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The Impact of Global Palm Oil Certification on Transnational Governance, Human Livelihoods and Biodiversity Conservation

Denis Ruysschaert

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Denis Ruysschaert [1]

Abstract

The Roundtable on Sustainable Palm oil (RSPO) is a voluntary stakeholder initiative on the palm oil supply chain. It is a response from agro-business firms and international environmental NGOs to the dramatic conditions of production in South East Asia. The RSPO certified « sustainable » 21% of global palm oil production in 2015. This article assesses the impact of the RSPO certification on transnational governance, social equity and biodiversity conservation.

As the premium is far below certification costs, only the largest producers – 73 firms controlling more than 2,6 million hectares – have been certified to get access to Western markets. Certification has reified as « sustainable » the industrial agro-business model on several thousands of hectares and has integrated this oil into the agro-industry.

RSPO has empowered local communities to accept or reject plantations on their territory. However, when the plantations were established, certification did not necessarily provide more benefits to locals than conventional plantations. In addition, excluded from the certification, local firms have not benefitted from it.

Regarding biodiversity conservation, certification has promoted a segregated landscape with large-scale plantations and conservation areas. At the global level, this could make sense as large oil palm plantations are very productive. However, this fails to recognize that the main biodiversity conservation gains are by supporting the smallholders and that this promotes the consumerist society at the root causes of biodiversity decline. At the field level, impact on conservation is very small as producers use strategies to limit the areas they have to protect and as oil palm plantations are ecological barriers.

To mitigate those problems, international environmental NGOs developed remote sensing tools and engaged with the largest producers. After more than 10 years of existence, it is yet to be proven that this top-down approach can curb deforestation. Actors should go beyond RSPO certification, tackle local factors of decision-making, collaborate with state governments and inform consumers.

Keywords: Biodiversity, livelihood, palm oil, private governance, Indonesia, RSPO

1 Dr sociology – agriculture, biodiversity and climate. Associate Researcher CERTOP, University Toulouse Jean Jaurès, denis.ruysschaert@gmail.com

Introduction

At the turn of the 20th century, non-governmental organizations (NGOs) started to work with agri-business firms, especially so-called "downstream firms" (this terms includes retailers, processors, consumer goods manufacturers and banks), to establish global certifications for agricultural commodities produced in the tropics, through the establishment of roundtables. This move gave life to the roundtables on palm oil in 2004 (the *Roundtable on Sustainable Palm Oil – RSPO*), on soya in 2004 (*Roundtable on Responsible Soy - RTRS*), on sugar cane in 2006 (*Better Sugar Cane Initiative*) and on agro-fuels in 2008 (*Roundtable on Sustainable Biomaterial*). The original idea was to work with all the private stakeholders of an agricultural supply chain to establish a standard that includes social and environmental criteria. This novel mode of action is part of an overall historical process to establish an international framework to conserve biodiversity in tropical countries (Adams, 2004; Ruysschaert, 2013).

This article focuses on the Roundtable on Sustainable Palm Oil (RSPO). The palm oil market has grown exponentially because of demand from agro-business and, more recently, from agro-fuels. Palm oil accounts now for 40% (or 70,000 tons, including palm oil from the pulp and palm oil kernel from the seed) of the global vegetable oil market (Figure 1) (USDA, 2016).

With this rising demand, Malaysia and Indonesia, the two main producers with 86% of world production (Figure 2), have embarked on ambitious oil palm plantation expansions. Palm oil is at the centre of Indonesian short-term (2010-2014) and long-term (2000-2015) development plans (2004, BAPPENAS). Oil palm plantations now cover between 15 and 20 million hectares in Malaysia and Indonesia, with an additional 15 to 27 million hectares earmarked for expansion (BPS, 2014; DGEC, 2014; Colchester & Chao, 2011). Peat land forest areas in both countries are particularly

