



Is RSPO Certification Having an Impact on Smallholders' Decisions to Expand or Intensify Production?

A science-for-policy brief by the SENsOR programme

Study aim

In this study we investigated how RSPO certification could affect the environmental sustainability of smallholder farms through influencing decisions to intensify versus expand production to improve income.

Question 1: Which factors affect smallholders' decisions to expand or intensify?

To meet the high global demand for palm oil while decreasing the negative environmental impact of its production, it is desired for oil palm smallholder farmers to improve productivity in the existing land (intensification), instead of creating new plantings (expansion). We investigated which factors affect smallholders' choice to intensify versus expand production.

Question 2: How does RSPO certification affect these decisions?

RSPO certification promotes intensification through better management practices assuming that they will lead to higher yields and income which will act as a compensation for refraining from expansion into High Conservation Value (HCV) and High Carbon Stock (HCS) forests or peat lands. We investigated whether RSPO certification is leading to a shift from expansion to intensification.



Government regulation for payment by quality “Permentan” No 14 ahun 2013. Photo credit:A. Maghfiran, 2018

Methods

We took a case study approach, conducting semi-structured interviews and participant observations of smallholder communities who were uncertified or working towards certification over a period of two months in the Petaling area of Jambi, Sumatra. We used a qualitative story analysis technique to analyse interviews from smallholders and key stakeholders. This method enables us to understand not only what has happened but also how and why it has happened. We compared our results with those of existing published studies to validate our findings.

Findings

Question 1: Which factors affect smallholders' decisions to expand or intensify?

Expansion

- Plasma smallholders with formal land titles, farming on mineral soils and using good quality seedlings make choices based on ability to produce high yields and generate higher income, and therefore prefer to expand by buying fields with similar characteristics. These farmers are unlikely to expand into forests or peat.
- Spontaneous migrants without formal land titles are motivated by securing land for their children or as an asset for the future and are less interested in direct income from oil palm cultivation. They therefore prefer to purchase cheap peat or forest lands and plant these with poorer quality seedlings, hoping for future increase in the value of the land.
- Expansion ceases when families secure enough land for their children, parents become too old to clear the land, or cannot obtain the capital to purchase it. Mill capacity and land availability are important limits for expansion.

Intensification

- Intensification is limited by access to knowledge of best management practices, access to fertiliser, quality seedlings and funds.
- Plasma farmers receive the maximum price for fresh fruit bunches, as regulated by the authorities. They have income to intensify production but often see no need and prefer to buy more land.
- Spontaneous migrants lack knowledge or income to invest in intensification and do not expect intensification to pay off due to the use of poor quality seedlings. They prefer to buy cheap land.
- When mills become saturated, they start to reject lower quality fruit, which could incentivise smallholders towards intensification.

Question 2: How does RSPO certification affect these decisions?

- Our study found evidence that RSPO training enabled smallholders working towards RSPO certification to increase the quality of yield, intensifying production.
- RSPO certification focused on plasma farmers with land certificates, and so the disincentives to expand into peatlands or forests associated with certification did not affect expansion decisions.
- Spontaneous migrants that expanded into peat and forest lands with only local land titles, tended not be interested in and mostly had not heard of certification, RSPO certification is therefore having limited impact to affect expansion or intensification decisions in the most vulnerable areas.

Conclusions and Recommendations

- Motivations for expansion and intensification strategies were linked to the history and organisation (transmigrant plasma or spontaneous migrants) of smallholders and associated land tenure.
- RSPO certification has some positive impact on intensification in plasma lands by training on improving management practices to increase yield and quality of fruits. However, there is no evidence that RSPO is influencing any parallel reduction in expansion.
- Limited mill capacity is likely to be a major cause of any shift from expansion to intensification by encouraging production of higher quality fruit. Training associated with RSPO certification has been found to assist farmers to realise this higher quality.
- The RSPO is having negligible impact in badly managed plantations in peatland and forest areas. Smallholders in these regions generally use poor seedlings, express different motivations for land ownership, and are excluded from participation because of lack of formal land title.
- ***RSPO should prioritise measures and policies which assist non-plasma smallholders to gain formal land titles and access to quality seedlings to improve the impact of certification in vulnerable areas.***

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Cover page: oil palm on peat; Photo credit :M.A. Slingerland