 above it. Traps were set in the morning and left for 48 h before collection. For further details
343 see (51).

344

345 **Biodiversity species distribution predictions**

346 We generated presence-pseudo absence species distribution models (SDMs) for 235 species
347 (150 birds, 21 bats, 19 non-volant mammals, and 45 dung beetles). For each species, we
348 constructed an ensemble model of six algorithms: generalized linear models (GLMs),
349 generalized boosted models (GBMs), random forests (RFs), support vector machines (SVMs),
350 multivariate adaptive regression splines (MARSs), and artificial neural networks (ANNs), with
351 five repetitions of each algorithm. Accuracy of each model was assessed using cross-validation
352 with a 70-30 split of the occurrence data into training and evaluation sets, repeating the
353 procedure to combine the ensemble using the highest AUC (area under curve). A presence-
354 absence prediction was then made using the sensitivity-specificity (SES) equality metric. We
355 did not use bioclimatic variables as predictors because we were working at a fine-resolution
356 landscape-scale and there was not enough variability. Instead, we used location and landcover
357 predictors (elevation, slope, distance to river and soil type), which are static and do not change
358 with the configuration of the experimental landscape. As such, our estimated species
359 distributions represent the largest possible predicted distribution for each species across the
360 landscape. Relative variable importance was computed using Pearson's correlations between

361 predictions of the full model and with each variable iteratively removed. All SDMs were
362 constructed using the SSDM package for R (<https://www.r-project.org/>).

363

364 **Dung nutrient cycling predictions**

365 Dung removal is an important part of the soil nutrient cycling process and reduces greenhouse
366 gas emissions (52). We measured nutrient cycling via dung removal at 309 sample points across
367 the landscape. At each location, 700 g of dung were placed under a rain cover and, 24 hours
368 later, any remaining dung was collected and weighed. We also used three
369 evaporation/precipitation controls, comprising 700 g piles which were not accessible to fauna.
370 For further details see (51). To estimate dung removal across the entire landscape, we used
371 residual corrected ordinary regression kriging between our point estimates, and landscape level
372 predictors implemented in SAGA GIS. We predicted dung removal using the same predictors
373 as for the species distribution models, plus dung beetle diversity and non-volant mammal
374 diversity (summed from our species distribution models), due to the relationship between
375 mammals and dung beetles (53,54).

376

377 **Above-ground carbon storage predictions**

378 To estimate above-ground carbon stored across the landscape we used data from the Carnegie
379 Airborne Observatory-3. The dataset combines airborne Light Detection and Ranging (LiDAR)
380 with satellite imaging and other geospatial data to map forest above-ground carbon density at
381 30 m resolution throughout the Malaysian state of Sabah, Borneo. For further details see
382 (55,56). In our trade-off analyses that included above-ground carbon storage, we only
383 considered pixels above a threshold of 35 tonnes of carbon per hectare, to ensure we were only
384 considering High Carbon Stock forests.

385

386 **Estimating the trade-off between cultivation and ecological outcomes**

387 To describe species occurrence, and total above-ground forest carbon storage and dung nutrient
388 cycling responses to changes in the proportion of the landscape cultivated, we fit a linear
389 regression model with quadratic and cubic terms (due to non-linear response of most species)
390 in the general form:

391
$$y = b_0 + b_1x + b_2x^2 + b_3x^3$$

392

393 where y is the proportion of the landscape occupied by a given species or total above-ground
394 forest carbon storage and dung nutrient cycling, x is the proportion of landscape cultivated,
395 and b_0, \dots, b_3 are regression model coefficients.

396

397 For each species, above-ground carbon storage and dung nutrient cycling we then calculated
398 the slope (1st derivative) of the model, which characterizes the strength of the relationship
399 between the ecological outcome and the proportion of the landscape cultivated. As a proxy for
400 the linearity of each trade-off curve, we also calculated acceleration (2nd derivative), which
401 measures how the rate of change for the trade-off curve is itself changes.

402

403

404 **Optimization of trade-offs**

405 We formulated a mixed integer linear programming (MILP) model to optimize set-aside policies
406 for riparian reserve width and maximum slope for cultivation across the oil palm plantations.
407 The objective of the model is to maximize ecological outcomes in set-aside, subject to a limit
408 on the area of land taken out of cultivation and put into set-aside. The model was run for a
409 range of different set-asides to produce Pareto-optimal curves of ecological outcomes, where:

- I Set of biodiversity and ecological service/functions, indexed by i
- J Set of palm oil plantations, indexed by j
- K Set of riparian reserve widths, indexed by k
- L Set of maximum slopes for cultivation, indexed by ℓ
- $c_{jk\ell}$ Set-aside area in plantation j given selection of riparian reserve width k and maximum slope for cultivation ℓ
- b Maximum feasible set-aside area across the landscape ($b = \sum_{j \in J} \max_{k \in K, \ell \in L} c_{jk\ell}$)
- θ Parameter for controlling total set-aside area limit (range 0-1)
- A_i Areal range size of biodiversity or ecological service/function i across the landscape
- $a_{ijk\ell}$ Area of biodiversity or ecological service/function i in set-aside in plantation j by riparian reserve width k and maximum slope for cultivation ℓ
- w_i Weight assigned to biodiversity or ecological service/function i
- ϕ_i Fraction of biodiversity or ecological service/function i 's range that must be in set-aside areas

410

411

412

413

414 and the following decision variables:

$$415 \quad x_{jk\ell} = \begin{cases} 1 & \text{if riparian reserve width } k \text{ and maximum slope for cultivation } \ell \text{ are selected} \\ & \text{for plantation } j \\ 0 & \text{otherwise} \end{cases}$$

416 y_i = fraction of biodiversity or ecological service/function i 's range protected across the
417 landscape

418

419 The MILP formulation of our variable policy is then:

$$\max \sum_{i \in I} w_i y_i \quad (\text{S1})$$

s. t.