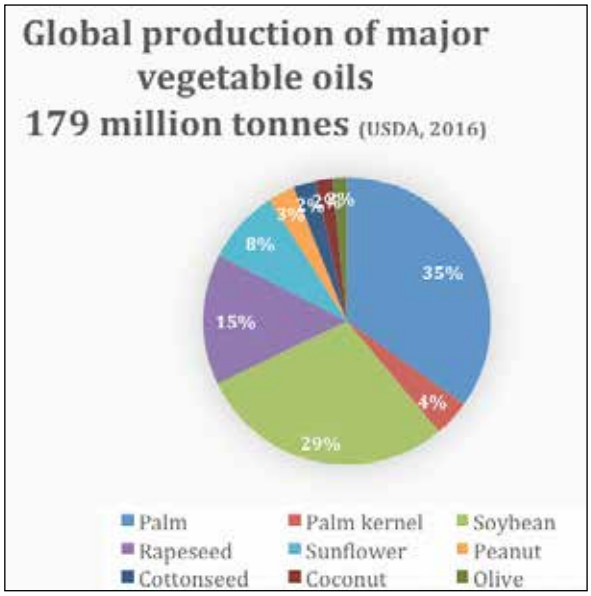

Figure 1: Global production of major vegetable oils (USDA, 2016)

threatened. In 2010, plantations covered 3.1 million hectares of peat land, with a projection to reach 6 to 9 million hectares by 2020 (Miettinen et al., 2012).

Established as monocultures, oil palm plantations raised social and environmental concerns. They are often established on community lands, which creates direct conflict with local people. For example, most of the more than 3500 land disputes in Indonesia alone between 1997 and 2009 were due to oil palm plantations (Jiwan, 2013). Unique lowland forest habitats are destroyed with their cohorts of species, many classified as Critically Endangered on the IUCN Red List of Threatened Species, including orangutans, tigers and elephants (Conservation International, 2011; IUCN, 2015).

In this context, the RSPO idea emerged in 2002 pushed by the international environmental non-governmental organisation (NGO) WWF and agro-business firms based in The Netherlands and The United Kingdom, which had kept close relationships with their former colonies, respectively Indonesia and Malaysia (RSPO, 2002). Established as a roundtable in 2003 and formalized as an international

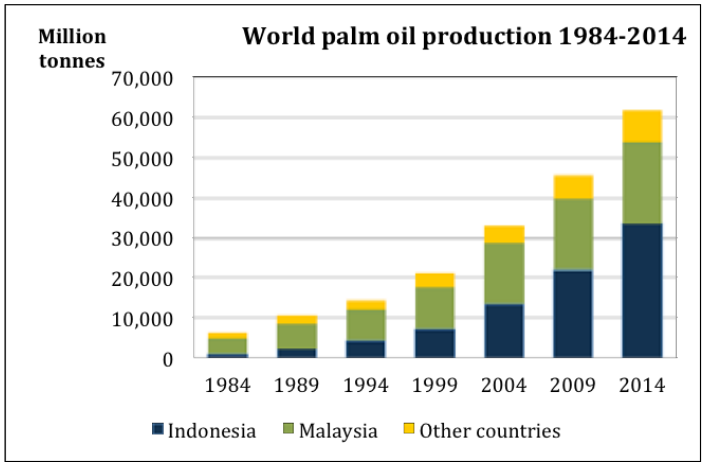

Figure 2: Historical evolution of world palm production 1984–2014 (USDA, 2016)

association in 2004, RSPO is made up of private members classified into seven categories along the supply chain: 1. palm oil growers, 2. palm oil processors, 3. consumer goods manufacturers, 4. environmental NGOs, 5. social NGOs, 6. banks/investors and 7. retailers.

In 2008, the RSPO introduced Certified Sustainable Palm Oil (CSPO) to the market, labelling the final product with a distinctive CSPO trademark (Figure 3). RSPO's objective is to promote the growth and use of sustainable palm oil (RSPO, 2004). In its vision, "RSPO *will transform markets to make sustainable palm oil the norm*" (RSPO, 2016a). This analysis will examine whether RSPO is fulfilling its vision using a three-step approach: first, it describes the overall palm oil sector in the main producing countries; second, it explains how the RSPO functions within this sector; and third, it assesses the impact of RSPO on three fundamental aspects of sustainability -- transnational governance, social equity and biodiversity conservation.

Figure 3: Label RSPO

This analysis is of key interest as RSPO has established itself as the largest sustainable agricultural certification scheme in the world. As of February 2016, it had 1305 ordinary members[1] (Figure 4) and was certifying 21% of global palm oil production (RSPO, 2016b).

