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**Power dynamic
in smallholders' participation in sustainable certification**
A case study of Indonesian Sustainable Palm Oil certification



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Abstract

This study analyses the power dynamic in the government-led sustainable certification, the Indonesian Sustainable Palm Oil (ISPO), and how it affects equitable participation, especially the smallholders who are the bottom actors in the industry. A case study was carried out in Jambi province, as one of the largest palm oil producers in the country. This study examines various actors related to the certification through semi-structured interviews to provide a comprehensive perspective of the integration process, from national to local level. The political ecology lens is used to understand of how the correlation of power and knowledge influences the equitable participation in managing the highly contested palm oil sector. This study finds that the power dynamic creates a domination from the powerful actor in the certification chain, and this actor tends to frame the initiative to protect their own interests. Furthermore, the unequal power relations influence the information flow that is required to include the smallholder in the certification chain. Moreover, when putting the policy into practice, the limited capacity of the actors may hinder equitable participation. Finally, the lack of a master plan to integrate the smallholders to the chain creates a scattered process that may end in an ineffective implementation.

Keywords: sustainable certification, oil palm, ISPO, smallholders, participation, power dynamic, political ecology, Indonesia

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Acronyms

EU	European Union
FFB	Fresh Fruit Bunch
GAP	Good Agricultural Practice
GAPKI	Gabungan Pengusaha Kelapa Sawit Indonesia, or Indonesian Palm Oil Producers Association
GRDP	Gross Regional Domestic Product
ISPO	Indonesian Sustainable Palm Oil
Kadin Indonesia	Kamar Dagang Industri Indonesia, or the Indonesian Chamber of Commerce and Industry
NGO	Non-Governmental Organisation
P&C	Principle and Criteria
PPL	Penyuluh Pertanian Lapangan, or Agriculture Training Expert
RSPO	Roundtable Sustainable Palm Oil
UN	United Nations
UNDP	United Nations Development Programs
WWF	World Wide Fund

Table of Contents

Abstract.....	2
Acknowledgements	3
Acronyms	4
Table of Contents	5
List of Figures.....	7
List of Tables.....	7
1. INTRODUCTION.....	8
1.1 Research purpose and question	9
1.2 Structure of the paper	10
2. BACKGROUND.....	10
2.1 Oil palm development in Indonesia.....	11
2.2 Oil palm development in Jambi province.....	12
2.3 The actors' mapping in the palm oil industry.....	14
2.4 Indonesia Sustainable Palm Oil (ISPO)	17
3. LITERATURE REVIEW.....	19
3.1 The contested sustainable certification.....	20
3.2 Sustainable certification: inclusive or exclusive?	21
3.3 Public and private certifications: complimentary or contradictory?	23
4. THEORETICAL FRAMEWORK	25
4.1 Power and knowledge in political ecology.....	25
4.2 The institutional reform in a political ecology framework.....	27
4.3 Understanding power and participation	28
4.4 Analytical framework.....	30
5. METHODOLOGY	32
5.1 Data collection methods	33
5.2 Data analysis.....	34
5.3 Reliability and validity	35
5.4 Ethical consideration and limitation.....	35
6. ANALYSIS	36
6.1 Institutional transformation of the ISPO formulation: to which direction?	37
6.2 The missing link: where does the information flow?	43

6.3 Whose capacity is lacking?	49
7. CONCLUSION	52
References	56
Appendixes	61
Appendix 1. List of interview questions.....	61
Appendix 2. List of individual interviewees	67
Appendix 3. List of group interviewees	69

List of Figures

Figure 1. The largest oil palm plantations in Indonesia	11
Figure 2. Jambi province.....	13
Figure 3. The oil palm plantation development in Jambi province by farming category	13
Figure 4. Interaction of the actors in Indonesian palm oil sector.....	15
Figure 5. Circuit of political ecology	27
Figure 6. Analytical framework	31
Figure 7. The ISPO formulation in political ecology framework	38
Figure 8. The flow of information for ISPO Certification	43

List of Tables

Table 1 Typology of actors in palm oil industry.....	16
Table 2. ISPO principles	19

1. INTRODUCTION

The increasing public concern around sustainable development has led to many initiatives worldwide. However, according to the UN report of Our Common Future (UN, 2010), a dispute over the conceptual definition of sustainable development has been ongoing since the discourse first began in the 1980s. The most commonly accepted understanding of sustainable development is the development that comprises present and future needs in the three overarching dimensions of environmental, social and economic (Dryzek, 2005). In this light, many sustainable standards and certifications have been proposed as a means to reduce negative concerns about current development.

Yet, extensive debates remain about whether these sustainable standards and certifications have an equitable impact on all stakeholders. These stakeholders have diverse interests, which subsequently create complexity in terms of managing resources. Moreover, in natural resource management context, it comprises many layers of social, political and economic institutions, and different regulations and frameworks, both public and private, national and global (Ostrom, 1990). These standardisations may appear as good practices in theory, but the effectiveness of the implementations are still questionable. To illustrate, participation in the certification does not appear to be feasible for those who have lower bargaining power, for example, smallholders (Haggard et al., 2012; Marin-Burgos et al., 2015; Fayet and Vermeulen, 2014). According to the World Bank, smallholders have limited assets and operate on less than two hectares of land (World Bank, 2007). In addition, they often lack the means and capacities in terms of finance, knowledge, skills, technology and information. Thus, in many cases, they become marginalised in the certification chain (Hospes, 2014; Brandi et al., 2015; Hidayat et al., 2015; Markne, 2016). This implies that the benefits of such standardisations are not directed towards the smallholders.

The dominant actor has a greater degree of interest in influencing the ways in which problems are framed (Mol and Oosterveer, 2015: 12260). This translates into producing a set of policies that seem to favour the interest of a particular group rather than to cover the interest of all stakeholders. For this reason, it is essential to understand the degree to which a sustainable initiative favours smallholders. Moreover, the most challenging part

in the integration process is information dissemination (Dryzek, 2005: 99). This dissemination requires investigating the relations between the actors and on how power is exercised in the human and nature relationship. As such, a political ecology offers a lens to examine the complexity of the interaction between human societies and nature and how an unequal power relation can drive an undesired agenda for a certain favour (Robbin, 2012: 99).

1.1 Research purpose and question

This study aims to scrutinise smallholders' integration into a sustainable certification process by looking specifically into Indonesian Sustainable Palm Oil (ISPO) certification. In 2011, ISPO was launched as a response to a global demand to ensure the credibility of palm oil sources, including productions from smallholders. This integration is essential for Indonesia as smallholders comprise 40 percent of national palm oil producers. This development is relatively new, thus, limited research has been conducted to assess this initiative. Previous studies have mainly focused on earlier introduced voluntary private certifications such as the Roundtable Sustainable Palm Oil certification (RSPO) (Gillespie, 2012; Brandi et al., 2015; Marin-Burgos et al., 2015; Hidayat et al., 2015; Markne, 2016).

Therefore, the purpose of this study is to explore and contribute to the growing literature regarding smallholders' integration into government-led initiatives, and this study focuses on the power interplay between the actors, specifically smallholders and the government. Furthermore, the implementation of such a certification system is not a linear process and there are tense interactions involved between the actors. Therefore, there is also a need to understand the reasons that form the urge to have such a certification. In addition to this, it is also imperative to analyse the factors that may challenge the inclusion of smallholders. For this, the focus is not only on the lower group's capacity to put the policies into practices, but also on the upper actors who have the capacity to wield power. Hence, the following research questions guide this study:

- *What role does the power dynamic in Indonesian oil palm production play in the smallholders' participation in the ISPO certification?*

- *What are the potential obstacles to the smallholders' inclusion in the certification chain?*

This study employs a qualitative case-study approach and is focused on the Jambi province in Indonesia, one of the top palm oil producer provinces in the country. Research is performed in four locations within three regencies that are known as the largest palm oil producers. Moreover, in-depth semi-structured interviews are conducted to investigate the power relations between the relevant actors in the industry; these actors are from national and local levels in order to develop comprehensive picture of the certification. Additionally, this research employs political ecology as a theoretical lens. It conceptualises the power, knowledge and participation interplay between upper- and lower actors, particularly in the context of sustainable certification.

1.2 Structure of the paper

The remaining sections of this study are structured as follows: the next chapter introduces the background of the case study by providing an introduction to oil palm development in Indonesia in general and Jambi in particular. It also maps the actors in the industry and offers a brief outline of the ISPO. Subsequently, it is followed by a literature review, which provides an ongoing discussion about sustainable certification. The discussions contest whether the certification is inclusive or exclusive and also elucidates the disputes between private and public certification that have sparked in the development field. The succeeding chapter outlines the theoretical framework and how it is applied to conceptualise the framework for the analysis. This is followed by a discussion of the study's methodology. Finally, the last two chapters present an analysis and a conclusion of the study.

2. BACKGROUND

The development of oil palm is controversial. Moreover, many interests are engaged in its expansion. As some are supportive, while others are against it. In this chapter, the first two sections provide an overview of oil palm development, and why its expansion has made it one of the most important sectors in the country especially in Jambi province. The next part maps out the actors in the industry and their characteristics. The

final part introduces the ISPO, portraying its aims and purposes, as well as its principles.

2.1 Oil palm development in Indonesia

The scale of Indonesian oil palm plantations is enormous. Currently, Indonesia is the largest palm oil producer in the world, constituting about half of total global production (Caroko et al., 2011: 182). It has expanded over an area of 10 million ha in the last decade (Statistics Indonesia, 2015a). The extensive oil palm expansions in Indonesia started in the 1970s through the government initiative to distribute the dense population in Java to other islands (Budidarsono et al., 2013: 179). The private sector, then, sparked off the industry and brought more economic opportunities for employment and rural development (ibid.: 184).

The majority of national oil palm producers come from Sumatra, comprising more than 60 percent of total domestic production (Statistics Indonesia, 2015a). The key provinces are Riau, North Sumatra, South Sumatra, Jambi and West Sumatra. The map of Indonesia below (Figure 1) displays the top 10 oil palm producer provinces in Indonesia.