$$\sum_{j \in J} \sum_{k \in K} \sum_{\ell \in L} c_{jk\ell} x_{jk\ell} \leq \theta b \quad (\text{S2})$$

$$\sum_{k \in K} \sum_{\ell \in L} x_{jk\ell} = 1 \quad \forall j \in J \quad (\text{S3})$$

$$y_i \leq \frac{1}{A_i} \sum_{j \in J} \sum_{k \in K} \sum_{\ell \in L} a_{ijk\ell} x_{jk\ell} \quad \forall i \in I \quad (\text{S4})$$

$$x_{jk\ell} \in \{0,1\} \quad \forall j \in J \quad (\text{S5})$$

420

421 Model (S1)-(S4) is a modified version of what is known in the site selection literature as a
422 “maximum covering” problem (57). The objective (S1) maximizes the weighted proportional
423 ecological outcome within set-asides. Constraint (S2) sets an upper limit (aka budget) on total
424 set-aside area across the landscape. Parameter θ is a user-specified value that can be adjusted
425 up/down to increase/decrease the set-aside area budget. Equalities (S3) require selection of
426 exactly one policy for riparian reserve width and maximum slope for cultivation for each
427 plantation j . Inequalities (S4), meanwhile, determine the fraction of each ecological outcome i

428 within set-aside areas. Given the structure of the optimization model, constraints (S4) could be
 429 written as equalities, since each variable y_i will automatically equal the value on the right-
 430 hand-side. Finally, constraints (S5) impose binary restrictions on the $x_{jk\ell}$ variables for selecting
 431 riparian reserve widths and maximum slopes for cultivation.

432

433 To impose a uniform policy for riparian reserve width and maximum slope for cultivation
 434 across all plantations, we introduce variable $u_{k\ell}$ equal to one if riparian reserve width k and
 435 maximum slope for cultivation ℓ is selected as a standard, zero otherwise, and the following
 436 side constraints:

$$\sum_{k \in K} \sum_{\ell \in L} u_{k\ell} = 1 \quad (\text{S6})$$

$$x_{jk\ell} = u_{k\ell} \quad \forall j \in J, k \in K, \ell \in L \quad (\text{S7})$$

437

438 Equality (S6) requires selection of a uniform policy for riparian reserve width and maximum
 439 slope for cultivation, while equalities (S7) stipulate that all plantations j must adopt the same
 440 policy.

441

442 We implemented our landscape set-aside optimizations in the OPL modeling language using
 443 CPLEX studio version 12.9 (58), which employs branch-and-cut methods to solve MILPs. The
 444 largest problem instance we solved had 237 continuous variables, 880 binary variables, and
 445 243 constraints. We performed secondary optimization runs assuming a uniform maximum
 446 slope for cultivation of 25°. We also ran a set of optimizations of specific combinations of
 447 riparian reserve width and maximum slope for cultivation to test existing policies in Malaysia
 448 and Indonesia. We then plotted where these lie on top of the Pareto-optimal curves.

449

450 **Estimating improvements to palm oil cultivation across Borneo**

451 To calculate the area of Borneo suitable for oil palm cultivation, we clipped the dataset of
452 global oil palm suitability created by (44) to Borneo and then extracted and summed the area
453 of ‘Suitable’, ‘High’, and ‘Perfect’ categories across the island. We then revised this figure by
454 removing existing protected areas (from <https://protectedplanet.net/>) and existing oil palm
455 plantations (from <https://atlas.cifor.org/>). We then intersected the remaining area with all areas
456 falling between 15–25° slopes (at a 90 m resolution), by following the same procedure
457 described above for assessing slopes across the study landscape. We estimated the area of
458 Borneo within 100 m of a perennial river using river networks created by Milieux
459 Environnementaux, Transferts et Interactions dans les Hydrosystèmes et les Sols (METRIS;
460 <https://www.metis.upmc.fr/en/node/375>). To calculate the potential average additional oil palm
461 trees across Borneo from optimizing plantations (Table 1), we applied a value of 125 oil palm
462 trees per planted hectare, based on data from plantations C and D. To calculate the potential
463 average additional crude palm oil (CPO) yield over 20 years, we applied an average yield value
464 of 4.1 metric tonnes of CPO per hectare, per year assuming an oil extraction rate of 25%, and
465 average fresh fruit bunch yield of 16.4 tonnes per hectare per year (data from plantations C and
466 D and are close to the average for Malaysia which is 4.2 tonnes of CPO per hectare per year
467 (<http://www.fao.org/faostat/> and 60).

468

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603

604

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614

615 **Author contributions**

616 JEB led manuscript writing, conducted the landscape and Borneo wide set-aside analyses,
617 species, above-ground carbon storage and dung nutrient cycling modelling, created the figures
618 and undertook the oil palm producer consultations. ZGD and MJS conceived the study concept
619 and analytical framework, contributed to the research design and co-wrote the manuscript.
620 JRO'H, with JEB, developed and ran the optimization framework. PRA advised on the study
621 concept and optimization methodology. EMS, NJD, SLM, DHB and VK provided biodiversity
622 data, and EMS additionally provided nutrient cycling data. ALA, ZGD, EMS and GR helped
623 with the design and delivery of the oil palm producer consultations. DAC contributed towards
624 the estimates of above-ground carbon. SJR and OTL contributed to research design and helped
625 secure funding. All authors provided editorial input on the manuscript.