Structure of the palm oil sector in main producing countries

At the beginning of the 20th century, the British and Dutch began their hegemony over the territory of the present Malaysian and Indonesian states. With the European industrial revolution, demand for agricultural products exploded, and western firms established large-scale plantations in Northern Sumatra and Malaysian peninsula (Barral, 2012). Yet, most of the forest remained managed in a decentralized manner by the different sultans according to local customary law (Wrangham, 2002). After the Second World War and the independence of Indonesia and Malaysia, both countries decided to take over the forest to establish strong states. In Indonesia for example, the State took over around 140 million of hectares of forest land. Establishment of this "Forest State" went hand-in-hand with an administrative regionalization, expanding central power at the local level. Portions of the forest state have then been then allocated to entrepreneurs for the country's development. After economic meltdown in Malaysia in the 1980s and in Indonesia in 1997, both countries accelerated this redistribution to entrepreneurs in the palm oil sector to create an export economy.

1 These are the full members who can vote at the General Assembly.

Development of the palm oil sector primarily benefits the investors close to the three levels of public administration, namely the State, the provinces and the districts. First and foremost, the largest leases of several hectares each are allocated to entrepreneurs close to central power (Gunawan, 2004; McCarthy, 2000). The largest producers in the world are now Malaysian or Indonesian: each of the largest 23 producers manages at least 100,000 hectares and, together, they control more than 7.8 million hectares (ZSL, 2016). Second, the governors (at provincial level) and heads of district (*Bupati)* can do the same for concessions up to 1000 hectares. This means in practice a great variety of producers. In Indonesia alone, 1217 farms of more than 50 hectares manage a total of 5.5 million hectares of oil palm plantations. In addition to those oil palm estates, there are smallholders that typically manage 2 hectares of land. They control an additional 5.0 million hectares in Indonesia (BPS, 2014; DGEC, 2014). As a result, the expansion of the palm oil sector supports the development of clientelism, with the establishment of administrative, economic and political networks that dispossess local people from their land (McCarthy, 2000). This situation has been highlighted in Aceh province, where a unique orangutan habitat - the Tripa peat swamp forest - was destroyed by large-scale plantations linked to powerful economic actors and political leaders. The destruction instigated violent conflicts with local communities (Ruysschaert et al, 2009; Tata et al, 2014).

Functioning of the RSPO

In the RSPO, sustainability is defined as the application of the 50-page guidance document called *Principles and Criteria for the Production of Sustainable Palm Oil*, which details eight principles and associated criteria and indicators (Table 1). The criteria and indicators associated with principles 5 and 7 specifically engage with biodiversity conservation. Criterion 5.2 requires growers to conserve rare species, habitats and

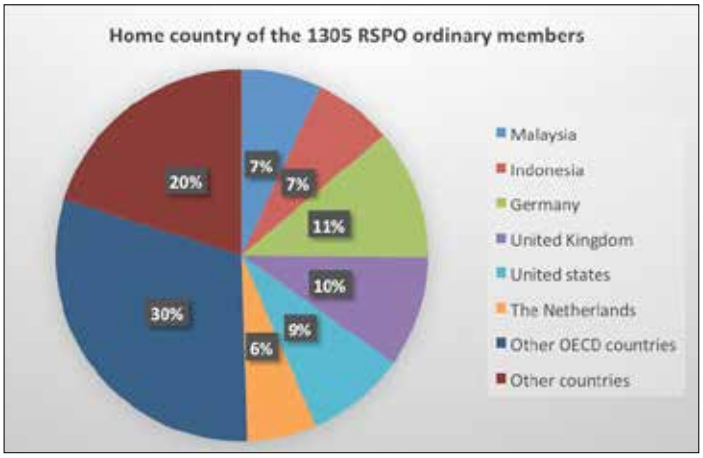

Figure 4: Distribution of ordinary members by country of origin (RSPO, 2016, 03 March)

control hunting (RSPO, 2013, p25). Criterion 7.3 requests that new plantings, starting from November 2005, do not replace primary forest or High Conservation Value (HCV) areas. HCV areas are defined by their importance for biodiversity conservation or local community wellbeing.

Approved at the RSPO General Assembly in 2007, the guidance document was revised in 2013 (RSPO, 2013) to strengthen its environmental criteria and indicators. Sustainability therefore is seen as an evolving concept in which each member category defends its own interests, while all are working together to achieve a common vision of sustainability.

