Resolution GA23-2c

PROPOSED RESOLUTION TO BE ADOPTED AT
THE 23RD GENERAL ASSEMBLY (GA23) OF RSPO MEMBERS
4 NOV 2026

TITLE: TEMPORARY MORATORIUM ON RSPO CERTIFICATION FOR NEW INDEPENDENT SMALLHOLDERS UNTIL CLEAR AND PRACTICAL MARKET DEVELOPMENT STRATEGIES FOR INDEPENDENT SMALLHOLDERS ARE AVAILABLE

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Background

RSPO is a global multistakeholder forum involving all stakeholders in the palm oil sector, including smallholders. Since 2013, independent smallholders have been actively involved in encouraging sustainable palm oil production in villages. The involvement of independent smallholders is further strengthened when the RSPO and the market incentivise independent smallholders through credit. In 13 years (2013-2026), the number of independent smallholder involvement has increased by 800%. Let's look at the growth of the involvement of independent smallholders in the last 5 years, where in 2020 the number of independent smallholders involved was 19,813 farmers, in 2025 it grew rapidly to 83,808 farmers, as well as the land area where in 2020 the land area of RSPO-certified farmers was only 56,695 hectares, in 2025 the area increased sharply to 209,658 hectares. This growth certainly encourages the growth of the credit volume of independent smallholders, be it IS-CSPO, IS-CSPKO or IS-CS-PKE. This growth is certainly good news for RSPO where the increasing involvement of independent smallholders in RSPO certification proves that sustainable palm oil standards are widely accepted at the grassroots level around the world. The involvement of independent smallholders is also an indicator that RSPO standards are becoming more relevant and inclusive.

About 4 years ago, RSPO-certified independent smallholders (ISH) faced serious market challenges. This means that the absorption of the volume of credit by buyers has decreased, due to a drastic decline in the price and demand for ISH credit. In light of this situation, on February 11, 2025, RSPO-certified smallholders from various countries submitted a petition "Moratorium on Independent Smallholder Certification, Until the Availability of a Comprehensive Market Transformation Strategy for RSPO Independent Smallholder Credits" signed by 55 independent smallholder groups from Indonesia, 3 farmer groups from Latin America, 2 farmer groups from Africa and 1 farmer group from Malaysia. This petition was also supported by 6 NGOs, both social NGOs and environmental NGOs. This petition should be an early warning to RSPO that independent smallholders are in a state of uncertainty in access to the RSPO credit market.

RSPO-certified independent smallholders are highly dependent on credit sales, as credit is the most dominant incentive mechanism in the RSPO system to support smallholders' involvement in sustainable palm oil supply chains and help them finance and maintain certification. Efforts by smallholders and support organisations to attract credit buyers have been successful, such as telling stories of attracting independent smallholders through publications and communicating directly with buyers. However, all efforts have not seemed to have yielded positive results. Instead, the situation has worsened, with the period from December 2025 to January 2026, and when this resolution was tabled in August-September 2026, there were no bids from buyers on the *prisma* platform.

The concern is even greater, when the data shows a high volume of loans of independent smallholders that are not absorbed, if from January to April 2026, there are around 87,132 Mt of IS-CSPO and 6,119 Mt of IS-

CSPKO that are not absorbed and this volume is in high-risk areas, in July 2026 this figure will rise sharply to 145,831 Mt of IS-CSPO and 7,644 Mt for IS-CSPKO. Although there is a Carry Over option provided by the RSPO, this solution is only temporary, because without a practical market solution, the License renewal strategy will only increase the accumulation of credit and credit will accumulate if it is not absorbed by the market, making it more difficult to sell.

The accumulation of IS-CSPO and IS-CSPKO volumes is in line with the trend of increasing the number of new certified independent smallholder groups, amid weakening market demand for integrated smallholders. Every year the growth of smallholders involved in RSPO certification increases significantly. For example, in 2025 the number of new groups that receive RSPO certification will be 21 groups from 10 countries, and this year, 2026, the number of new groups will also be as large as in 2025. The growth of smallholders involved in RSPO certification is not accompanied by market growth, so this puts RSPO-certified independent smallholders in a critical condition, as the certification costs they have to incur continue to increase while income from RSPO credits decreases and does not even exist.