626

627 **Competing interests**

628 Authors declare no competing interests.

629

630 **Data availability**

631 DOIs for the ecological data are listed in Supplementary Table 5.

632

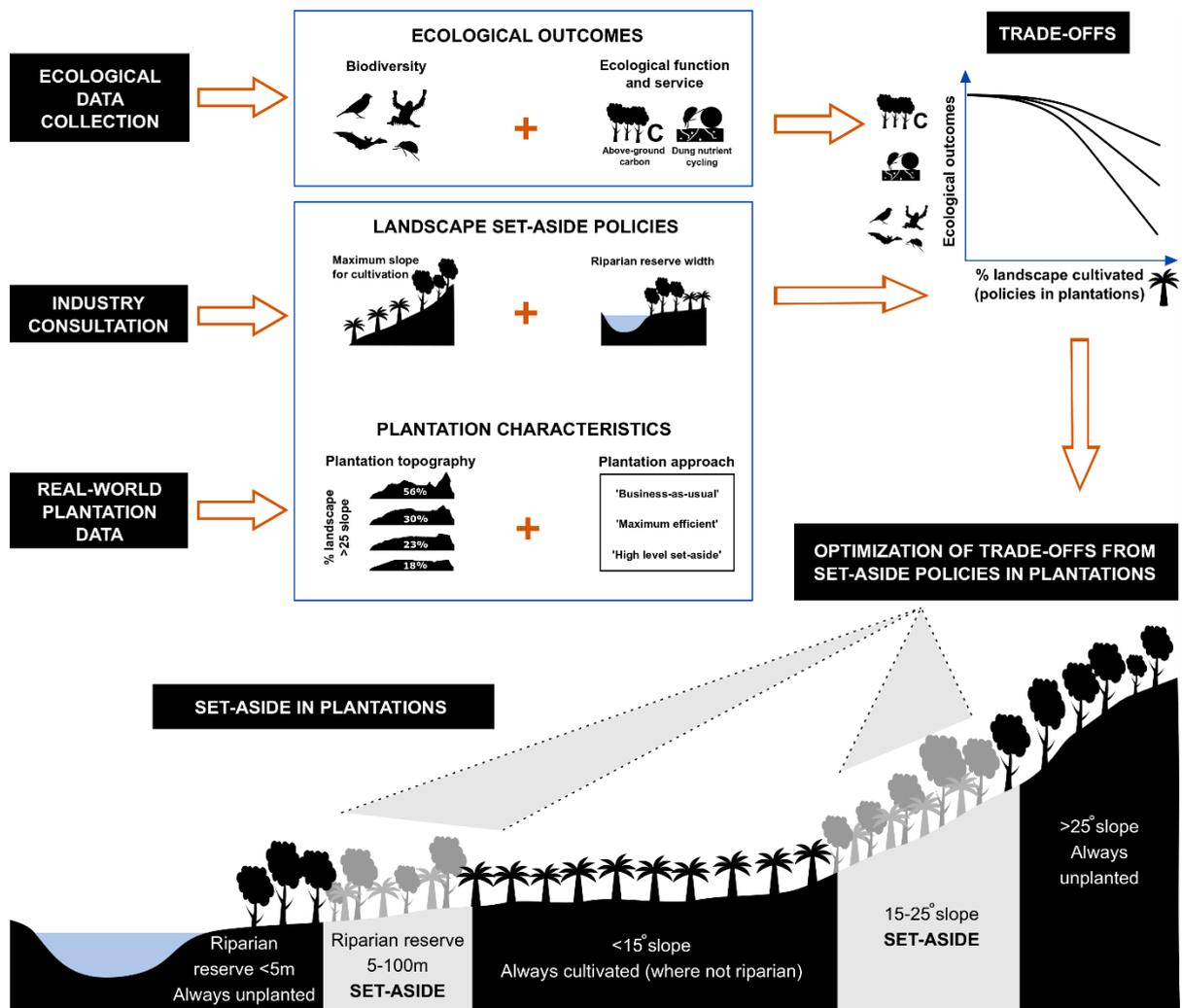
633 **List of Supplementary Information:**

634 Supplementary Notes 1-3

635 Supplementary Tables 1 to 5

636 Supplementary Figs. 1 to 12

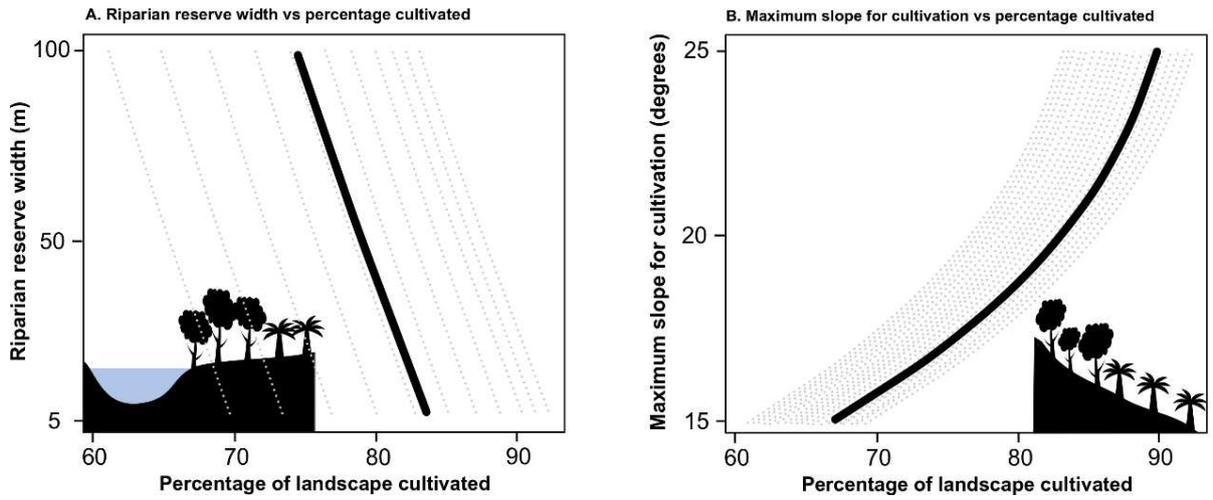
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640 **Fig. 1. Study workflow**

641



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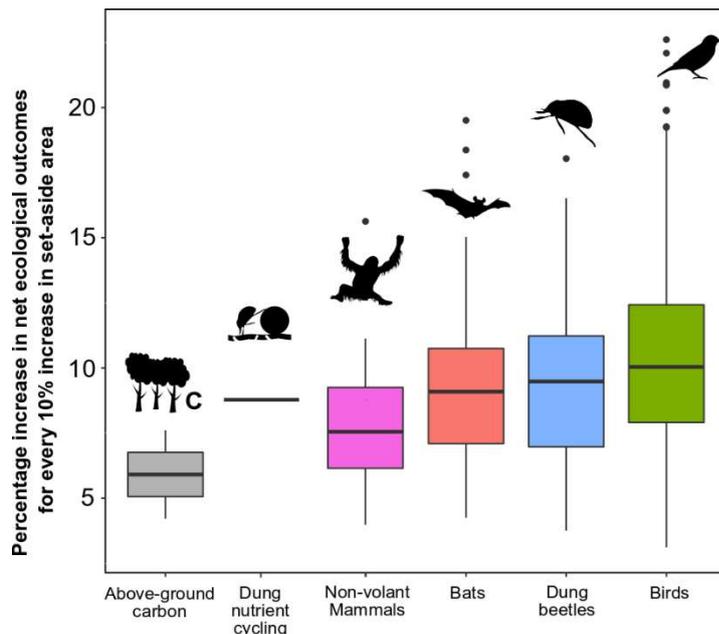
643 **Fig. 2. Impacts of set-aside configurations on percentage of landscape cultivated**

644 (A) Relationship between riparian reserve width and the percentage of the landscape cultivated.