The RSPO has three distinct governing bodies: The General Assembly (GA), the Board of Governors (BG) and the Secretariat. The GA is made of members and is the highest organ. The GA meets yearly; members can propose resolutions to interpret the implementation of the guidance document to favour their specific interest. For member environmental NGOs this is conservation and for member social NGOs it is social equity. Each member can vote on resolutions, which are endorsed by simple majority.

In between GAs, the BG provides strategic direction, including on how to implement the

Table 1: RSPO 8 principles

1.	Commitment to transparency
2.	Compliance with applicable laws and regulations
3.	Commitment to long-term economic and financial viability
4.	Use of appropriate best practices by growers and millers
5.	Environmental responsibility and conservation of natural resources and biodiversity
6.	Responsible consideration of employees and of individuals and communities affected by growers and mills
7.	Responsible development of new plantings
8.	Commitment to continuous improvement in key areas of activity.

adopted resolutions. Finally, the Secretariat manages RSPO logistics, organises yearly roundtables associated with the GA, promotes the RSPO worldwide, facilitates the work of the BG and implements the GA decisions under BG guidance.

Contrary to vertical command-control systems that characterize public policy, this private scheme seeks to set and achieve sustainability goals in a horizontal manner by creating a market for its members, who are encouraged to participate through two broad types of incentive. First, members are invited to negotiate openly and upfront the content of the guidance document and therefore the rules by which they must abide. Second, the overall system with respect to biodiversity conservation and social equity is based on a cheap bargaining model (Ruysschaert & Salles, 2014), where the growers implement the standard to the benefit of the downstream firms (palm oil processors, consumer goods manufacturers, retailers and investors). At first glance, RSPO appears to respect two conditions required for this model to work. First, growers will participate in the scheme because they receive adequate financial compensation in the form of a premium price. This premium must be higher than the cost to the grower to implementing the standard. This cost includes both the forgone economic opportunity to convert an area into an oil palm plantation for direct economic gain and the transaction costs linked to certification. Second, all other transaction costs (such as information, negotiation and external supervision) are insignificant. The membership fee is set at €2000/year; negotiation costs are kept low with a single yearly physical meeting; and environmental NGOs provide external oversight as "watch dogs" at no cost to growers or downstream firms (Ruysschaert & Salles, 2014).

Picture1: large-scale oil palm plantation on Tripa peat swamp forest

Photo credit: Denis Ruysschaert

Impact of the RSPO in practice: transnational governance, local communities and biodiversity conservation

3.1. RSPO impact on transnational governance

While appearing open to all with its principles of inclusiveness and consensus building, RSPO certification largely favours three dominant groups of stakeholders when it is implemented: the downstream agro-business firms, the international environmental NGOs and the largest palm oil producers. Explanation of those rather counterintuitive observations is provided below.

For the downstream firms, RSPO certification fulfils their initial goal to secure their business

in the long term and protect their reputation (RSPO, 2002) by getting a sustainable label in a cheap manner. Indeed, as they largely control the GA with 84% of the votes (Figure 5), they have secured agreements that favour their interests. Downstream firms rejected the producers' GA resolution that would have segregated supply chains for the CSPO from global palm oil supply, and would have required a premium of at least 30 USD per ton of CSPO to cover the producers' certification costs. Instead, downstream firms do not bother to pay any premium for half of the CSPO produced globally: the producer has to sell it as conventional palm oil (RSPO, 2015). Downstream firms imposed two additional instruments from which they benefit through reduced logistical and administrative costs along the supply chain: mass balance and GreenPalm certificates. These instruments now account respectively for 25% and 50% of CSPO that is purchased, with the segregated CSPO accounting for the remaining 25% (RSPO, 2015). In mass balance, CSPO can be mixed with non-CSPO and the proportion of CSPO is followed along the supply chain to the final product, which can be labelled CSPO. In GreenPalm certificates - an instrument developed by British-based palm oil processor AAK - the producer receives a certificate for each ton of CSPO and the downstream firm buys these certificates to cover its purchases on the palm oil market. As a result, the GreenPalm certificate represents to the consumer a product with a CSPO label without the producer having applied the criteria. This method is extremely cheap for the downstream firms as it doesn't involve extra logistical or administrative costs, and as one certificate costs only 4 US dollars per ton of CSPO. This price is less than 1% of the price of crude palm oil on the world market (USDA, 2016). It is also significantly cheaper than the price downstream firms pay for segregated CSPO, which is between 30 - 70 US dollars per ton, with logistical and administrative cost on top.