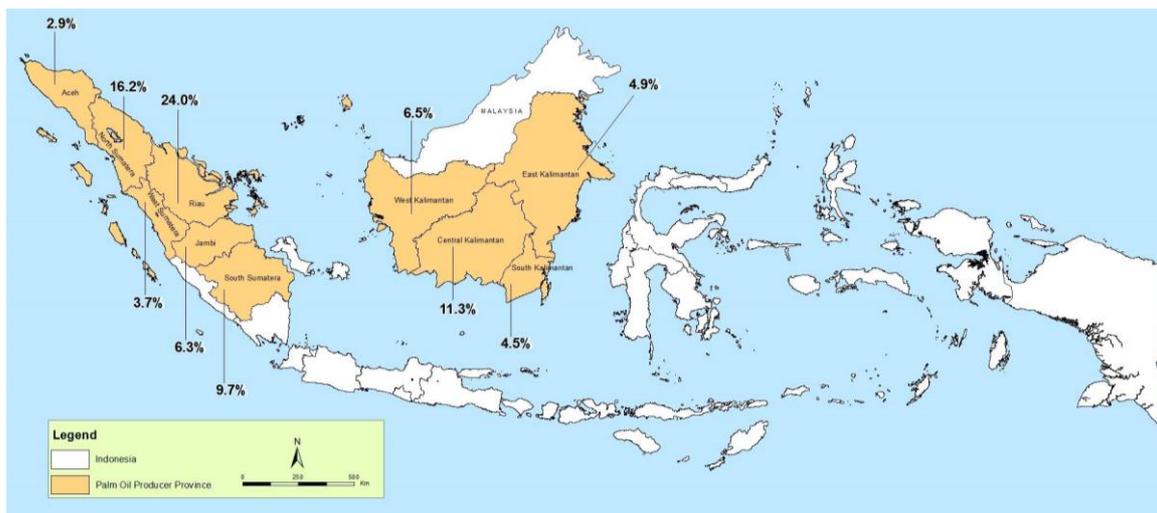


Figure 1. The largest oil palm plantations in Indonesia (Source: Statistics Indonesia, 2015a; Prawira, 2016)

Moreover, the government has supported its massive expansion to supply the global market demand, with India and China being the two largest importing countries for palm oil from Indonesia (Caroko et al., 2011: 2). The government also supports the European Union's (EU) direction that requires at least 10 percent of transport fuel in the EU should come from biofuel by 2020 (European Commission, 2009).

Despite its enormous economic contributions, the expansion of the industry has created the apparent environmental degradation impacts. The unanticipated effects of the deforestation for its expansion have brought many environmental concerns (McCarthy, 2010; Rist et al., 2010; Wilcove and Koh, 2010; Colchester et al., 2011; Margono et al., 2014). To illustrate, the remarkable loss in its primary forest cover has put Indonesia on the first rank of deforested countries in the world. The deforestation rate is expected to keep increasing to meet global market's demand. In about a decade, Indonesia has lost almost 16 million hectares of forest cover, in which 38% occurred within the primary forest (Margono et al., 2014: 731).

2.2 Oil palm development in Jambi province

Jambi province is located on the east coast of central Sumatra, in the western part of Indonesia. It has about 3.1 million inhabitants with the majority ethnic group is native Melayu, followed by the Javanese migrant ethnic group (Statistics Indonesia, 2010; 2011a). The agricultural sector accounts for nearly a third of its GRDP, and approximately half of the populations relies on the palm oil sector (Statistics of Jambi Province, 2015a). The resettlement strategy in the late 1970s pursued by the central government has played a significant role in shaping land-use change in the province. For instance, in 1990s the oil palm cultivation area was less than 50,000 ha, but it has increased significantly to 688,000 ha in 2014 (ibid.). Currently, the oil palm trees cover most of areas in the province (see Figure 2). Most of the plantations were established on forestland and some were for rubber and food crop cultivation (Koh & Wilcove, 2008: 61).

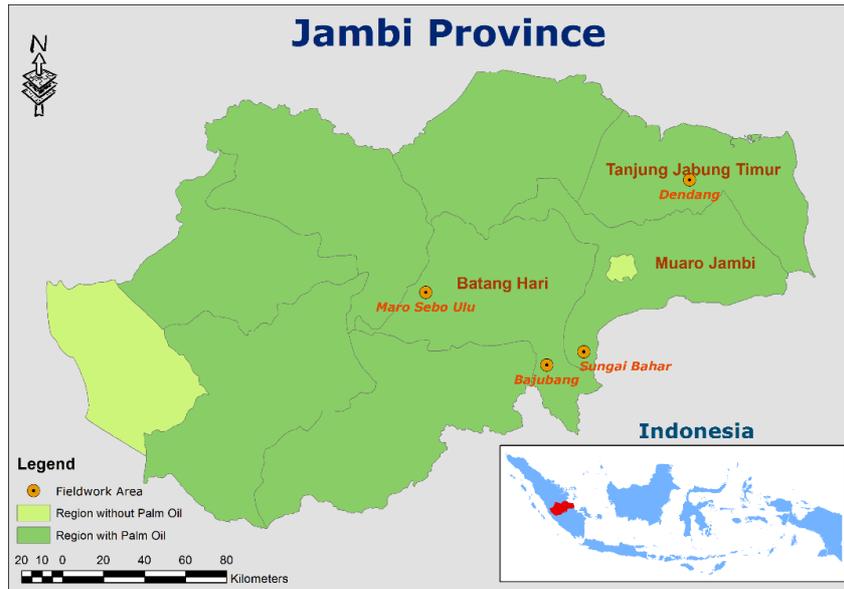


Figure 2. Jambi province (Source: Statistics Indonesia, 2015a; Wijesingha, 2016)

In Jambi province, the smallholders dominate the plantations, and they have surpassed the private estates as the highest ownership in total national plantations. The promising economic gains is the main reason for the smallholders to shift from their previous rubber or other food crops. Figure 3 illustrates the time series of rapid palm oil growth in Jambi provinces over the last two decades.

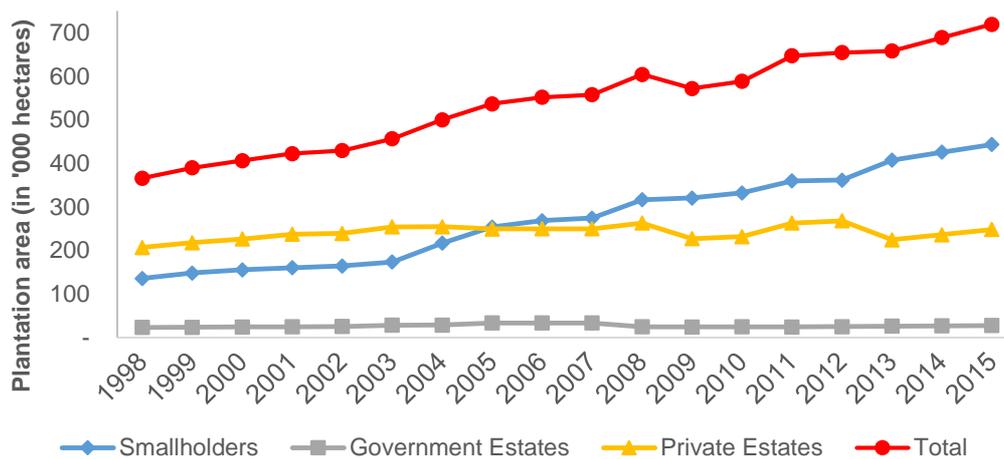


Figure 3. The oil palm plantation development in Jambi province by farming category (Source: Statistics Indonesia, 2005; 2011b; 2013; 2015a)

However, there are often conflicts between locals and private estates about land rights, which attract public attention. A common problem in most rural communities is that people do not hold a formal title to their land. This can be due the fact that they inherit their land without formal entitlement, or because of the complicated administrative procedures, or due to the high costs to obtain the legal paper (Thorburn, 2004). Moreover, decentralisation has had a two-sided effect on provincial authorities. On the one hand, a distinct advantage for regional governments is that they are able to act based on their interest without engaging in lengthy bureaucratic practices. On the other hand, new autonomy means there is a need to increase their regional income to meet their spending. The latter implies that the regional state has more interest in generating income than in mitigating the other issues, which often causes contradictions between the agencies (McCarthy, 2010: 163).

2.3 The actors' mapping in the palm oil industry

As previously mentioned, the aim of this study is to investigate the smallholders' participation as one of the central actors in the industry in national certification. Therefore, it is essential to understand the interactions and relations between the actors in the industry, as these actors invoke different interests in its development. These may influence how the actors exercise their power over others in achieving their own interests. Thus, this section maps the actors in the palm oil sectors to capture these interactions and relations and their characteristics and roles in the industry.

For the purpose of this study, the key actors in this sector is divided into two categories, the government and smallholder. Subsequently, each group is further classified into smaller categories. For instance, the smallholder is divided into independent smallholders and scheme smallholders. The independent smallholders also have sub-classification, as they either belong to a cooperative group or are individual farmers. The group they belong to affects their knowledge and capacities in running their plantations. In the government group, the heterogeneity interests at the state bodies also influence how the state exercises power, which occasionally conflicts with other levels in national, provincial and local state. Figure 4 designates the actors in oil palm plantations in Indonesia, adapted from Gillespie's (2012: 255) stakeholder map.

Additionally, in its implementation, the government's interest is also driven by the industry growth and it affects to smallholders as well. For this reason, the business and industry is also reflected in the interaction map.

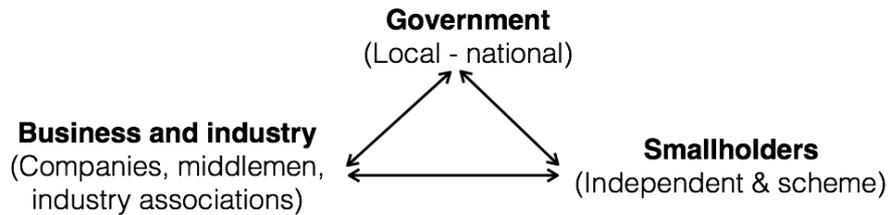


Figure 4. Interaction of the actors in Indonesian palm oil sector

As explained in section 2.3, the Indonesian oil palm expansion was initiated by a national government programme. In its first phase, the forming of the plantation was a contract based between smallholders and a state-owned company. After the contract was finished, they could own the plantation and run it independently or join larger plantation companies to gain technical and financial support as scheme smallholders. In the latter case, they were required to sell their produce back to the plantations at the agreed price.

The current growing trend, most farmers changed their cultivation practices to oil palm crop due to attractive economic returns. As such, they can either join a farmer cooperative to receive support from the group or run their plantations individually. The latter case mostly has fewer means to increase the productivity. As a result, a huge gap in the yield crop exists compared to those who are supported by a large plantation or a farmer's cooperative. Moreover, limited knowledge and access to a high input quality also affect the individual smallholders' yields. They use trial-and-error practices, learn from their neighbours, and put trust in sellers who knocked on the door to sell the seeds and fertilisers, which sometimes were fake (Interview SH14, SH15 and SHG3, 2016).