645 (B) Relationship between maximum slope for cultivation and percentage of the landscape

646 cultivated. Dashed lines show all potential landscape set-aside configurations, and bold lines

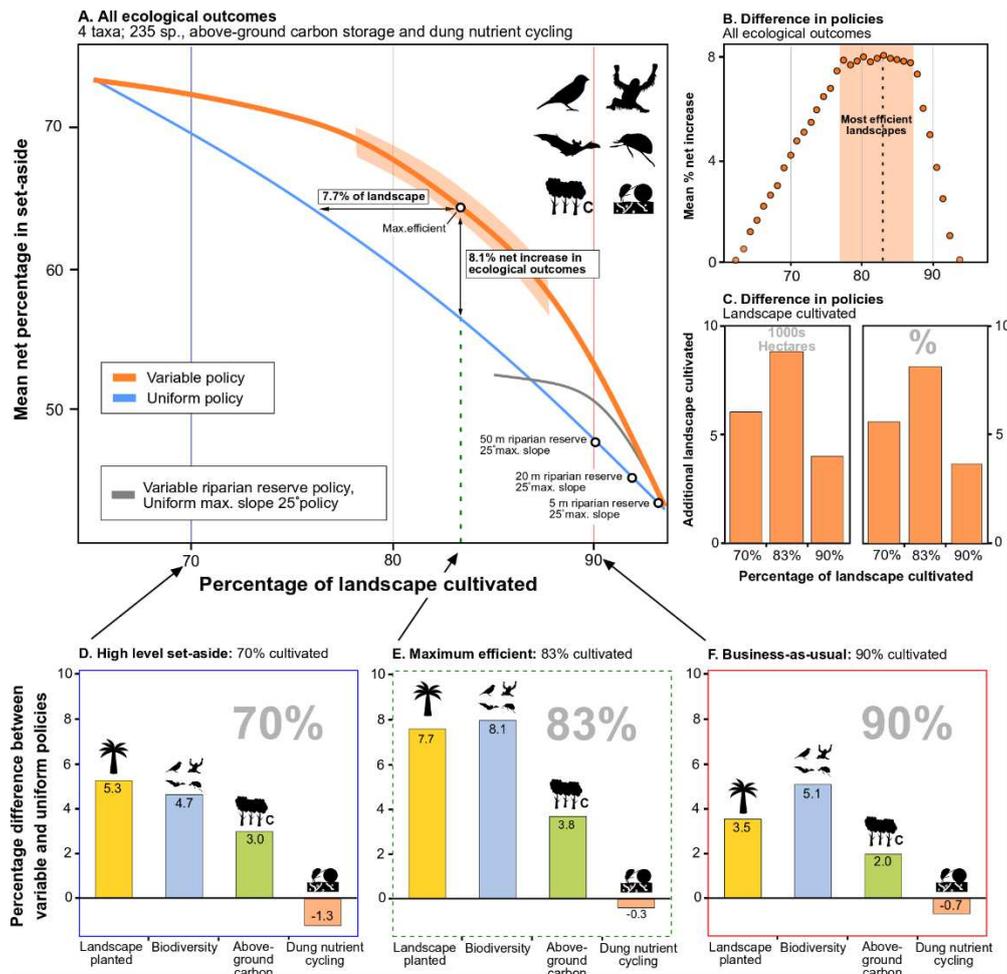
647 show the mean.



648

649 **Fig. 3. Percentage increase in net ecological outcomes for each 10% uniform increase in**
 650 **set-aside area**

651 Boxplots of all taxonomic groups, above-ground carbon storage and dung nutrient cycling
 652 showing the percentage increase in net ecological outcomes for each 10% uniform increase
 653 (under landscape scenarios that range from 61-92% cultivated) in set-aside area across the
 654 landscape.

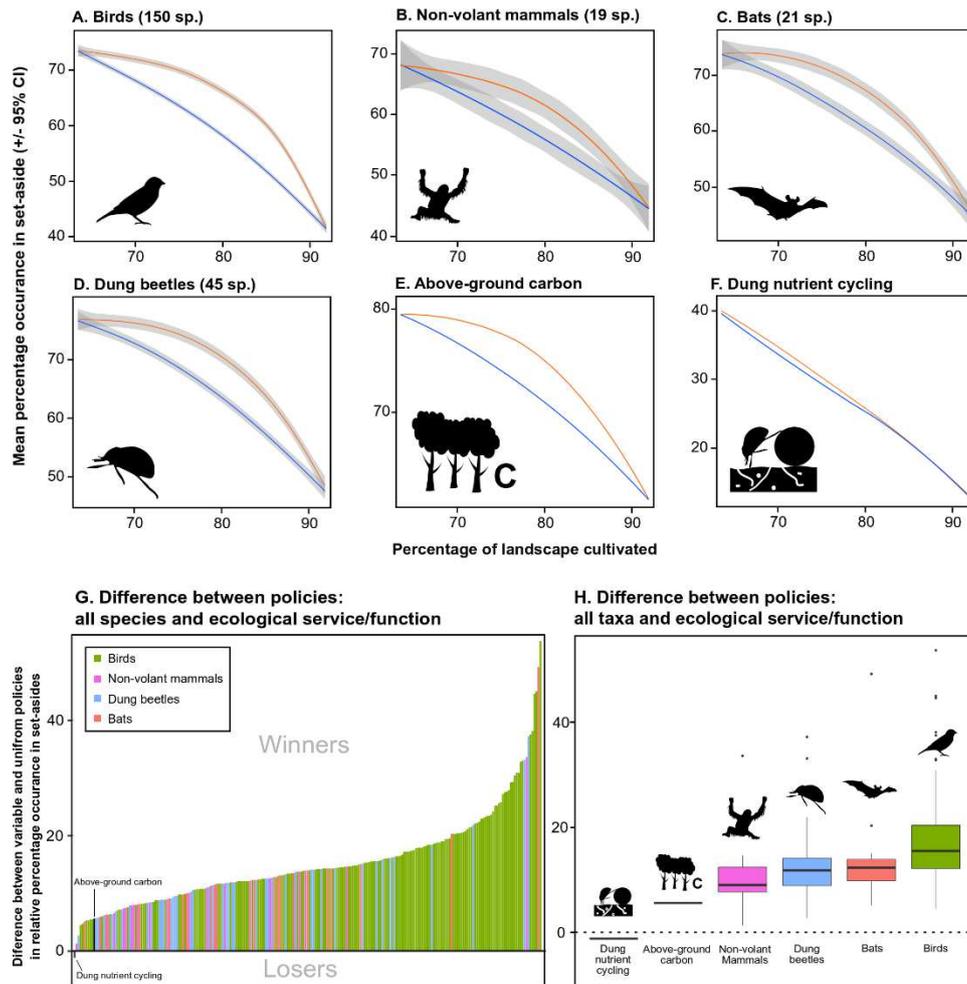


655

656 **Fig. 4. Ecological outcomes under variable and uniform set-aside policies**