Controlled by downstream firms, the GA has generally adopted resolutions put forward by international environmental "collaborative" NGOs (Ruysschaert & Salles, 2016) - they are NGO members that pursue a collaborative strategy to strengthen the standard - though they comprise only 3% of the members (Figure 5). The reason is that the firms do not have to support the costs of implementing the decisions and benefit from decisions that reduce their reputational exposure in the producing countries, securing their long-term supply chain (Ruysschaert & Salles, 2016). For example, the GA adopted decisions to protect Tripa forest (2008) and Bukit Tigapuluh ecosystems (2009), new planting that avoids deforestation of primary forest (2008), manage peat (GA 2009), conserve secondary forest (GA 2010) and force producers to provide the boundaries of all concessions (GA 2013).

Producers have little economic interest in RSPO certification, because the premium - if any is paid at all - remains largely below certification costs and the opportunity cost of setting aside conservation areas to fulfil certification requirements. Mammals, in particular require extensive protected areas. For example, the habitat of one orangutan is about 1 km^2 of forest area, for which the opportunity cost is at least 10 US dollars/ per ton of palm oil produced from for a 10000-hectare oil palm plantation (Ruysschaert &Salles 2014).

As a result, only 73 producers have been certified in order to get access to the Western market. These are very large producers that have together certified 2.6 million hectares, or more than 99% of the total area certified (RSPO, 2015). The situation is even more polarized, with 65% of the global supply of CSPO produced by only 10 companies; 25% of the global supply is produced by a single company, Sime Darby, the largest palm oil producer in the world, managing about one million hectares of oil palm plantations (RSPO, 2015).

3.2. RSPO impact on local livelihoods

RSPO has forced large-scale palm oil producers,

almost all involved in the RSPO, to work much more effectively with local communities when establishing new plantations. Even though engagement with local communities before planting is compulsory under Indonesian and Malaysian laws, it is only with RSPO oversight that it really matters. With RSPO certification, communities and more broadly, all stakeholders, have been empowered. The "New Planting Procedure" (RSPO, 2016d) asks producers to give access to all information regarding new permits, including concession boundaries and impact assessments. Local communities can fight for their rights with this information available, even though they may have problems getting their claims through the RSPO complaint procedure, either because they find it difficult to provide the needed evidence (Silva-Castaneda, 2012) or because the process is too lengthy. The process requires about two years and often more, which is very long for communities facing destruction of their livelihoods (Ruysschaert & Salles, 2014). In any case, RSPO has provided a step forward for communities asked to accept or reject large-scale plantations. A total of 56 complaint cases had been brought to the RSPO by early 2016, including 37 cases directly linked to local land rights (RSPO, 2016e).

Considering the impact of RSPO on local livelihoods in terms of local benefits from RSPO certification, there are few achievements from the perspectives of the firms or the communities. At the firm level, employment for local people by certified producers is dominated by unskilled labour in the plantations. RSPO principles and criteria have done little to improve low wages and safety (Parker, 2013). Firms implement national legislation requiring payment of the "legal minimum wage" (RSPO, 2013, p39), which is extremely low in producing countries. It is about 4-5 US dollars per day in Indonesia, even lower in forest margins where new plantations are established. On health issues, RSPO continues to authorize application of highly controversial chemicals such as paraquat, relying on members to phase out use of this chemical "voluntarily" (RSPO, 2014, p31). More generally, RSPO doesn't recognize trade unions as a RSPO stakeholder category and doesn't facilitate a process for workers to fight for their rights by joining a trade union. As a result, workers haven't any means to voice their concerns within the RSPO. Structurally excluded from the RSPO, workers and trade unions have organized mass protests (Parker, 2013). However, these actions have little impact on the RSPO itself, as these requests are incompatible with the prevailing management discourse in the RSPO (Ruysschaert & Salles, 2014).

