

Resolution GA21-2d

Proposed Resolution to be adopted at the 21st General Assembly of the
Roundtable on Sustainable Palm Oil (RSPO)

13th November 2024

**TITLE: DEVELOP A MECHANISM TO INCENTIVISE MEDIUM-SIZED GROWERS AND
SMALLHOLDERS**

Submitted by: WWF-Malaysia, Yayasan Lembaga Penelitian Kaleka Indonesia (Kaleka), Sawit
Kinabalu Sdn. Bhd.

Background

The Roundtable on Sustainable Palm Oil (RSPO) envisions a global partnership to make palm oil sustainable. The mission of RSPO includes clearly communicating the benefits of sustainable palm oil, facilitating collaboration across the value chain, and setting global standards through certification (Source: [RSPO Vision and Mission](#)). As of March 2023, 425,883 hectares, or 27%, of Sabah's total oil palm plantation area is RSPO certified, mainly from large plantations (Source: [RSPO website](#)). However, medium-sized growers and smallholders, who constitute a substantial part of the palm oil supply chain, remain under-represented due to a lack of financial incentives.

In line with the call by RSPO on Jurisdictional Certification approach, Sabah has come forward to declare its commitment to achieve 100% Roundtable on Sustainable Palm Oil (RSPO) Certified Sustainable Palm Oil as an integral part of transitioning the landscape to a sustainable palm oil production. This commitment from Sabah's State Government, made in close collaboration with the RSPO and its global membership, will be achieved through a jurisdiction-wide landscape approach to transform the entire state's palm oil supply chain, halting deforestation, restoring ecosystems and securing sustainable livelihoods. It will work simultaneously with smallholders (primarily local and Indigenous communities), the medium and large-scale growers, the processing plants and supply chains, and with the major buyers and financial institutions.

Since 2019, the Sustainable Palm Oil Team (SPOT) at WWF-Malaysia has engaged with medium-sized oil palm growers and smallholders through the Sabah Landscapes Programme, promoting group certification under the RSPO standard. Through this programme, WWF-Malaysia aspires to create a sustainable and inclusive palm oil industry that protects biodiversity and supports local communities. By harmonising economic growth with environmental stewardship, we aim to preserve Sabah's forests and wildlife while encouraging responsible agricultural practices.

To achieve this vision, WWF-Malaysia actively collaborates with various stakeholders, including government agencies, industry leaders, and local communities, to drive meaningful change. However, despite nearly five years of engagement, progress has been slow. The lack of financial incentives has

led to reluctance among medium-sized growers and smallholders to pursue certification, contributing to the stagnant RSPO certification rate of 27% in Sabah.

Other regions, where there are medium-sized growers and smallholders, may face similar challenges to those in Sabah.

Proposed Resolution

We, WWF-Malaysia, Yayasan Lembaga Penelitian Kaleka Indonesia (Kaleka), and Sawit kinabalu Sdn. Bhd., believe that incentivising the oil palm growers, particularly the medium-sized growers and smallholders can enhance participation and support for RSPO certification among these oil palm growers. Therefore, we are proposing the following resolution:

RSPO will identify and develop a mechanism to incentivise medium-sized growers and smallholders.

With key points as follows:

1. RSPO will form a task force to identify and develop a mechanism, considering the potential benefits, risks, and administrative challenges; with the Market Development Standing Committee to oversee the progress of the task force.
2. The objective is to develop a mechanism that would incentivize sustainable practices and improve certification rates among medium-sized growers and smallholders by ensuring they receive financial returns that match and are commensurate with the effort and resources they put into getting certified.
3. The mechanism will be designed to ensure transparency, fairness, and compliance with relevant competition laws.

Potential Benefits

1. **Certification Rates:** Market-based incentives encourage more growers, particularly the medium-sized growers and smallholders, to pursue RSPO certification, boosting overall rates.
2. **Supply Chain Integrity:** More certified growers enhance the credibility of RSPO-certified palm oil.
3. **Economic Empowerment:** Enhancing the livelihood of growers.
4. **Sustainability Practices:** Financial benefit from certification promotes sustainable practices, benefiting the environment and communities.

Potential Risks

1. **Antitrust Concerns:** Could raise antitrust issues if it leads to collusion. RSPO must ensure transparency and compliance with competition laws.
2. **Implementation Challenges:** May face stakeholder resistance and administrative complexity.

Proposed Working Group overseeing this resolution

RSPO Secretariat, Market Development Standing Committee

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References

RSPO JA Piloting Framework