As many actors are interested in the industry, the palm oil governance is legally and institutionally complex. At the national level, the government is mainly working at the macro level creating legal environmental practices (Gillespie, 2012: 255). Several regulations have been issued for environmental and social protection such as, regulation for environmental and forestry, plantation business licensing system and procedures for

reclassifying forestland functions (Caroko et al., 2011). On the other hand, the government also promotes energy crops with Presidential Regulation, in which fiscal and non-fiscal incentives and subsidies have been provided by the Ministry of Finance for both enterprises and smallholders involved in biofuel production (ibid.). All these regulations appear to be stand-alone ones that lack in overarching goals, which, in turn, creates many tensions between government agencies pursuing their own agendas.

Moreover, the decentralisation policies in the late 1990s has not fully turned into promoting democratic governance, implying instead the unfolding conflicts between state agencies in exercising their power (McCharty, 2010: 884). At the regional level, the government is less salient because it is sandwiched between the upper-and lower state (ibid.). While in practice, the local government is more influential in terms of imposing regulations on plantation companies or in distributing subsidies to smallholders (Gillespie, 2012: 255). Table 1 below describes the characteristics of each actor in Indonesian oil palm plantations.

Table 1. Typology of actors in palm oil industry

No.	Level/ Type	Actors	Characteristics
1	National government	Ministry of Agriculture	Has macro focus on developing sectoral regulation and development plans.
		Ministry of Environment and Forestry	Has macro focus on developing effective forest management and governance, and collaborates with non-governmental organisations to reduce environmental degradation.
		Ministry of Agrarian and Spatial Planning	Focuses on agrarian reform and supports conflict resolutions in tenurial conflicts.
		Ministry of Finance	Concentrates on industry development as a national income generator by giving fiscal and non-fiscal support.
		Ministry of Industry and Commerce	Promotes oil palm as a valuable domestic commodity to accelerate economic development.
		Indonesian Sustainable Palm	Enforces the compliance of Indonesian regulations in the oil palm sectors for all

No.	Level/ Type	Actors	Characteristics
		Oil (ISPO) Commission	actors in the industry.
2	Regional/local official government	Provincial governors	Have broad authority for provincial development (economic and spatial planning), but are less prominent due to their limited decision-making power.
		Regency/District heads	Have strong influence on economic, political and fiscal incentives to promote land development for plantation use, which often conflict with environmental protection, legal compliance and indigenous rights.
		Regional agriculture and forestry officials	Support national government in law and regulation enforcement, yet have limited capacity for decision-making.
3	Business and Industry	Oil palm companies (plantations and milling processing) and other business actors (middlemen)	Have a large interest in industry development for profit maximisation through a high scale of investments and negotiations with the local and national authorities.
		GAPKI, Kadin Indonesia, investors	Represent business interests and create collaboration with government that may potentially drive policy development in a certain direction.
4	Smallholders	Independent smallholders	Have a large interest in improving their livelihoods with a limited number of plantations, and have limited access to good quality inputs and information.
		Scheme smallholders	Affiliated to large plantation companies and have to some extent, greater access to good inputs and information, yet have a limited bargaining power with companies.

Source: Author (from interviews and literature)

2.4 Indonesia Sustainable Palm Oil (ISPO)

In its first development, the massive plantation expansion neglected the environmental and social problems. Consequently, in 2004, the business and industry actors formulated

RSPO to answer the global market concern about responsible products. Despite its effort to create a more sustainable palm oil chain, the RSPO itself received much criticism about its inequitable representation of interests in the organisation (Nagiah and Azmi, 2012; Nikoloyuk et al., 2010; Brandi et al., 2015). The RSPO tends to favour the multi-billion-dollar business side rather than the smallholders.

In response, in 2011, the Indonesian government launched ISPO by the Ministry of Agriculture's decree No. 19/Permentan/OT.140/3/2011 to protect its national commodity and the smallholders who have significant contribution to the sector. However, the first phase of the certification paid more attention to large plantations rather than to smallholders. Then, in early 2015, the certification was updated with the newest regulation No. 11/Permentan/OT.140/3/2015. The latter acknowledges the different types of producers in Indonesian plantations, namely company (plantation and/or mill processor companies), scheme smallholder, independent smallholder and biofuel crop producer. Furthermore, smallholders are not required to become ISPO certified, but may do so voluntarily.

The ISPO has four primary purposes (ISPO, 2016). The first two purposes are based on the economics, ensuring that oil palm development is integrated with the national economic interest and to increase product competitiveness in the global market. The other purposes are related to environmental concerns, covering greenhouse gas emission and a sustainable environment. These purposes are comprised of seven set principles, which have details criteria and indicators, although for each producer type the applications vary (see Table 2).

The original plan was to certify all the growers by 2014. But, by the end of 2015, only about 130 of thousands of oil plantation companies had been awarded the certification (Interview GOV1). From 2016 onward, the operations also focus on the independent smallholders. Once obtained, the certification lasts for five years, but it still requires an annually audit to ensure they still comply with the ISPO's principles.

Table 2. ISPO principles

No.	Principle	Company (plantation and/or milling)*	Scheme smallholder	Independent smallholder
1	Compliance with the legal licensing regulation (location permit, valid land concession, plantation business permit, etc.)	X	X	X
2	Plantation management	X	X	X
3	Protection of primary forest and peat lands	X	-	-
4	Environmental management and monitoring	X	X	X
5	Responsibility towards employment standards	X	X	-
6	Social responsibility and community economic empowerment	X	X	-
7	Sustainable business development	X	X	X

**including for biofuel crops*

(Source: ISPO, 2016)

The above discussions indicate how complex the Indonesian palm oil sector. Although the national government is currently focusing on smallholders' involvement in the certification chain, it is not an easy integration process. Evidently, different actors have different capacity and power. Hence, a comprehensive picture of how the power relations affect the integration process of this certification is required.

3. LITERATURE REVIEW

This chapter presents the existing and ongoing discussions regarding sustainable certification and smallholders' participation in a broader context. Moreover, this chapter does not only aim to compile and contradict the current debates, but also intend to guide and to provide more insightful discussion. First, it explains the global discussion on the contested sustainable certification formulation. Secondly, it highlights the larger context of the ongoing debates concerning the feasibility for smallholders to participate in the sustainable certification. Finally, it compares the private and public certification

schemes, which have recently arisen in the global realm. Regarding these certification, the question is whether they support or compete with each other to gain legitimation from the public.

3.1 The contested sustainable certification

The concern about sustainability has spurred the development world to respond with various initiatives to ensure all the activities have been conducted in a sustainable manner. In addition, public anxiety about environmental degradation has manifested itself in the concept of sustainable development in the various certification schemes (Byrant and Bailey, 2005). Thus, a broad range of certifications exists, ranging from the voluntary to the mandatory, from the private to the public, from products to processes, from foods and clothing and from buildings to forests. These certifications have been developed by a set of principles, which then translate into measurable criteria and indicators that can be adopted (Zarrilli, 2008: 1).

The proponents of sustainable certification claim that its remarkable goals can bring salient improvements to the global world, even though this will not be achieved in a short period of time. They believe the sustainable certification can combat the negative impacts on environment degradation, for instance, because of chemical inputs (Blackman and Naranjo, 2012) and improve the forest biodiversity (Van Kuijk et al., 2009). In relation to economic aspect, it helps to make domestic products more competitive and integrated into the global market (Raynolds et al., 2004). Moreover, it may improve the farmers' knowledge about good agricultural practices (GAP), which, in turn, can enhance their capacity to improve their livelihoods (Blackmore et al., 2012). It also improves ethical practices and social commitments made by actors, which may bring a more positive impact to society (Rueda and Lambin, 2013).

However, despite the above-mentioned benefits, the certifications also have received numerous criticisms. The development of such initiatives is predominantly driven by the global market rather than the awareness of domestic markets to address environmental, social and economic issues (Ulybina and Fennell, 2013: 182), which makes the sustainability of the certification itself uncertain. In addition, such initiatives

are not solely initiated based on ecological concerns per se. Ulybina and Fennell further stress the political interest from certain groups in achieving their desires. Through their study in forest certification in Russia, they reveal that the key factor in fostering forest certification is very narrowly an economic one rather than a more holistic sustainability concept. As they note, ‘profit comes first’ (ibid.). In the same way, recent research reveals the major reason for obtaining the certification was mostly due to the economic benefits (Quaedvlieg et al., 2014; Fayet and Vermeulen, 2014; Hidayat et al., 2015; Markne, 2016). Furthermore, Otto and Mutersbaught (2015: 422) indicate that the government certification is mainly driven by two dynamics, which are export promotion and conservation schemes. Yet, the former is seen to be a stronger boost for the government than the latter. Hence, this clearly expresses how economic motives are greater than conservation. Moreover, for private companies participate in the schemes may give positive public opinions about their business practices (Orsato et al., 2013: 447). Therefore, it can also be used as a marketing tool for promoting their products.

In conclusion, it can be observed the actors are more interested in short-term visible economic benefits. If it is the case, then those who have more capacity may exercise their wills to gain more than others. For this reason, the next section presents a discussion on whether sustainable certification can promote equitable participation from all the stakeholders, particularly the smallholder.

3.2 Sustainable certification: inclusive or exclusive?

The core notion of sustainable development is about balancing the needs and the environmental integrity, social equity and economy security. Fayet and Vermeulen (2014), who investigated the Indian cotton supply and examined the concept of a sustainable value chain for smallholders, argue that participation by all the actors in the sustainable certification is required to achieve the sustainability objectives. They, moreover, add that integration by all actors, predominantly smallholders, is a critical factor in reducing poverty and has positive environmental and social impacts (ibid.: 302). Furthermore, Hidayat et al. (2015) find that participation in the RSPO certification has positive influence in improving smallholders’ livelihood to a certain extent. Using a livelihood framework, they further explain that there is an improvement in

smallholders' social capital in terms of their networking and relationships, and also in human capital, such as skills and knowledge. However, they do not highlight the power relation in the natural resources management that may preclude smallholders as the least powerful actor, which may prevent obtaining access to the certification chain.

Thus, the crucial question is how such certification can bring equal benefit to all its stakeholders. In an extreme case, Ulybina and Fennell (2013: 183) find that smallholders were being excluded of the forest certification process in Russia. Moreover, Peet et al. (2011: 27) are sceptical that an initiative like sustainable certification could work effectively because it is mostly just a tool for the powerful actor to strengthen their control over resources. According to Brandi et al. (2015: 292), who examined the RSPO, the equitable participation of all the actors still appears to be one of the greatest challenges. They also argue asymmetric information characterises the sector, which impedes the access to knowledge about the certification. As Eden (2011: 170-171) argues, knowledge is a crucial factor in obtaining a comprehensive picture of whether sustainable certification can be effectively implemented. Furthermore, Brandi et al. (2015: 292) emphasise that participation, particularly by smallholders, is still limited due to low capacity in finance and technical skills. Also, the smallholders have limited access to information. The participation is also exacerbated by geographical condition and poor infrastructure, which make it difficult to access markets and involve higher transaction costs (Fayet and Vermeulen, 2014). Thus, to include them in the chain is critical for achieving the sustainability goals.