At the community level, all small- and medium-scale producers (from 50 to a few thousand hectares) established with the support of administration at village, district or provincial levels, have been left out of the certification scheme. In Indonesia, these producers account for more than 95% of oil palm producers (SBS, 2014). RSPO has also excluded from certification almost all the smallholders, who control about 50% of land area, but account for less than 1% of certified areas. For example, smallholders control 50% of oil palm plantations by area in Indonesia, but only 0.1% of the certified area (BPS, 2014; DGEC, 2014; RSPO, 2015c). Indeed, for these local stakeholders, certification makes no economic sense. Certification cost for a smallholder is about 50 US dollars a ton, apart from recurring costs of management to maintain the certification over the years (Leegwater, 2014). RSPO has established a fund to boost smallholder certification. Financed by CSPO transactions - with one US dollar per ton of CSPO - the fund is far too small; it can support certification of only a couple of thousand hectares by smallholders per year. RSPO is now assessing the possibility of group certification to support smallholder certification at the landscape level (RSPO, 2016c).

3.3. RSPO impact on biodiversity

By promoting both maximum output (Principle 3: Commitment to long-term economic and financial viability) and conservation

of biodiversity (Principle 5: Environmental responsibility and conservation of natural resources and biodiversity), RSPO certification leads to segregated landscapes with, on the one-hand, large-scale monocultures and, on the other hand, conservation areas.

The impact of this situation on biodiversity conservation can be evaluated from two complementary angles: global and local (plantation level). Worldwide, the impact of RSPO certification seems very positive. Large-scale monocultures of oil palm plantations generate about 4 tons of vegetable oil per hectare per year, which is at least four times more than competitors (e.g. sunflower, soy). Therefore, promotion of oil palm plantations, especially RSPO certified plantations that are seeking maximum output, could be considered the best means to reducing the global impacts of industrial vegetable oil crops on tropical forest (CBD, 2010). However, this analysis falls short on two points. First, the largest gains for biodiversity conservation can be made by supporting smallholders in order that they improve their palm oil output, which in turn will limit the total land needed for oil production, (Ruysschaert & al, 2011). Second, it fails to recognize that the vegetable oil market is not stable, but is exploding due to increasing demand from agro-business and agro-fuel (USDA, 2016). Viewed globally, RSPO certification promotes the very consumerism societal choices that are the root causes of current biodiversity decline. For example, more than 50% of total greenhouse gas emissions are directly linked to industrial agriculture (CBD, 2010; GRAIN, 2016).

At the plantation level, most of the largest oil palm producers are engaged in the RSPO certification process. Abiding by RSPO rules, they must preserve primary forest, reduce impact on peat areas and protect habitats containing rare species. Potentially, they must protect huge areas for biodiversity conservation as most, if not all, remaining

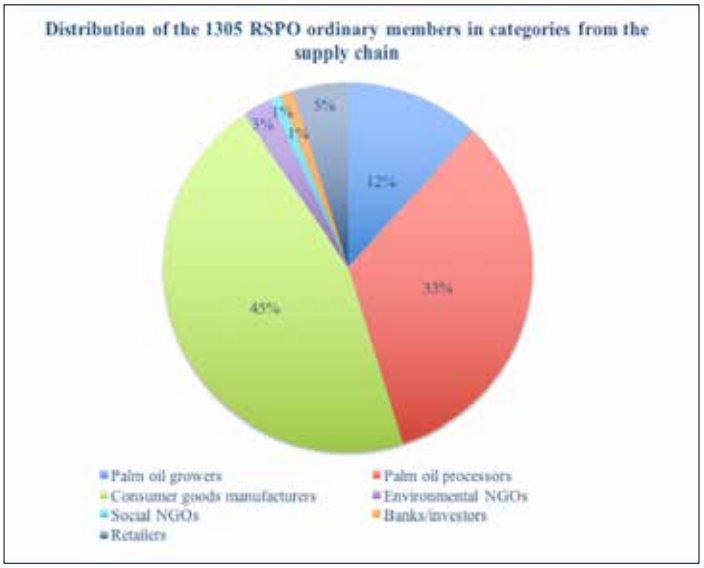

Figure 5: Percentage of RSPO members by category of member.