The low demand for ISH credit and volume absorption, as well as the underdeveloped market for independent smallholder credit, is due to the un-availability of a practical and comprehensive market development strategy developed by the RSPO for the integration of smallholder markets after certification. At the time this resolution was proposed, the RSPO did not have a clear holistic market development and transformation strategy to encourage the absorption of the volume of loans belonging to independent smallholders, instead the narrative developed was that the RSPO could not pressure the market to buy independent smallholder credit. In addition, the RSPO does not have an Emergency Contingency Plan for the situation faced by independent smallholders today, when volumes are stacked and not absorbed by the market.

Taking into account the above situation and background, the independent smallholders submitted this resolution for consideration by all RSPO members. This resolution aims to avoid the transfer of sustainable palm oil risks and market failures to smallholders.

Proposed Resolution

We, from independent smallholders and independent smallholder support institutions in Indonesia, propose this resolution for adoption at the 2026 GA meeting.

"Temporary Moratorium on RSPO Certification for New Independent Smallholders Until Clear and Practical Market Development Strategy for Independent Smallholders is Available"

The Temporary Moratorium is only for new independent smallholders who will be included in RSPO certification. The Temporary moratorium will not apply to groups that are already certified, groups undergoing recertification, or groups already in the certification pipeline before the date of adoption. The Temporary Moratorium shall not apply to certification support programmes or projects for new smallholders who already have access to a physical market or a credit market.

The Moratorium is temporary until there is a strengthening of Market Integration and Volume Absorption of independent smallholders to create a balance between the growth of smallholder credit and the growth of the credit market. The Temporary Moratorium aims to ensure that the growth of certified volumes must be carried out responsibly and not create certified volumes that are not connected to the market.

The Temporary moratorium will not require a smallholder to present a buyer, a guaranteed credit purchase, an agreed price, a physical-trade contract, or a financing agreement as a condition for being able to obtain certification in the future. The implementation of the moratorium must comply with competition laws, principles of non-discrimination, and fair access to certification.

During this temporary moratorium period, the RSPO must take important actions, namely:

1. The RSPO designs an Emergency Contingency Plan that is measurable and can be implemented in emergencies, such as unabsorbed and sold credits, expired credits and high-risk situations; by providing subsidy funds for audit and surveillance costs.

2. The RSPO has designed a measurable plan so that the volume accumulated by 2026 can be absorbed by the market and independent smallholders can finance the cost of managing RSPO certificates in a sustainable manner and avoid the risk of suspension from the certification body.
3. The RSPO immediately drafted a strategy for the development and transformation of the independent smallholder credit market and a market development strategy for RSPO-certified physical sales for independent smallholders.
4. Accelerate studies on the physical trade of certified products owned by independent smallholders as an alternative incentive for independent smallholders.
5. Develop a comprehensive strategy for innovative communication and strengthen the relevance of ISH certification to reliable market integration and pathways for independent smallholders.
6. Develop an engagement strategy that can influence the market, that credit is a mechanism to engage farmers in sustainable certification and credit is a mechanism that can build direct market connectivity to farmers when physical trade schemes have not been fully established.
7. RSPO builds a strategy to facilitate buyers with RSPO-certified independent smallholders through the RSPO-certified independent smallholder adoption program.
8. The RSPO developed a support programme to facilitate between members in this case from buyers to smallholders as a form of commitment to share responsibilities between members from the CGM sector, P&T to independent smallholders who have implemented sustainable palm oil standards and are committed to absorbing the volume of available credits generated by the support programme.

Note: The above points should be the RSPO's top priority within a 1-year period and monitored regularly by the BoG.

Potential Benefits

This resolution provides important benefits to independent smallholders and the RSPO:

1. Strengthening the inclusion of independent smallholders in sustainable palm oil supply chains.
2. Driving rapid and scalable implementation of Shared Responsibility.
3. RSPO revenue increased from credit sales.
4. Strengthening farmers' relationships with the market.
5. Better tracking for smallholders.
6. Reputational credibility for RSPO's commitment to smallholder inclusion.
7. Encourage the strengthening of RSPO's internal governance in providing adequate services to members, including independent smallholders.

Potential Risks and Mitigations

1. Exclusive certification if only limited to farmers who already have a market and buyers.
2. There will be a slowdown in RSPO certification for new independent smallholders.
3. Reputational damage to RSPO's credibility related to smallholder inclusion commitments

All of the above risks can only be overcome if RSPO is able to build a comprehensive market development and transformation strategy and strengthen its communication and market engagement strategy.

Proposed Committees/Working Groups/Task Forces to Oversee Resolutions

1. Market Development Standing Committee
2. Market Transformation Unit
3. Communication Unit
4. SHSC
5. SRWG
6. BoG

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