In addition, regardless of whether smallholders have already participated in the certification chain, there is still an issue concerning their participation. To illustrate, Gillespie (2012: 260) highlights that structural power remains the main factor hindering equitable engagement and participation by all the smallholders in RSPO, even though it promotes smallholders' inclusion in the certification chain. Furthermore, he provides an example of the meeting agenda. Although smallholders participated in the meeting, the majority group from business sector mainly controlled the topics for discussion, whom to invite or to exclude from the invitation list, who will deliver the speech and the meeting's output. This is what Kapoor (2005: 1209) calls the 'fantasy of consensus',

where micro-power processes play a part in the agenda. Gillespie (2012: 263) also underlines the complexity of power relation in the palm oil industry and explains that an individual may have multiple roles that can be contradictory to each other.

The debate of power relation about sustainable certification goes beyond the above discussion. As the global market mostly demands it, the business and industrial actors have relatively fast responses by introducing the global standards (Giessen et al., 2015). The government subsequently reacts to protect its national's interest and legitimation above the private certification by introducing its national standard. Therefore, the next section further discusses whether the public and private certifications are supporting or contradicting each other.

3.3 Public and private certifications: complimentary or contradictory?

The recent literature highlights the political context of sustainable certification for non-state multi-stakeholders' governance (private certification) and the government-led certification (public certification). Voluntary private certification has spurred the emerging certification realm to answer the absence of national and international institutions enforcement promoting sustainable development. In response, the governments as the regulators may have various responses in adopting these private certifications to their own policy goals. Carey and Guttentstein (2008) classify the government roles into three different categories. First, they describe them as 'users' when they require all the product chains to be certified, yet they may or may not endorse a particular private standard. Second, they are 'supporters' when they force the industry to obtain the private certification and offer financial incentive or technical assistance. The final category is 'facilitators' when they provide the resources to facilitate the development of private certification.

Nonetheless, these roles do not always fit the case in point. Giessen et al. (2015) argue that private governance plays a role as a catalyst for a national government to seek its own certification scheme. Thus, to certain extent, state bureaucracies attempt to use a power strategy to force certification as mandatory under the national laws and regulations (ibid.). Additionally, Sayre (2015: 512) reveals that states intend to dictate

and control all of the transformation within their sovereign boundaries through their hierarchical structures using various policies, laws and regulations; however, the coherence and effectiveness of the implementation are highly contested. Thus, the competition between private and public certification schemes to gain market interest is inevitable. In turn, it appears as a market driven rather than a process to increase internal awareness about sustainable development.

To be effective, Von Hagen and Alvarez (2011: 39) suggest that the public and private standards should be complimentary rather than a substitution. However, the harmonisation of both types of schemes in achieving bigger aims of the sustainable certification is the most challenging part. They have different interests and they may stress in different points. This may confuse stakeholders and end in the standards being inefficient (*ibid.*). Both public and private schemes attempt to prove their own credibility and legitimacy in achieving their targets. In the recent development realm, Rahnema (2010: 133) claims mostly operators have sought legitimation through a participatory approach. Thus, it comes as no surprise that participation has become an appealing political slogan in certification. He further argues that ‘pure’ and ‘noble’ participation can have empowerment through its process, but in practice, it may produce different results. Participation is more about manifestation of actualising power from the higher actors to lower ones rather than distributing the power (*ibid.*: 135).

These recent discussions clearly indicate the development of such sustainable initiative is problematic. The power relations, especially in the context of highly contested natural resources like oil palm, affect the interaction of each actor. The dynamic reflects on the real factors that urge such certification and how the implementation would be directed. A certain interest may drive the powerful actors in the industry chain to seek for public legitimation to strengthen their control over the natural resources. This often undermines the environmental concern. Moreover, a sustainable initiative can be effective if it can bring all of its stakeholders on board. But, in this context, the existing unequal power relations affect information dissemination that is very crucial in knowledge production of the sustainable certification. Thus, to scrutinise the issue, in the next chapter in this study examine the political ecology concept to understand the

power dynamic between the actors over natural resources and how it may affect the equitable participation.

4. THEORETICAL FRAMEWORK

The subsequent chapter represents the framework that is used to explore the degree to which power dynamics affect smallholders' participation in the sustainable certification. As such, the political ecology lens is used to reveal the power relations in natural resources certification and to conceptualise the interplay among power and knowledge, which are central to the political ecology discussion. This study adopts the political ecology framework proposed by Orsato and Clegg (1999) to grasp the factors that enforce environmental strategies. The succeeding of this section attempts to understand the participation concept from the perspective of power. Lastly, this section presents an analytical framework in order to examine the relation between power, knowledge and participation in the sustainable certification.

4.1 Power and knowledge in political ecology

In the early 1970s, the notion of political ecology emerged as a reaction to disregarding the political dimension of the interaction between human beings and nature (Orsato and Clegg, 1999). The notion is formulated by the extension of political economy as an earlier introduced discourse, and focuses attention on complex human-nature relationships (Horowitz, 2012: 24; Byrant and Bailey, 2005: 2; Greenberg and Park, 1994: 1). It offers possible alternative strategies for constructing a sustainable world (Leff, 2015: 71). Byrant (1998: 79) further notes that it examines the political dynamic and struggle over control and access to the environment. However, criticisms of the concept also appear, as it tends to be biased towards the political realm and leaves the ecological part behind (Byrant and Bailey, 2005: 5; Vadya and Walters, 1999: 168).

Central to the discussion in political ecology is the unequal power relation between the actors and how to control and access the environment, because this is not a neutral but a political process. As a result, there is an unequal distribution of costs and benefits associated with the environment for different power levels, which subsequently implies further degradation as more pressure is being put on the natural environment (Byrant

and Bailey, 2005: 40). Therefore, to understand the environmental problems, this study applies Foucault's (1977) thinking to put more emphasis on investigating the actors' interaction that manifested themselves in these outcomes (Oliver, 2010: 38).

Power is relational and not a steady process. Hence, exercising power over others can turn into conflict between the parties, such as individuals, institutions or systems, and creates a need for domination in order to seek legitimation. Furthermore, power often appears in a vertical hierarchical relationship as a traditional relation top-down approach, between 'upper' actors, the ones who are more dominant, and the 'lower' actor, those who are being dominated (Chambers, 1995: 33).

Under the political ecology lens, power relations reflect the contradictions of how the actors perceive the information and process it into knowledge (Byrant, 1998: 87). This aligns with Foucault's thought on how power and knowledge interact, indicating that power depends upon knowledge to be efficient, while knowledge can also produce power (Oliver, 2010: 38). Different typologies of actors from diverse layers in the society determines the power-knowledge relation. Therefore, the development of many initiatives may reflect an intellectual justification for those who have greater power and authority, such as the state, to exercise their will as if it represents the majority of people's interest (ibid.: 45). For example, the state commonly lends its power to certain groups to encourage the national investments. Additionally, it is important to take into consideration that the state is not a homogenous actor in itself, as it has its levels and structures that reflect the power relations within the organisation.

Furthermore, Otto and Mutersbaugh (2015: 427) argue that the certification of natural resources does not necessarily provide environmental protection. The government often imposes policy without knowing what the best local practices are. Consequently, theory and practice can differ. Therefore, they suggest examining the governmental institutions that set the certification with regard to whether they acknowledge the best local practices in their policies to avoid the conflict of interest between the policymaker and the other stakeholders (ibid.). This is important because the relations between the stakeholders are neither simple nor linear. The following section, thus, discusses

institutional reform from a political ecology perspective, analysing the government's interest in its policies that then affect other stakeholders.

4.2 The institutional reform in a political ecology framework

Ingalls and Stedman (2016) highlight the increasing concerns of global social and environmental conditions have created critical discussions regarding to the ability of traditional governance to manage the complexities of the socio-ecological system. Therefore, there is a need for strengthening the institutional framework in order to achieve sustainable development goals. However, the institution is not a stand-alone entity since it interacts, affects and is affected by others, either on the same level or across levels. This study argues that the ISPO formulation is one of the government's efforts of reforming the institutional framework to strengthen the industry's existence. To examine the change process, this study utilises Orsato and Clegg's (1999) the political ecology framework to ascertain how these relations and interactions influence the reform process.

The political ecology framework is rooted from Clegg's (1989) concepts of circuit of power. The framework provides the systematic thought of how the actors' interests direct the formulation of the strategies and practices (see Figure 5). It also maps the power relations between the state and non-state actors to uncover the factors behind the reform (Orsato & Clegg, 1999: 263-264).

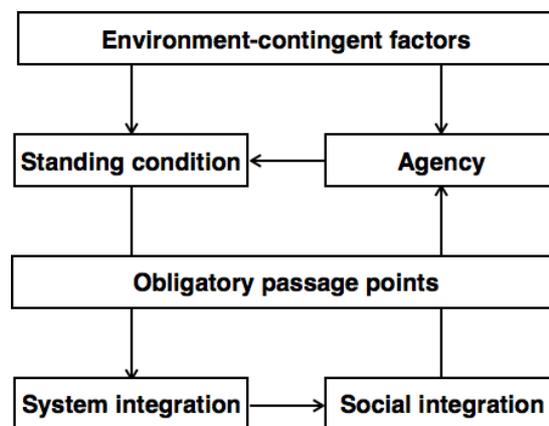


Figure 5. Circuit of political ecology (Source: Orsato & Clegg, 1999: 268)

Orsato and Clegg (1999: 267) indicate that there are external pressures requiring immediate action to transform current practices related to environmental problems. In the framework, this is called as ‘eco-factors’ or environmental-contingent factors (ibid: 268.). These pressures lead the actors to take actions to make a difference, which is described as ‘agency’ (ibid.: 272). However, not all the actors have the same interests. To illustrate, some actors desire to have full control over resources, which then triggers them to seek to maintain the *status quo* or, it is called, a ‘standing condition’ (ibid.: 208). In most cases, the economic dependency system under the capitalist order is a notable factor that creates this resistance (Peet et al., 2011: 26). Subsequently, the phenomenon is translated to offer solutions through ‘obligatory passage points’, which mostly the solutions tend to the main actor’s interest (Clegg, 1989: 204). This channel can result in both empowerment and disempowerment in the next steps, which are system and social integration. Both processes indicate whether such transformation can be applied to all stakeholders in the chain and produce a legitimation or generate the opposite (ibid.: 224). In addition, the change is not only limited to technical task but also to the relations amongst the actors that depend on the actors’ capacities (Orsato and Clegg, 1999: 269).