Source: RSPO 2016, March 03

lowland in Indonesia and Malaysia is of exceptional biodiversity value (IUCN, 2015; Conservation International, 2011). In addition to the opportunity cost of not turning this land into oil palm plantations, producers also must protect conservation areas from conversion by local communities, although these lands are designated for development by the state and communities have legitimate claims to its use.

Large-scale producers have adapted to this dilemma in several ways. First, they tend to certify only long-established plantations, not all plantations. Globally, certified area increased very little (e.g. from about 2.6 to 2.7 million hectares in 2015), accounting for only half of the area controlled by large-scale producers. Second, they took advantage of imprecision in the RSPO guidance document to reduce land set aside for conservation areas. The most recent version (RSPO, 2013) merely requests that plantations on peat land are minimized and doesn't specifically mention relevant indicators of the importance of biodiversity conservation (e.g. threatened species such as orangutans). Producers can continue to grow oil palm on peat and postpone improvements on the grounds of economic feasibility. This guidance also allows

subjective classification of degraded land or secondary forest suitable for development as "High Conservation Value Forests" (HCVF) -- areas that should be conserved for social or ecological values. Third, producers can adapt to the socio-politico-legal system at the local level (Colchester et al., 2009): they tend to focus only on the areas they can develop into plantations, and leave the other areas to other actors (e.g. local communities, smallholders and small-to-medium estates,) who are indifferent to CSPO labelling. Fourth, and finally, an effective external control system is lacking. Since the production of the first CSPO trademark oil in 2008 and Greenpeace's subsequent trademark infringement complaint against the grower, RSPO has established a complaint system. Even if it is open to all, the reality is that only NGOs bring cases, focusing strategically on those most likely to be successful (Ruysschaert & Salles, 2014).

These four shortcomings in the RSPO system complement each other, such that overall impact of certification on biodiversity conservation remains rather small at the landscape level. Even when areas are conserved, many are established within large-scale oil palm monocultures that create ecological barriers for many species, including orangutans. These conservation areas are unlikely to support the survival of species in the long term (Struebig et al., 2011; Edwards et al., 2010).

To tackle these shortcomings in biodiversity conservation impacts, NGOs have put forward two broad, complementary strategies focused on enhancing transparency and zero deforestation (Ruysschaert & Reiner, 2015). World Resource Institute (WRI) established Global Forest Watch (WRI, 2016) as an interactive tool to show forest impacts on each plantation in real time, showing especially fire hotspots and deforested areas. The Zoological Society of London complemented this tool with the Sustainable Palm Oil Transparency Toolkit (SPOTT) (ZSL, 2016). SPOTT combines satellite-mapping technology with environmental performance assessments for 50 of the largest palm oil producing companies, comparing them through a variety of indicators. With similar intent, the 2014 GA endorsed a Unilever resolution entitled "Declaration of Mills" requiring full transparency throughout the supply chain, thereby forcing the GreenPalm certificate platform to disclose information about the origin of traded certificates, at least at the mill level. To stop deforestation, Greenpeace and WWF have partnered with large growers historically targeted by Greenpeace campaigns, including Golden Agri-Resources, Asia Pulp and Paper and Wilmar International. They established the Palm Oil Innovations Group (POIG), whose aim is to completely halt deforestation and respect human rights (POIG, 2013). Considering this initiative too NGO-led, a group of prominent Malaysian and Indonesian growers and traders signed the alternative "Sustainable Palm Oil Manifesto" in 2014, focusing on the same issues. The "no deforestation" commitment has already attracted leading consumer brands (such as Ferrero, Mars, Nestlé and L'Oreal) and trading companies that account for 96% of the palm oil traded internationally (Finkelstein, 2014). With increasing interest in zero deforestation, the RSPO has launched the RSPO+ as a voluntary addendum to the RSPO standard.

Conclusion and perspective: RSPO impact on transnational governance, local livelihoods and biodiversity

RSPO has reified – transformed an abstract concept into a real or tangible fact – as "sustainable" the large-scale monocultures of oil palm plantations in producing countries and integrated their oil into downstream agribusiness firms (processors, consumer goods manufacturers, retailers and banks) in the Western world. In this process, it has had an impact on transnational governance by legitimizing the roles of the dominant private players: the downstream firms that demand the CSPO, the largest producers that supply it,

and the international environmental NGOs. This situation has created a dilemma, as certification has excluded all the local actors (smallholders, small and medium firms) and hasn't addressed the root causes of this massive biodiversity loss (land access, palm oil price, consumerist society).