657 (A) Percentage of net ecological outcomes (species occurrence, above-ground carbon storage
 658 and dung nutrient cycling) against the percentage of the landscape cultivated under variable
 659 (orange line) and uniform (blue line) policies. Under the uniform policy, all plantations in the
 660 landscape apply the same policies for riparian reserve width and maximum slope for
 661 cultivation, whereas under the variable policy these two components can vary among
 662 plantations. The ‘most efficient landscapes’ show gains from the variable policy that are
 663 obtained when set-aside configurations that result in 77–87% of the landscape cultivated (upper
 664 quartile of the difference between uniform and variable policies), with the maximum difference
 665 achieved when 83% of the landscape is cultivated (‘max. efficient’ black and white dot). The
 666 current legislation in Sabah, Malaysia (25° maximum slope for cultivation, 20 m riparian
 667 reserve width) and Indonesia (25° maximum slope for cultivation slope, 50 m riparian reserve

668 width) are shown with labelled dots. Grey curve shows variable riparian policies with a uniform
669 maximum slope for cultivation of 25°. Curves use local polynomial regression for locally
670 estimated scatterplot smoothing (LOESS). **(B)** Percentage change in net ecological outcomes
671 (species occurrence, above-ground carbon storage and dung nutrient cycling) under the
672 variable policy, at all levels of the landscape cultivated. As in A, the most efficient landscapes
673 show the upper quartile of all comparisons between the policies. **(C)** Additional cultivation
674 area (absolute in hectares and as a percentage of the landscape) gains from adopting the variable
675 policy at 70, 83 and 90% of the landscape cultivation, i.e. possible ecological gains for
676 equivalent ecological outcomes. **(D-F)** Net percentage gains for landscape cultivated, species
677 occurrence, above-ground carbon storage, and dung nutrient cycling from adopting the variable
678 policy at 70, 83 and 90% of the landscape cultivated.



679

680 **Fig. 5. Taxon and ecological service/function specific ecological outcomes under variable**
 681 **and uniform set-aside policies**

682 **(A-F)** Trade-off curves of the percentage change in net ecological outcomes (species
 683 occurrence, above-ground carbon storage and dung nutrient cycling) in set-aside (mean \pm 95%
 684 CI) against the percentage of landscape cultivated. Under the uniform policy, all plantations in
 685 the landscape apply the same policies for riparian reserve width and maximum slope for
 686 cultivation. For the variable policy, these two components can vary between plantations. All
 687 curves use local polynomial regression for locally estimated scatterplot smoothing (LOESS).
 688 **(G-H)** Difference between policies at the ‘maximum efficient’ level (83% of the landscape
 689 cultivated) in terms of relative percentage occurrence in ecological outcomes **(G)**, and boxplots
 690 for all ecological outcomes **(H)**.

691 **Table 1. Potential for optimizing oil palm cultivation across Borneo**

692 Impact of optimizing set-asides on potential palm oil production across Borneo for 70, 83 and
 693 90% of landscape cultivated, comparing uniform and variable policies. Under the uniform
 694 policy, all plantations in the landscape apply the same policies for riparian reserve width and
 695 maximum slope for cultivation. For the variable policy, these two components can vary
 696 between plantations.

	High level set-aside 70% of landscape cultivated	Maximum efficient 83% of landscape cultivated	Business-as-usual 90% of landscape cultivated
Potential percentage of additional land cultivated	5.3	7.7	3.5
Potential additional bio-physically suitable land cultivated on Borneo		30 million hectares	
Potential average additional oil palm trees ¹	199 million	288 million	131 million
Potential average additional CPO yield over 20 years (metric tons) ²	130 million t	189 million t	86 million t

697 ¹Given 125 trees per planted hectare (data from plantations C and D).

698 ²Given average yield values of 4.1 metric tons of crude palm oil (CPO) per hectare per year, assuming an oil
 699 extraction rate of 25%, and average fresh fruit bunch yield of 16.4 metric tons per hectare per year. Data from
 700 plantations C and D, which are close to the average of 4.2 metric tons of CPO per hectare per year for Malaysia
 701 (Methods).