The key notions of the final two circuits of integration relate to meaning and membership (Clegg, 1989: 224). Evidently, to be integrated in the process change, knowledge is required because an absence can create isolation (ibid.: 221). Thus, the subsequent section explores power and participation to obtain a greater understanding how such a change can be integrated into all actors.

4.3 Understanding power and participation

Chamber (1995: 30) contends that the participation process entails the transfer of power from upper to the lower groups. Furthermore, Oliver (2010: 121) agrees with Foucault’s idea that decentralisation is a means of spreading out power. Hence, it is functions as a form of democracy to provide the powerless with a voice. Additionally, it forms a part of the agenda to increase the efficiency and to improve the initiative itself (Demerit, 2015: 225-226). Therefore, Mikkelsen (2005: 54) notes that to achieve the goal of sustainability, participation should be mainstreamed into development initiatives.

Chamber (1995: 30) adds that it means there should be a shift from the ‘thing’ centric to ‘people’ centric.

In the 1960s, the concept of participation emerged and was scaled up to the natural resource management context (Lawrence and Deagen, 2001: 857). Similar to many buzzwords in the development field, participation has diverse meanings in different groups, and it is still the subject of lengthy debates. Some groups regard participation as a ‘means’ to achieve larger goals, while others observe it as an ‘end’ to the initiative itself (Paul, 1987: 2). Paul, moreover, states that participation in the development context is not merely a passive action, as they can also navigate and influence the direction of the initiative. Participation may also help in ensuring equitable benefits distribution for the weaker group (Bamberger, 1988: 10). Bamberger further argues that the community’s active participation will promote the sustainability of the project. Nonetheless, it does not mean that participatory approach is risk-free as a particular continues to control the project so as to dominate the benefits (ibid.: viii).

However, one could question how far participation can achieve equity and efficiency with the given pre-existing socioeconomic inequalities and power relations (Agarwal, 2001: 1625; Gillespie, 2012: 259). In addition, Rahnema (2010: 139) adds that the society constructs the way of thinking, which produces un-free and biased individuals. Furthermore, he argues that the politicians have developed the participation concept to accomplish their own ends (ibid.: 132). According to him, there is limited proven evidence that reveals that participation has succeeded in bringing power to the powerless group (ibid.: 134). Regarding the state-public relation, Guaraldo Choguil (1996: 443) asserts that the degree of government attitudes towards participation is crucial to generate fruitful participation. Nevertheless, she claims that support may continue in the short term only, and as the leadership changes, a change in approach is inescapable. Moreover, Otto and Mutersbaugh (2015: 418) coins without clear process, people may perceive the obligatory participation as form of a neo-colonisation, and this may lose the initiative’s essence in raising awareness of sustainable development.

Previous studies have suggested several typologies for understanding various types of participations. For example, Arnstein's ladder of participation is the most popular categorisation of participation (Arnstein, 1969). Yet, many other typologies exist, most of which try to elucidate the correlation between power and participation. As such, Chambers (1995: 30) conceptualises a simplified typology to describe to what degree the stakeholders are engaged in the participation. First, he mentions a 'cosmetic label' as a traditional style, making up something to appear good, which in most cases has occurred in a top-down approach. Second, he describes a 'co-opting practice', where no ownership sense is present. Finally, he also refers to an 'empowering process', in which participation enables people to make their own decisions and to reverse the power relation to generate positive gains as a result of partaking in the participation.

4.4 Analytical framework

As previously discussed, this study assesses how power and knowledge interplay and affect participation in the sustainable certification context. To accomplish this, a political ecology lens is used to understand the power dynamic between the actors in managing and accessing natural resources. The political ecology explains the environmental problem as an interaction between the process, the human beings and the political system (Byrant and Bailey, 2005). Agreeing with Foucault's (1977) concept on the relationship and interaction power-knowledge, it allows to analyse the dynamic that can shape the integration process in sustainable certification. In managing the natural resources, the powerful actors' domination often appears to seek for legitimation in exercising their own interests. Moreover, in such sustainable initiatives, Rahnema's (2010) 'pure' and 'noble' participation concept barely occurs.

This study uses the analytical framework in Figure 6 below to examine the interplay between power, knowledge and participation, also analyse the institutional reform of the sustainable certification. To explain the power level, this study uses Chamber's (1995) terms of 'upper' and 'lower' actors, where the 'upper' actors refer to the state in different levels who have more power than the smallholders who are the 'lower' actors.

As explained earlier in the background section, the palm oil industry has attracted many interests, which consequently, makes it politically complex. Thus, to comprehend which factors drive such sustainable certification to exist, Orsato and Clegg’s (1999) political ecology is used to understand this reform. According to previous studies, the actors’ economic interest is the main trigger for sustainable certification. For this reason, in addition to the eco-factors, this study also investigates external factors, such as socio-economic factors, to evaluate which one is the main factor in urging the certification. The translation process of these factors can reflect whether the participation is used as a ‘means’ or an ‘end’ in such sustainable certification, and whether it indicates a power shifting from the powerful actors to the powerless, or whether the upper actors are merely exercising power over the lower actors.

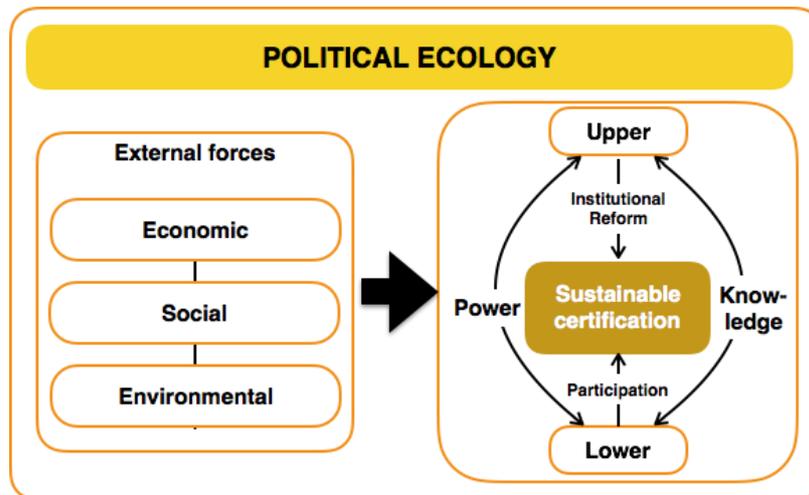


Figure 6. Analytical Framework

The interaction of power-knowledge also influences the effectiveness of the integration process. This study highlights how the process of disseminating information impels the actors to grasp an understanding of the phenomenon. Without information, no knowledge will be produced and no capacities will be improved, which subsequently turns into isolation (Clegg, 1989: 221). However, the existing unequal power relation may create asymmetric information amongst different level of actors and tends to frame the information to satisfy a certain interest. Hence, understanding how the information flow becomes a crucial factor in assessing sustainable certification.

Furthermore, the current capacity and power may also influence how the actors disseminate and absorb the knowledge. For instance, lower actors represent lower capacity and power, which limit their access to knowledge. On the other hand, the powerful actors do not necessarily possess adequate capacities to exercise their power. Thus, comprehending both actors' capacity may offer insight into the potential challenges in promoting the smallholders' participation in the sustainable certification chain.

5. METHODOLOGY

To examine the sustainable certification and participation, this study used a qualitative case study. As Yin (2009: 19-20) suggests, a case study can be applied to explain, describe, illustrate and enlighten the connection between an intervention and the real-life context. Furthermore, it provides a complete and in-depth understanding and aims to examine contemporary events, such as sustainable certification (Silverman, 2013: 142; Creswell, 2013: 98; Yin, 2009). Furthermore, Yin (2009: 15) highlights that the characteristics of a case study cannot be generalised to the universes or populations. Yet, it is rather serves as a vehicle to extrapolate the propositions for theories (ibid.). As such, the number of participants does not to address the representation of the statistical generalisation. Nevertheless, the case study captures the participants' viewpoints regarding the relevant theories.

The primary data collection was obtained through fieldwork, started in December 2015 to February 2016. Overall, 27 interviews were conducted with total 33 participants. Most of the interviews were conducted as individual interviews, while the remainder were group interviews. A preliminary desk review was performed to determine the research areas. Three regencies were selected amongst the eight regencies producing palm oil in the province. These areas were Batanghari, Tanjung Jabung Timur and Muaro Jambi. The key advantage of conducting research in a home country was that no language barrier existed, even when the participants had their own local dialects. Moreover, having contacts with people who were familiar with the research locations provided an ease access to enter the field. These people were the gate openers, who

introduced the participants for this study. They did not influence decisions that could be potentially change the research direction, as defined by Creswell (2013: 188).

5.1 Data collection methods

Several techniques have been used to capture information to understand the comprehensive government-led certification scheme and its implementation, from the national to local level. Multiple data collection methods were used and were also beneficial for triangulating the data. All the primary data were gathered via semi-structured interviews, either in individual or group settings, with various relevant actors. In addition, desk study has also been used to enrich the information based on legal documents, strategy documents, websites of public agencies and non-governmental organisations (NGOs). Bryman (2012: 471) notes that semi-structured interviews allow to a greater flexibility to ask different questions and receive other responses. The interviews consisted of questions regarding the smallholders' plantation, a farmer cooperative, access to information and finance, and their understanding of sustainable certification.

For this study, a purposive sampling strategy was used, as it could map the relevant actors who were able to answer the research questions (ibid.: 418-419). To investigate the ISPO implementation and the smallholders' participation, this study covered a broad range of actors from various levels and groups. The actors were divided into two big groups, smallholders and government officials. The smallholders were then categorised into smaller groups as independent and scheme smallholders. Both types of smallholders possessed information differently about the sustainable certification. Hence, it was also relevant to investigate the variances between these groups in more detail.

Overall, 25 interviews were conducted with smallholders by means of 15 individual interviews and 4 group interviews, comprising 18 independent smallholders and 7 scheme smallholders. The majority of smallholders who participated in this study were males, 23 of 25 smallholders, which indicated that in Indonesia, cash crop is a male-dominated sector (World Bank, 2012: 227). In the government officials

group, the interviews were carried out from national to local level, consisting of 3 from national level, 3 from the provincial level and 1 from the local level. Finally, an interview with a local NGO, who is also a member of the RSPO certification, was also conducted to explore another perspective about the sustainable certification.