The RSPO, with its vision to transform the market and its will to include all actors along the supply chain, has not achieved its conservation and social goals.

Regarding the impacts on local livelihoods, RSPO has empowered local communities to accept or reject large-scale plantations on their territory. However, when established, certified plantations fail to provide more benefits than conventional plantations. The certified plantations remain dominated by unskilled employment. There is no incentive for workers to fight for their rights, wages remain low and improvement in working conditions depends on voluntary measures, for example, phasing out paraquat, a dangerous herbicide. In addition, local firms are structurally excluded from the certification scheme and therefore do not benefit from it.

Regarding impacts on biodiversity conservation, certification has promoted a segregated landscape with, on the one-hand, large-scale plantations and, on the other hand, conservation areas. When considering the global situation, this could make sense, as large oil palm plantations are at least four times more productive than other oil crops. However, this analysis is short-sighted for two reasons: first, it fails to recognize biodiversity conservation benefits that could be gained by supporting the smallholders that produce only half of the large-scale producers; second, it overlooks the fact that the palm oil market is exploding because of global demand for food and fuel. RSPO certification thus promotes the societal choices that are the root causes of current biodiversity decline. When considering the impact of certification on biodiversity on the ground, assessment is sobering. While abiding by RSPO rules, large-scale producers have reduced conservation areas through four different mechanisms. First, they have certified only about half of oil palm plantations – those long-established with few social or environmental issues. Second, they have taken advantage of guidance document imprecision to reduce conservation areas. Third, they have interplayed with the socio-politico-legal system at the local level, focusing only on the areas they can develop and leaving other areas to the other actors indifferent to CSPO labelling. Fourth and finally, some producers have breached the rules, as the external control system by NGOs has little effect. In addition, even when areas are conserved, they may not be viable for the majority of affected species, as they are established within large-scale oil palm monocultures. International "collaborative" environmental NGOs have responded to this situation by engaging even more deeply with RSPO (Ruysschaert & Salles, 2016). They developed user-friendly remote sensing tools to track deforestation and joined forces with some of the largest producers for "zero deforestation".

At the firm level, employment for local people by certified producers is dominated by unskilled labour in the plantations. RSPO principles and criteria have done little to improve low wages and safety.

After more than 10 years of existence, it is yet to be proven that the RSPO top-down approach

Picture 2: Orangutans trapped into forest blocks within plantations have to be rescued and trans-located

Photo credit: Denis Ruysschaert

can curb deforestation. Primary forest loss in Indonesia remains steadily high (Margono B.H. et al., 2014). Nearly all local social and environmental NGOs have left RSPO. There are no local actors on the Board of Governors, as Sawit Watch – the network of Indonesian social NGOs – stepped down in 2012.

One would argue that the lack of biodiversity conservation and positive social impacts are linked to the fact that most of the local actors have left the RSPO, leaving the standard un-balanced. Under that hypothesis, if local actors had remained RSPO certification would have been more affordable for them. RSPO standard could "fix" this problem by offering smallholders group certifications that address costs and government could support to make available degraded lands.

This solution hides the fact that local actors have left the RSPO because they were unable to influence the standard, and not the other way around. In reality, poor conservation impact, limited social inclusivity and reification as "sustainable" of the agro-business model are three symptoms of a much deeper issue: what happens is nothing else than a territorial conflict.

The process of territorialisation in the RSPO standard is demonstrated in another article (Ruysschaert et al., 2016). This territorialisation creates access rights for dominant economic actors, excludes local actors, and is organized around its own management ethos. Territorialisation takes place in a logic of continuity, reifying as 'sustainable' the historic international trading route for palm oil destined for European markets and (re)legitimizing an agro-industrial production model and long distance trade (Ruysschaert et al., 2016).

Therefore, to have a have meaningful impact on local livelihoods and biodiversity conservation, actors must go beyond RSPO certification. They must tackle the underlining local factors of decision making (e.g. land use, price), collaborate with states to support local communities (better yields through seedlings and technical practices, better market access, support for plantations on degraded land) and inform consumers about what it means to be "sustainable" in agricultural systems, social equity and biodiversity conservation.

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