Figures

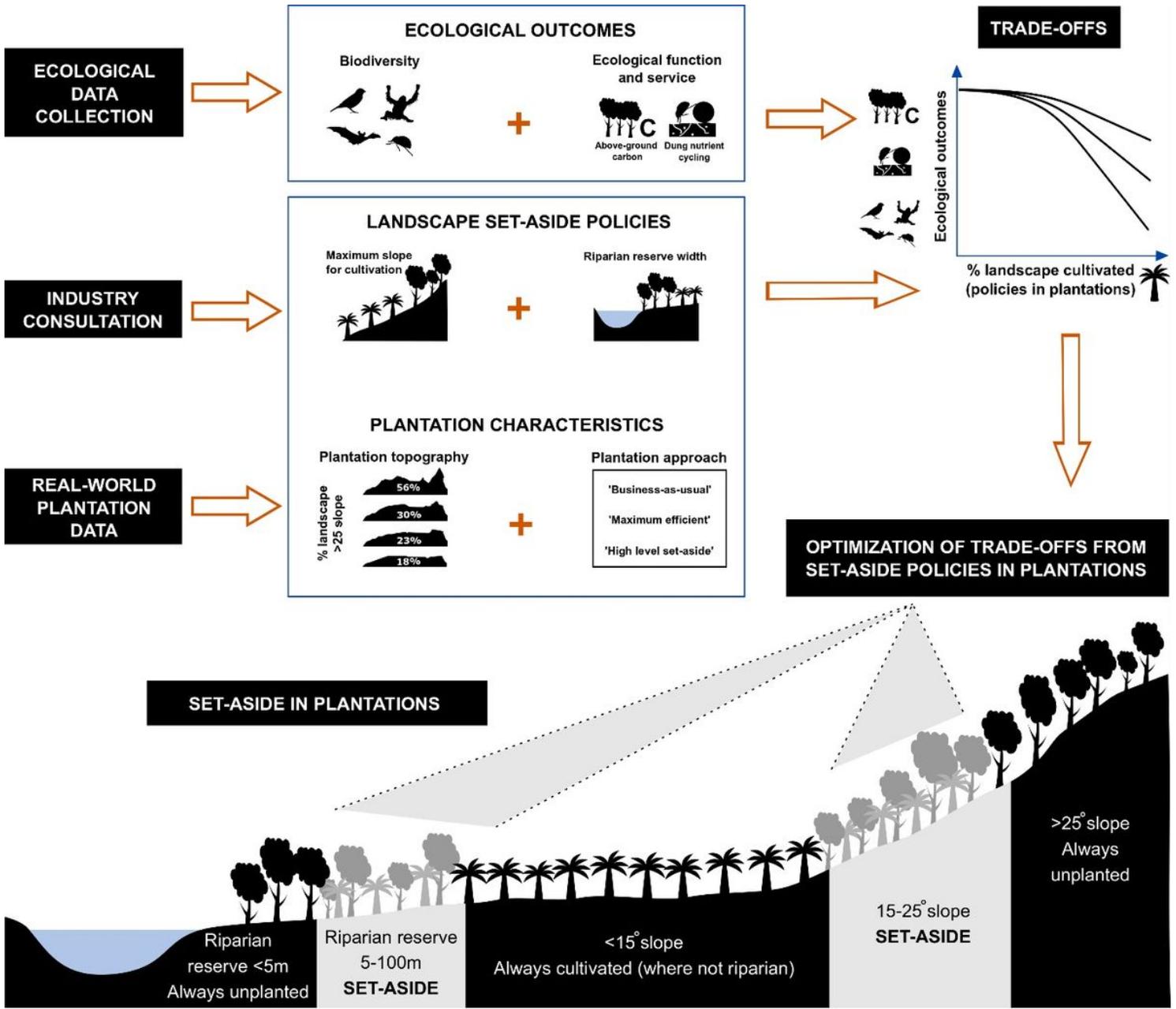


Figure 1

Study workflow

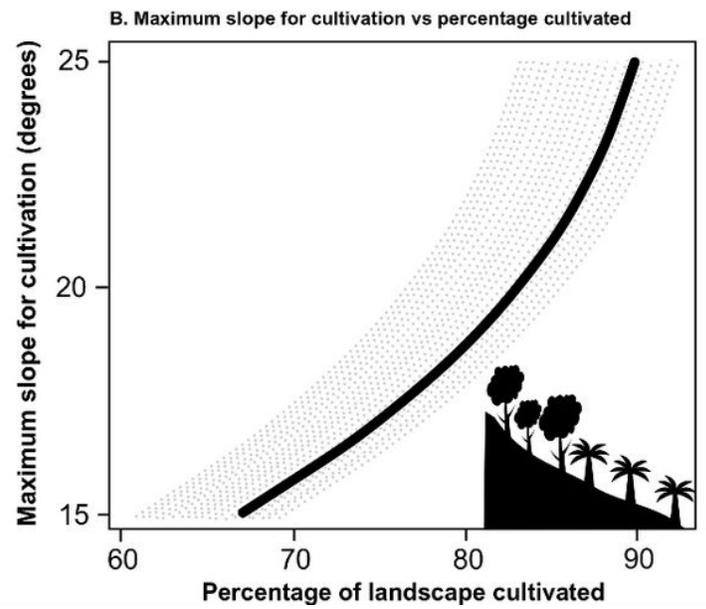
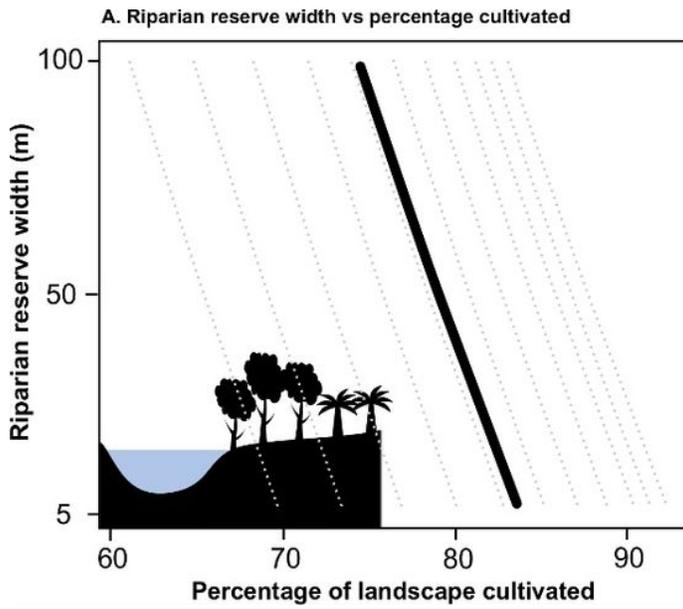


Figure 2

Impacts of set-aside configurations on percentage of landscape cultivated (A) Relationship between riparian reserve width and the percentage of the landscape cultivated. (B) Relationship between maximum slope for cultivation and percentage of the landscape cultivated. Dashed lines show all potential landscape set-aside configurations, and bold lines show the mean.