All the interviews were conducted in their natural setting, meaning that the study was performed in the interviewees' place, either at home or at workplace, rather than gathering them in one particular setting. This was considered as a more effective way for attaining knowledge of the participants. Otherwise, the responses might have been different. The voice recorder was used for collecting the information and the participants' consents were asked before turning on the voice recorder. Yet, this did not apply to all interview sessions because some participants, particularly some smallholders, declined to have their interviews recorded. Thus, for these particular cases, notes were taken so the interview sessions could be continued. In addition, the information about the area development were also gained through informal conversation with a regional planning officer, who was one of the gate openers.

5.2 Data analysis

An abductive approach was used in this research. This approach allowed to understand the phenomenon from the participants' perspective but not losing the theoretical ground (Bryman, 2012: 401). A number of topics about the current phenomenon had been defined based on the previous existing research related to the implementation of the ISPO and smallholder's livelihood. However, in fact, in the field, the participants expressed that the implementation of the ISPO has not started yet in their areas. Thus, the direction of this study has slightly shifted from the implementation process to the participation. Based on the chosen topic, the questionnaires, which guided the semi-structured interviews, were developed. During the interviews, a great deal of information was gained. Subsequently, the transcription process was done hand-in-hand with data collection. Furthermore, specific codes related to the area of research were added to the transcription, such as information, training, interaction, power relation, knowledge, participation and cooperation. The next process was to group the code and to create themes. This step aided to observe the patterns in the data. From these patterns,

a story flow was created to divide the analysis part into three sub-categories. The next step concerned the interpretation of the information (Creswell, 2013: 200). The result is presented in both text and visual, such as figures and tables, to easier construe the information flow, the relations between the actors and how it impacted the participation in the certification process.

5.3 Reliability and validity

To eliminate research bias, it is essential to ensure the reliability and validity in qualitative research (Ragin and Amoroso, 2011: 23). Therefore, this study is utilised several research approaches, in which data were collected from multiple sources and actors; this is called construct validity (Yin, 2009: 41). The purpose is to expand the richness of the information and to establish how the participants regard the issue. Second, the findings in the fields were extensively described to provide insight into the the research setting (Holliday, 2007: 75). Third, to clarify the bias in the study, self-reflection is used to elucidate the interpretation of the findings that might be subjective due to the researcher's background and positionality. Moreover, to increase the reliability of this study, all the procedures were documented. Finally, to minimise any misinterpretations, the transcriptions and coding were verified.

5.4 Ethical consideration and limitation

Scheyvens and Storey (2003: 149) highlight the power imbalance between the researcher and the respondents in collecting data. In this study, the superior responses from the government officials were inevitable during the interviews. On the other hand, for the majority of smallholders, the situation was reversed. For instance, the researcher was not perceived as a neutral actor. Most of the interviewees regarded the researcher as an external party with an easy access to government. This perception might influence their responses. Thus, to undertake this issue, the interview process was mostly listening to their stories but still adhered to the interview guideline. In addition, personal arguments and opinions that might lead their answer to a certain direction were also minimised during the interviews. To acquire their understanding of the topic, questions were also paraphrased and reformulated. Moreover, to also minimise any unequal power

feeling, the researcher's appearance and conduct was respectful towards all participants (ibid.: 151).

Simultaneously, throughout the data collection in the field, a reflection on the process was written down. Bryman (2012: 394) argues that reflexivity is critical in constructing the knowledge from the researcher's standpoint, presenting the implication and the importance of the decision made. Thus, it is crucial for the researchers to be aware of their personal background and experiences during the research, which may indirectly guide the research into a particular direction. For this reason, the purpose of the study was clearly explained since the very beginning of the study to also foster greater openness from the participants.

Additionally, to keep the integrity, this study maintained the participants' privacy, anonymity and confidentiality of the participants. As such, the participants' name are not revealed in the research, but are coded to indicate to which group the participants belong. In addition, a voluntary consent was also asked before the interviews were conducted. Ideally, this consent is gained through a signature on the consent form (Creswell, 2013: 134; Silverman 2013: 312). However, asking the participants to sign a formal document might have caused misunderstanding and could possibly undermine their trust. Thus, the verbal consent was considered as better option for this study.

6. ANALYSIS

This chapter assesses the power dynamic in the ISPO certification and how the dynamic affects participation in the certification chain. For this purpose, this study uses the political ecology lens to examines the interplay between power, knowledge and participation. First, this section examines how the power dynamic shapes the government to reform its institution by introducing national sustainable certification scheme. Second, it investigates how the power dynamic affects the information flow from the government to smallholders. This study argues that information is essential to make the implementation more effective and efficient. Yet, the smallholders with limited power have limited access to information, which subsequently turns into the absence of knowledge production and capacity improvement to be able to participate in

the certification chain. Each actor may have different capacities in disseminating and acquiring the information. Therefore, the final part of this section explores of both actors' capacity to figure out which factors can challenge to the inclusion of smallholders in the certification chain.

6.1 Institutional transformation of the ISPO formulation: to which direction?

The governance of the palm oil industry chain is institutionally complex. Many interests invoke the industry from upstream to downstream. Moreover, each interest has its own ends, which often conflicts with other interests. In turn, the lowest actor in the chain becomes the most vulnerable group because of its limited capacity to exercise its own will. The power dynamic between the actors affects the equitable participation of all the actors in the chain. Hence, the factors that induce the formulation of such certification can reflect whether the participation implies a power shift or whether the powerful actors merely exercise their power over the powerless. Therefore, this section examines the institutional transformation for the ISPO formulation.

As discussed earlier in theoretical framework chapter, to explain the transformation, this study adopts Orsato and Clegg's (1999) political ecology framework. This framework critically scrutinises whether the environmental factor is the main reason to urge transformation or if there are other factors that impel the transformation. Figure 7 below provides an overview of the factors that lead the government to reform its institutions by introducing the ISPO certification for its national commodity, and how this new reform is integrated into the existing system and social relation.

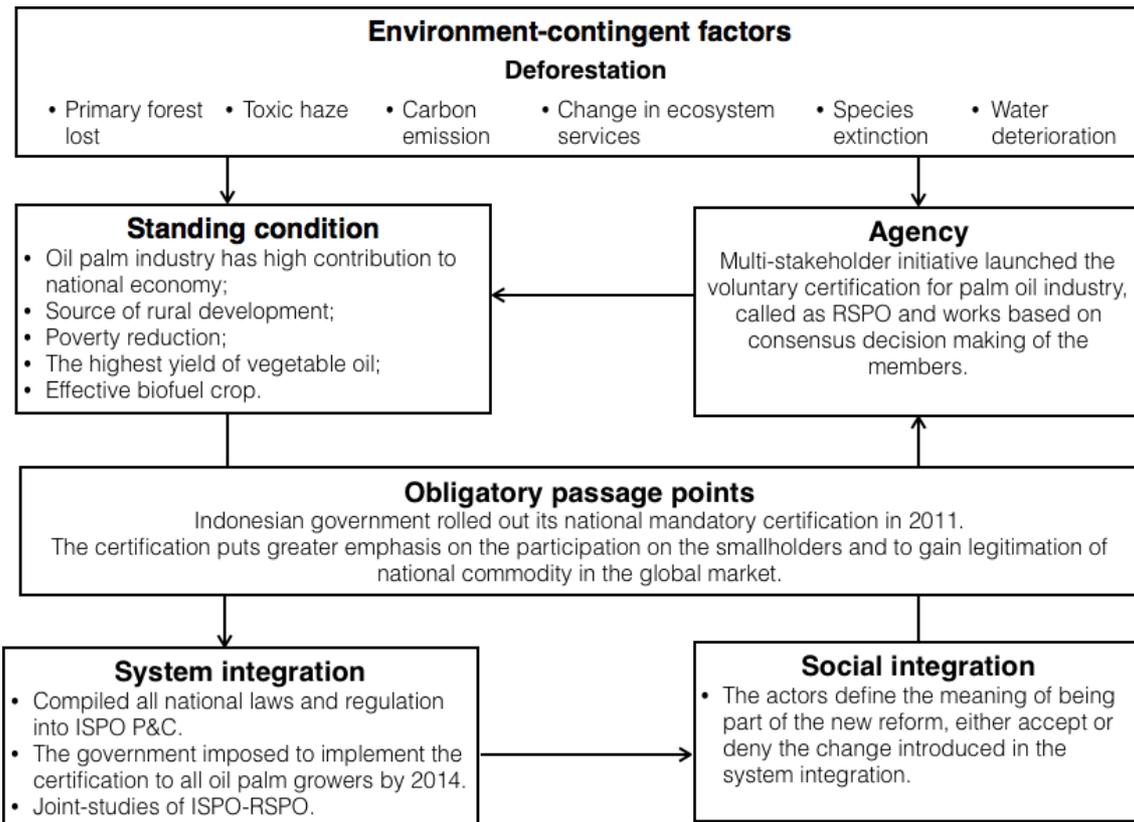


Figure 7. The ISPO formulation in the political ecology framework

Standing condition: economic legitimation for the expansion

As already mentioned in the background section, the negative environmental impacts of the industry expansion have caused public anxiety. These impacts are called as eco-factors in the framework. Regardless of the concern, not all the stakeholders have the same sense of urgency regarding the environmental and social issues (Interview GOV5, 2016). For instance, the proponents of the industry growth believe that the expansion plays a significant role in poverty reduction, as millions of people earn their living in the value chain. The industry also has a high contribution to national income and rural development. Moreover, the global concern to find the best alternative to replace fossil fuel has put palm oil as the most demanded replacement since it has the highest yield compared to other vegetable oils. Thus, it could be argued that direct termination of the industry is not a good solution because it may trigger other problems.

Agency: the debates on the RSPO

In order to keep supporting the enormous economic development and minimise the negative campaigns of palm oil products, the business actors and an international NGO, the WWF, agreed to create an immediate solution. Thus, in 2004, they introduced a private multi-stakeholder voluntary certification, called the RSPO. This certification has been introduced to answer weak law enforcement to produce more responsible products. The RSPO offers open dialogue amongst its members that represents upstream and downstream actors in the industry, financial institutions and environmental and social NGOs. It adopts the participatory approach in the certification and stresses on the consensus decision-making from its members. However, in its implementation, the RSPO received many criticisms and challenges. First, the majority of the RSPO members come from the industrial line, which caused concern as the RSPO could subsequently accommodate the business interests. Second, a difficult process and high costs to obtain the certification have resulted in a limited number of smallholders to participate in the certification (Interview GOV2, 2015). Third, without technical and policy support from the national authorities, the implementation of such private certification faces serious challenges to be an effective governance. All these debates demonstrate that the implementation of the RSPO is not an easy task to accomplish.