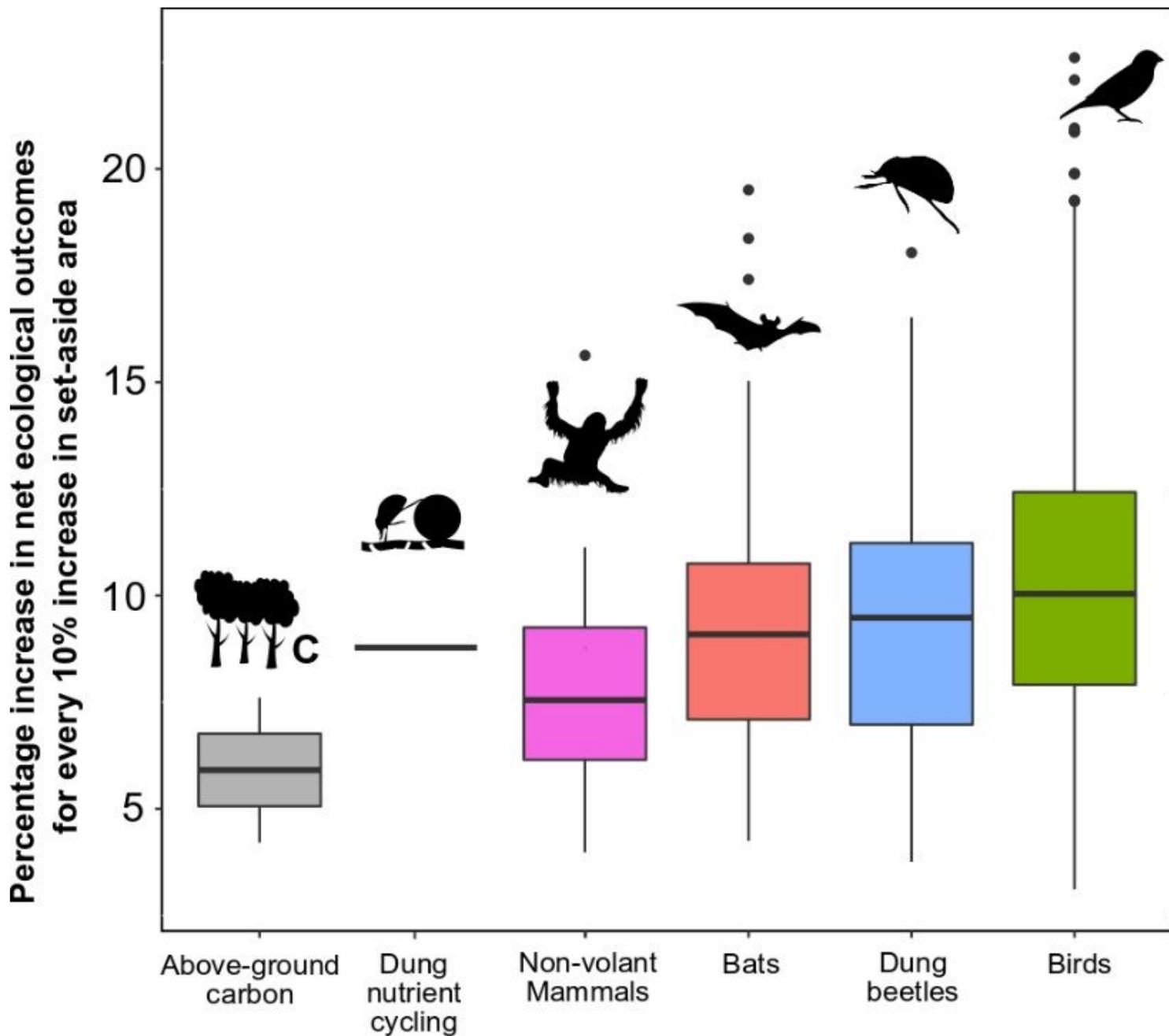


Figure 3

Percentage increase in net ecological outcomes for each 10% uniform increase in set-aside area Boxplots of all taxonomic groups, above-ground carbon storage and dung nutrient cycling showing the percentage increase in net ecological outcomes for each 10% uniform increase (under landscape scenarios that range from 61-92% cultivated) in set-aside area across the landscape.

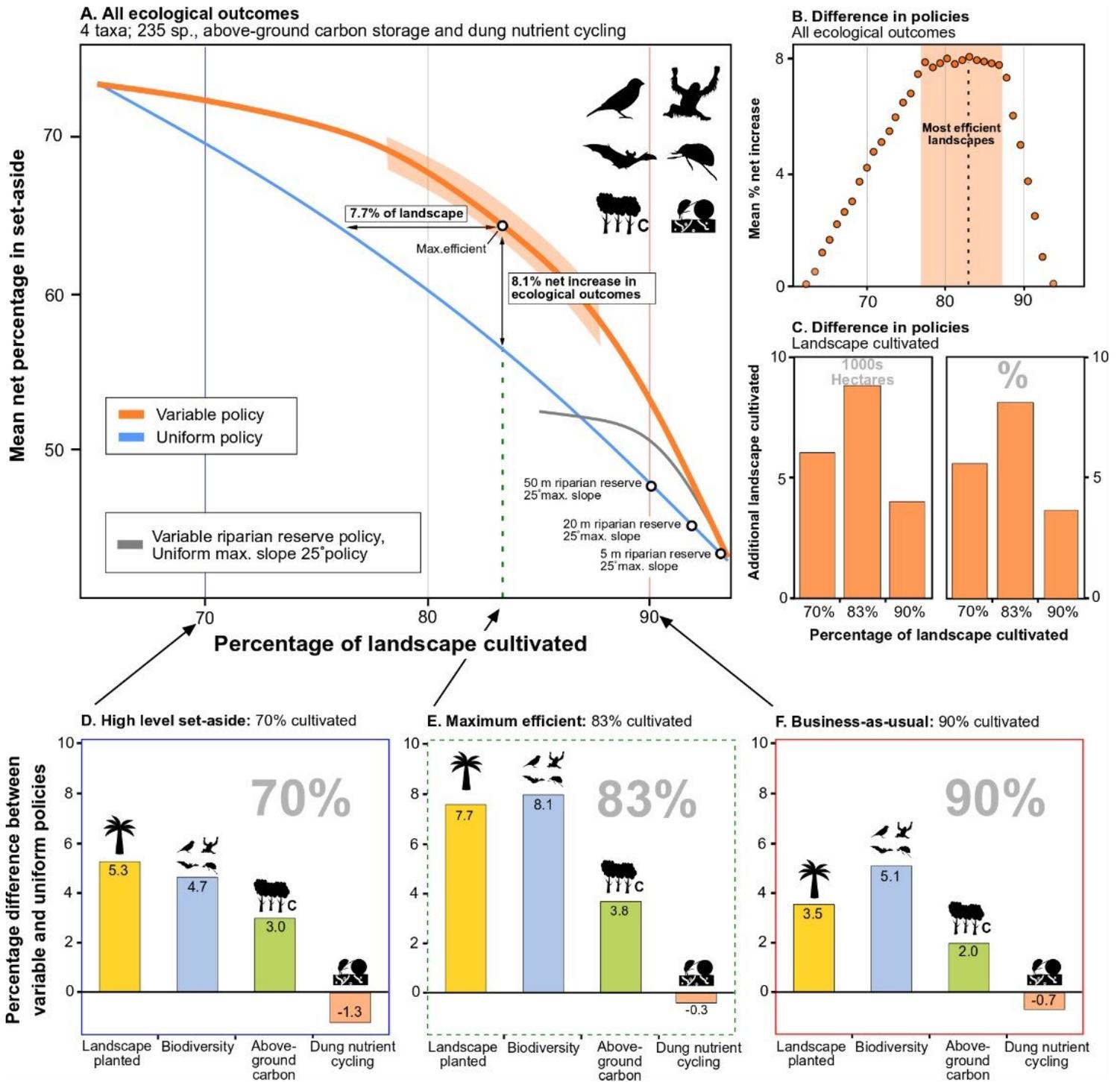


Figure 4

Ecological outcomes under variable and uniform set-aside policies (A) Percentage of net ecological outcomes (species occurrence, above-ground carbon storage and dung nutrient cycling) against the percentage of the landscape cultivated under variable (orange line) and uniform (blue line) policies. Under the uniform policy, all plantations in the landscape apply the same policies for riparian reserve width and maximum slope for cultivation, whereas under the variable policy these two components can vary among plantations. The 'most efficient landscapes' show gains from the variable policy that are obtained when set-aside configurations that result in 77–87% of the landscape cultivated (upper quartile