Obligatory passage points: the ISPO formulation - seeking for legitimation

As a new institution, the RSPO plays a critical role in creating or changing the existing institution, particularly how the national state views the issues. Orsato and Clegg' (1999) argue that the involvement a new actor or agenda in controlling and accessing natural resources can transform the legitimacy of a circuit of power. In this light, the RSPO acts as a catalyst for the national government to urge its national legitimation by strengthening its institutional framework as a control mechanism for the industry (Giessen et al., 2015). Thus, in 2011, the ISPO initiative was established under the Ministry of Agriculture. It is institutionalised under national laws and regulations which makes it mandatory for all actors in the chain, particularly for the oil palm growers and the processing companies. Furthermore, the ISPO system reflects Sayre's (2015: 512) arguments about the state's intention to control its sovereign boundaries by its own policies to access wider market.

The ISPO itself is a reaffirmation of laws and regulations that have been established. In addition, the government believes that this initiative can break the link between environmental degradation and other social problems and the palm oil production. It is, moreover, strengthening the regulations from the forestry, plantation, environmental, agrarian and spatial planning. It also accommodates specific laws such as taxation and labour laws for the plantation companies. Hence, it is similar to a 'driving licence' for every plantation in Indonesia based on the legal and regulatory requirement (Interview GOV1, 2015).

Evidently, the EU's direction for biofuel has made the EU market an attractive export destination for palm oil. Currently, the EU market is dominated by the Malaysian products, while Indonesian products mostly dominate the emerging Asian market, such as India and China. The main reason for this is the tight regulation in the EU market concerning sustainable products; this regulation hinders Indonesian products to enter the market. Thus, the government also seeks legitimation of its own certification by promoting the ISPO initiative to EU countries. By the end of 2015, the government approached the German, Dutch and Belgian officials to gain recognition of the ISPO certification (Interview GOV1, 2015). These reasons reveal that the economic factor is more apparent to urge the ISPO implementation.

System and social integration: unequal power relations in the integration

As the legitimation comes through the system and social integration (Clegg 1989), streamlining the reform to all the stakeholders in the industry is imperative and the most challenging part. This study reveals that, currently, the ISPO implementation still lacks in its integration. Therefore, it requires extra efforts and more transparency in its process. Moreover, the integration process may take much time to complete due to the unstable political climate amongst the actors. First, there is an unclear direction from the regulatory bodies, between the ISPO commission and RSPO Secretariat. Both parties have conducted several joint studies to examine the similarities and differences between the principles and criteria from both standards. Yet, it remains unclear to which direction the corporation will go. However, on the government side, they argue that the

foundations of both certifications are different. They also believe that a government-led initiative is more acceptable in the market because it is based on national laws and regulations rather than on a consensus (Interview GOV1, 2015).

The RSPO focuses on the buyer's requirement while ISPO concentrates on the country's requirement. The regulatory bodies who formulated the standards were also different. The principle and criteria of the ISPO need a lengthy period to be applied through a tough process in the parliamentary system, while the RPSO is just based on the consensus agreement from the members that can possibly decide in a meeting. (Interview GOV2, 2015).

The contradiction is also supported by the fact that the supporting actors have dissimilar interests. For instance, during its first introduction, the Indonesian Palm Oil Producers Association (GAPKI), as one of the most powerful players in the industry, withdrew from the RSPO and declared its support to the ISPO initiative, while, a local NGO in Jambi province, expressed scepticism toward the ISPO formulation (Interview NGO1, 2016). As such, the NGO questions the ISPO's integrity and credibility and argues that the implementation of the ISPO is merely a political play between the governmental agencies. These discussions clearly exhibit how the actors' different interests impede the integration of the new reform. The unclear stand of both regulatory bodies may cause confusion to the other stakeholders and can imply inefficiency (Von Hagen and Alvarez, 2011).

Furthermore, the power relation between the internal state agencies also determines whether the reform can be effective. Although the ISPO scheme is a compilation of the existing laws and regulations, it lacks an overarching regulation that can accommodate the state agencies' interests. Thus, at each level, they prioritise their own benefit. Moreover, according to Foucault's (1977) thinking that power distribution by means of decentralisation has other consequences. To a certain extent, it means freedom to local authorities to exercise their will. However, it can also mean misuse of power to prioritise economic gain and to undermine other issues. Often, the local authorities allowed the larger plantation companies to operate without considering the carrying capacity of their region, which destroys the local environment in the long run. In addition, the provincial government does not have right to process such cases because it operates under the local administration (Interview GOV5, 2016). For example, the latest

mandate from Ministry of Agriculture No. 11/Permentan/OT.140/3/2015 disclosed that the companies might lose their licence to operate if they failed to register within six months after the latest notice of 18 September 2015 (Interview GOV2, 2015). Yet, in fact, there is no legal enforcement from the local authorities to apply the regulation (Interview GOV5, 2016). The local authorities may have other considerations before revoking a company's licence, as the local economy can be affected by this decision. In this case, it presents that the local political economy highly influences the local authorities' decision-making process.

Subsequently, in the ISPO integration, the relationship between the state and the smallholders is not clearly reflected in the transformation. The national state, as the powerful actor, often seeks to impose a new reform on the weaker actors (Byrant and Bailey, 2005: 44). Nonetheless, to date, the ISPO initiative seems still focus on certifying the private companies because the target to certify all the cultivators by 2014 has not been achieved yet. Thus, when it comes to smallholders, particularly independent smallholders, the state does not appear to possess a master plan to integrate the smallholders into its chain since it is currently not mandatory for the smallholders (Interview GOV1, 2015). The state, moreover, argue that the large number of smallholders and their scattered locations obstruct their inclusion in the certification (Interview GOV2, 2015). Additionally, the ISPO commission currently relies on the pilot project result from the UNDP's to find a better way to integrate the smallholders into the chain (Interview GOV3, 2015).

The above-mentioned reasons indicate that the government is deficient in the preparation stage, as they first need adequate infrastructures before putting the policy into practice. Therefore, if all milling and refineries companies are certified, they automatically will prioritise the certified FFBS. Subsequently, the cultivations from the uncertified smallholder may end to be marginalised because it cannot access the market.

The existing unequal power relations in the industry lead to asymmetric information in the industry. The smallholders' current position on the bottom of the chain may also hinder to access knowledge about sustainable certification. Thus, to have a more comprehensive understanding, the next section examines the information flow,

specifically regarding the ISPO system, and assesses which parts works and which ones do not.

6.2 The missing link: where does the information flow?

It is apparent that the implementation of the ISPO is a top-down approach without clear direction of information dissemination. While, the information is important to acquire knowledge and enhance the capacity for this reform. Additionally, the current practice in the field ignores Eden’s (2011: 170-171) suggestion about the importance of knowledge to effectively implement the sustainable initiative. To date, little is known about the most suited mechanisms to encourage participation. The current stage of participation is still a ‘cosmetic label’, as it mirrors the lowest level of Chambers’ (1995) typologies regarding participation. It is, therefore, fair to assume that the mandatory requirement does not directly lead the oil palm growers to adopt the standard. Thus, Figure 8 below presents a simplified information flow about the ISPO initiative, where the solid line represents the clear information flow and the dotted line expresses indistinct flow.

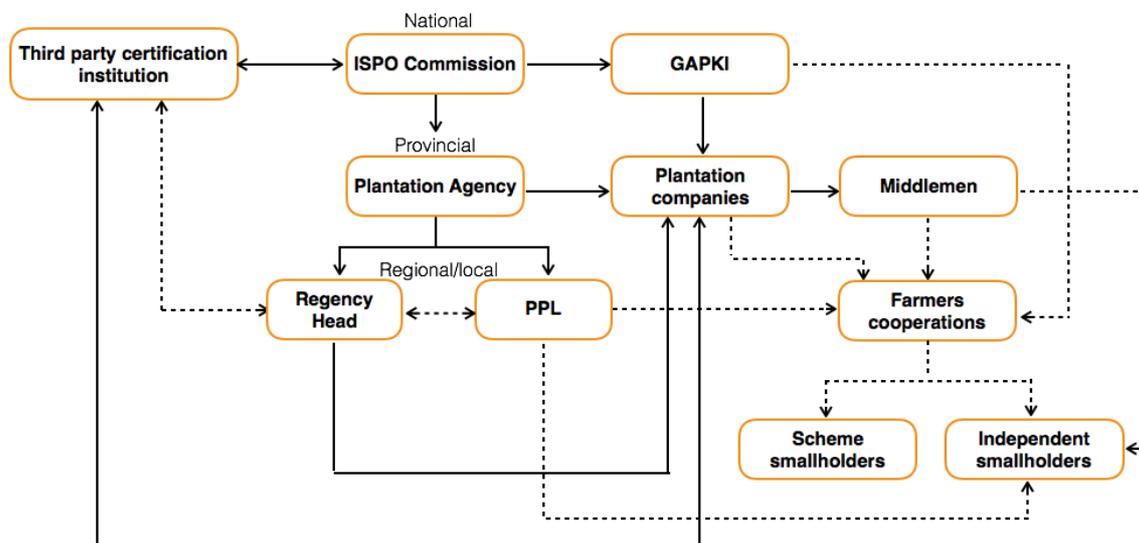


Figure 8. The flow of information for ISPO certification

The direction of the ISPO certification was established by the national government to increase market opportunities for the domestic commodity. Thus, the Ministry of Agriculture acknowledged the concern about the sustainability of the industry. As a result, the ministry formed the ISPO commission to compile the relevant laws and

regulation from the various governmental agencies. The laws and regulations derived from the Ministry of Agriculture, the Presidential Decree, the Ministry of Environmental and Forestry, the Ministry of Agrarian and Spatial Planning, the Ministry of Justice and Human Rights, the Ministry of Finance and the Ministry of Industry (Interview GOV1, 2015; Ministry of Agriculture, 2015).

However, there is limited evidence that all these governmental agencies have been working together to discuss the certification strategy. For instance, to become certified, the smallholders are required to form a farmer group or farmer cooperative. In this case, the government should also integrate the Ministry of Cooperative and Small-Medium Enterprise in the policy implementation. Nonetheless, little information available to testify an integration action from the relevant state agencies (Interview GOV2, 2015; Interview GOV5, 2016). Hence, the policy implementation is seen solely a scheme of the ISPO commission rather than a consensus decision between the government agencies.

To formulate the principle and criteria, the ISPO commission worked together with the GAPKI. The GAPKI is one of the most powerful actors in the industry. As an umbrella organisation for the palm oil industry, it has a strong interest in the industry development. Nevertheless, it is important to note that not all the oil palm growers are part of this association, as some smallholders perceive that the association is highly politicised and does not offer benefits to smallholders (Interview SH8 & SHG1, 2016). Thus, according to these smallholders, it is better to be independent.