of the difference between uniform and variable policies), with the maximum difference achieved when 83% of the landscape is cultivated ('max. efficient' black and white dot). The current legislation in Sabah, Malaysia (25° maximum slope for cultivation, 20 m riparian reserve width) and Indonesia (25° maximum slope for cultivation slope, 50 m riparian reserve width) are shown with labelled dots. Grey curve shows variable riparian policies with a uniform maximum slope for cultivation of 25°. Curves use local polynomial regression for locally estimated scatterplot smoothing (LOESS). (B) Percentage change in net ecological outcomes (species occurrence, above-ground carbon storage and dung nutrient cycling) under the variable policy, at all levels of the landscape cultivated. As in A, the most efficient landscapes show the upper quartile of all comparisons between the policies. (C) Additional cultivation area (absolute in hectares and as a percentage of the landscape) gains from adopting the variable policy at 70, 83 and 90% of the landscape cultivation, i.e. possible ecological gains for equivalent ecological outcomes. (D-F) Net percentage gains for landscape cultivated, species occurrence, above-ground carbon storage, and dung nutrient cycling from adopting the variable policy at 70, 83 and 90% of the landscape cultivated.

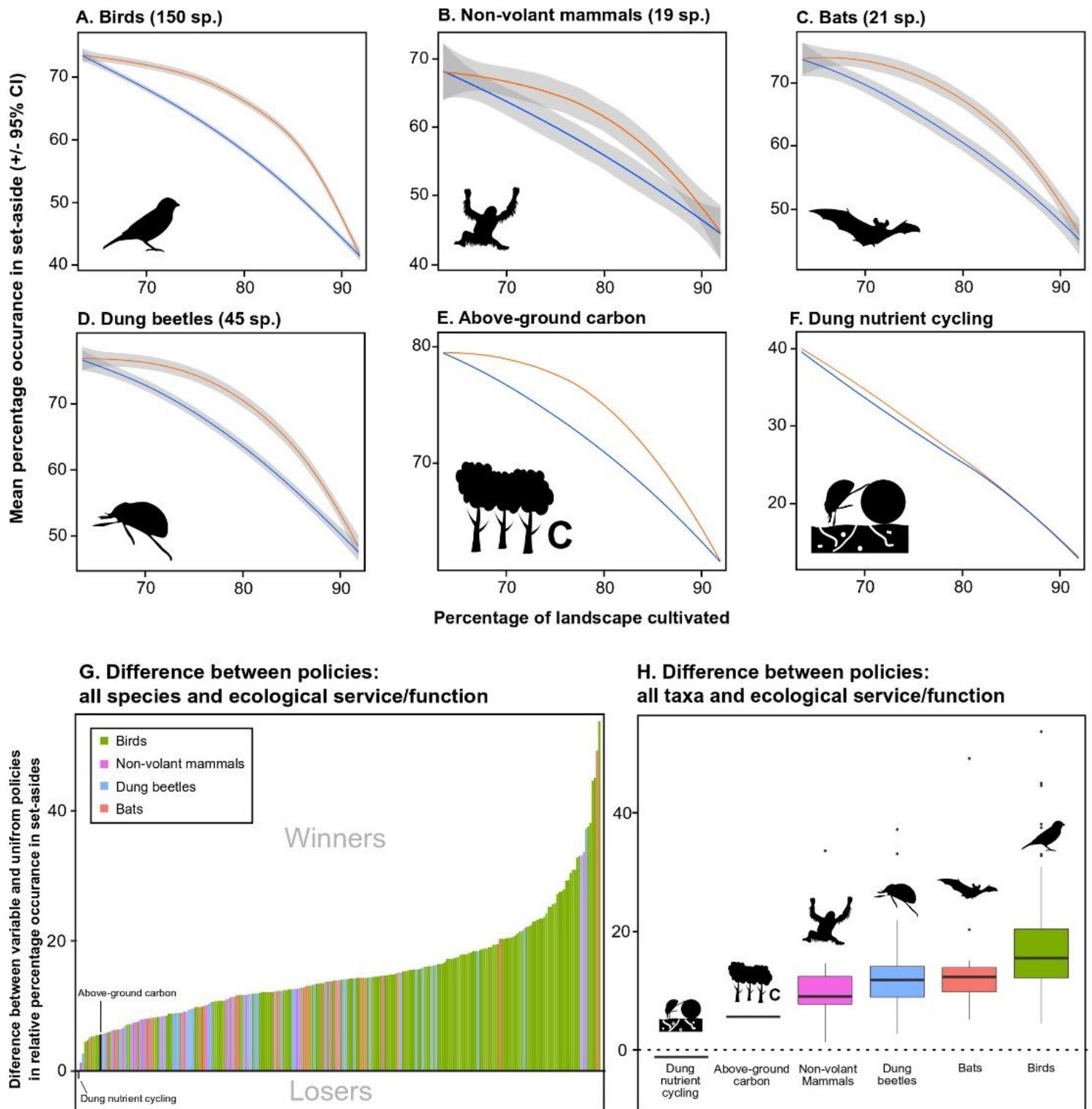


Figure 5

Taxon and ecological service/function specific ecological outcomes under variable and uniform set-aside policies (A-F) Trade-off curves of the percentage change in net ecological outcomes (species occurrence, above-ground carbon storage and dung nutrient cycling) in set-aside (mean \pm 95% CI) against the percentage of landscape cultivated. Under the uniform policy, all plantations in the landscape apply the same policies for riparian reserve width and maximum slope for cultivation. For the variable policy, these two components can vary between plantations. All curves use local polynomial regression for locally

estimated scatterplot smoothing (LOESS). (G-H) Difference between policies at the 'maximum efficient' level (83% of the landscape cultivated) in terms of relative percentage occurrence in ecological outcomes (G), and boxplots for all ecological outcomes (H).

Supplementary Files

This is a list of supplementary files associated with this preprint. Click to download.

- [BicknelletalSupplementaryInformation.pdf](#)