Since 2011, The ISPO commission embarked the implementation with socialisation to lower governmental level. They organised a national meeting and invited the relevant provincial authorities to explain the reform (Interview GOV5, 2016). Subsequently, the provincial level has full authority to pass on the information (Interview GOV3, 2015). This study reveals that not all governmental officials have a clear understanding of what the ISPO certification and its implementation process entail. Currently, there is no room for monitoring and evaluating whether the information has been communicated properly in each level and whether all level possess the same knowledge and understanding.

Consequently, the process is merely a one-way communication to achieve the target to register all the oil palm cultivators. Thus, it can be concluded that the participation here implies to an 'end' rather than a 'mean' for sustainable certification (Paul, 1987: 2).

Furthermore, the provincial level disseminated the information with two approaches. First, they gathered the agriculture training experts (PPLs) who were available in each district. The provincial officers expected the PPL to convey the information to independent smallholders, considering their massive number and scattered locations (Interview GOV6, 2016). Therefore, this was considered the best option to reach more independent smallholders. Second, they invited all plantation and processing companies in the province to inform the new reform. Subsequently, the companies were expected to deliver the information to the smallholders, particularly the scheme smallholders who are part of their operations.

However, at the beginning of 2016, the participation rate from the companies who registered in Jambi province is still relatively low. From 42 large and medium companies in Jambi province, there are only 8 companies ISPO certified and 21 others have submitted their application, while the rest have not yet exhibited their willingness to participate (Interview GOV5, 2016; Statistics of Jambi Province, 2015b). The reason for this is that the provincial authorities have limited power to impose the regulation. This places the provincial officers in a difficult position. Moreover, they do not possess the capacity to force the companies because the authority is at the local level. Hence, they can only send reminder letters to the companies who had not registered by the specified date. A provincial officer expresses his thought of the ISPO implementation:

In theory, the ISPO implementation seems no problem, but in the field, it is the opposite. The constraints can vary. It can be a bureaucratic issue because not all the authorities at the provincial level, some are at the regional and local level. Also, the implementation is mostly around technical expertise. Sometimes there was a disagreement between the auditors [certification institutions] and the area head about the audit results. This due to the local leader also has the political function, which has another target that they want to pursue. (Interview GOV4, 2016).

Moreover, since the late 1990s, the local governments have had a full control of their area through the decentralisation policy, including the investment decisions to increase their economic opportunities (Interview GOV5, 2016). Thus, the local government has the rights to approve or reject the legal status of oil palm business. The latter is not the case because the rejection means a reduction in the economic growth, especially for the areas that only have palm oil industry as their source of income.

At the local level, farmer cooperatives have a crucial role in the oil palm plantation. First, they have capabilities to provide financial support to the smallholders for fertilisers, savings and loans (Interview SHG4, 2016). Second, they function as a channel for the external information such as the national programme for agricultural subsidies and for the information on sustainable certification. However, at a more micro level, there are differences between farmer cooperatives who work under a contract with a large plantation company and those who are not. In addition, a number of smallholders cooperating plantation companies, revealed they have heard about sustainable certification yet they do not fully understand the implementation and practices (Interview SH4 and SH5, 2016). Moreover, their agricultural practices only follow the companies' instructions to meet the requirement, which entails that they can sell their crops to the companies at a reasonable price.

On the other hand, the independent cooperatives are barely involved in the local authority's activities (Interview SHG4, 2016). Consequently, they have limited knowledge about GAPs and what sustainable certification implies. Moreover, the situation is more challenging for smallholders who run their plantation individually without any support from the cooperatives or associations. Due to limited infrastructure, the local authorities conveyed the information through farmer cooperatives rather than talking to individual smallholders (Interview GOV6, 2016). In most cases, the independent smallholders, who run their plantation individually, have no access to information. Thus, in this situation, the middlemen play a crucial part in the industry. These middlemen should not only connect the crops to market, but should also provide information to smallholders because they are connected to the companies.

In their first function, the middlemen offer a transportation solution to smallholders to access the market. The reason for this is that smallholders often produce products in an isolated area, which entails that some of the smallholders are unable to transport their crop. Nevertheless, to maintain the palm oil quality, the FFB should be processed within 24 hours after harvest. As such, the middlemen's vehicles from the middlemen aid them to keep the quality to be accepted by the processing companies. Additionally, as a common business, the milling processing company desires to be as efficient as possible in its operation. Dealing with many smallholders who have a limited amount of product is seen as an ineffective and inefficient process (Interview SHG4, 2016). Thus, the middlemen collect all the harvest from the smallholders and then sell it to companies; however, this also means that the smallholders become an easy prey for the middlemen. To illustrate, the smallholders have to accept unfair prices because they do not have other options because the middlemen charge the transport costs.

In the study areas, the second function of middlemen does not appear to be working well since all independent smallholders claimed that they never heard about the ISPO and other sustainable certification. When they were asked about what they know about sustainable palm oil, they responded differently. For instance, one smallholder divulges about the seed certification that they obtained from the regional agriculture office (Interview SH3, 2015). Another smallholder describes legal land certification for plantation (Interview SH8, 2016). Yet, no one knows the comprehensive information about the ISPO. Their interactions with middlemen only relate to FFB and the commodity price (Interview SH1, 2015; Interview SHG3 and SHG4, 2016).

As observed in Figure 8, the line between the PPL and the independent smallholders is dotted. Hence, the previously outlined situation confirms the insufficient information flow. Furthermore, one smallholder even indicates that he does not understand the function of the PPL in his area (Interview SH3, 2015). Another smallholder adds that most of the smallholders in the area conduct their cultivation independently without any assistances from the PPLs who should be responsible for it (Interview SH7, 2016). As one smallholder explains,

I saw her [the PPL] sometimes. However, she rode a motorcycle and just passed by, did not have any interaction with the smallholders. I do not know

what she did in the area. In addition, sometimes there were governmental officers came to conduct the surveys. They asked detail questions for the plantation and about my household condition, but I did not understand the purpose. I only knew they are from the government officials and they asked me to sign the participation paper. I just wanted to help.” (Interview SH3, 2015).

In line with the Rahmena’s (2010: 139) argument, the smallholders already have a preconception about the government’s programme. As such, a number of smallholders are cynical toward this new reform as most previous governmental initiatives have been mostly unsuccessful (Interview SH3, 2015; Interview SHG3, 2016). They express that the ISPO can possibly be just a project to accomplish the government officials’ wills. Therefore, the smallholders’ lack of trust can result in resistance. Simultaneously, without proper knowledge, the smallholders may assume that a sustainable certification such as the ISPO, is merely a new manner to push them into a neo-colonialism thought rather than improving their capacities or livelihood (Otto and Mutersbaugh, 2015: 418). Additionally, due to the uncertain price fluctuation, the smallholders are questioning who can assure that they will receive at least the same investment costs for certification (Interview SHG3, 2016). The unclear cost and benefit may become a burden for them (Otto and Mutersbaugh, 2015: 423-424). As a result, the certification will only be available for those who have a strong financial capacity. However, without certification, they become more vulnerable to market discrimination, in which will not allow their crops to enter to market in the near future. This results in an unequal distribution of costs and benefits regarding the ISPO certification (Byrant and Bailey, 2005: 40).

The above discussions demonstrate how the dynamic between the actors in the certification process generates an unequal information distribution, which then leads to inequitable participation in the certification chain. This unequal distribution also influenced by the actors’ capacity to transfer and absorb information. This does not only apply to smallholders but also to the government who introduced the certification. Thus, the next part in this chapter elucidates the current capacity of the smallholders and the government, which may hinder the implementation process.

6.3 Whose capacity is lacking?

As the ISPO has been introduced to all growers in the palm oil industry, the challenge is how to carry out the reform that has been established to have equitable impact to all actors in the chain. Thus, this section discusses the potential factors that may inhibit the smallholder's inclusion in the certification. As previously mentioned, this study does not only examine the smallholders' capacity but also analyses the government's capacity in implementing its policy reform. This study focuses on four critical areas to have smallholders on board; namely, the legality concern, the economic return, the GAPs and the organisational capability of both actors.

Land legality concern

The first principle and criteria of the ISPO certification is the legality aspect. Here, the smallholders have to proof the legal ownership of their plantation and the locations for operation have to be approved by the spatial planning office. As discussed earlier in the background section, the complex and bureaucratic procedures in the Indonesian governmental system do not make it attractive for smallholders to legalise their land. A village head, who is also a member of smallholder cooperative, reveals that the majority people is already comfortable with their land title without official registration, for instance, a reference letter from the village head is already enough for them (Interview GOV7, 2016).

Evidently, this is one of the largest challenges for obtaining certification. Without robust and clear action from the national government to reform its bureaucratic procedures, the land legality is one of the factors that impede the smallholders' integration process. Yet, reforming the bureaucratic procedures is not an easy task. A corruption problem in the governmental system may also exacerbate the reformation process. Additionally, the unclear structure and distribution of authority and accountability in decentralisation process have led each level of the governmental authority to impose their own interests. This, consequently, results in an ineffective policy implementation.

Unclear economic benefit

The adoption cost of the certification is another issue that needs to be tackled to be able to integrate the smallholders in the certification chain. To illustrate, the oil palm growers are required to hire an independent third-party certification institution to become certified. In most cases, the smallholders have limited financial capacity. They already spend much money to maintain the quality of their plantation in their regular operation. Hence, an additional expense becomes another burden for them.

Moreover, the price volatility often creates income insecurity for the smallholders. When the commodity price was high, they can gain much money and generate new assets. For instance, one smallholder expresses that she can afford to build a house, send her children to school, buy a new asset and add more land for a new plantation (Interview SH13, 2016). However, once the palm oil price decreases, they face a very vulnerable situation, especially for those who only rely on the oil palm crop as their main source of income. As a result, they prefer to simply let the harvests decay on the trees rather than sell it because the selling price could not cover the harvesting costs (Interview SH8, 2016). In addition, other independent smallholders reveal that even though they know it may negatively affect the FFB quality, they need to reduce the fertiliser application since they cannot afford to purchase it (Interview SH11 and SH12, 2016). In another case, a regional planning officer discloses that a consumptive lifestyle often makes them trapped into high debt and sometimes they need to sell their assets to return the debt.

However, currently, the government does not provide any subsidy or cost recovery plan to cover the certification cost. They argue that the ISPO certification is compulsory for those who operate in Indonesia; thus, no incentive is needed to follow the national laws and regulations (Interview GOV1, 2015). Interestingly, the government officials cannot estimate the cost for adopting such certification (Interview GOV2, 2015). They rely on the third-party such as the UNDP to create an estimation. Moreover, the lack of a master plan in the ISPO development generate uncertainty about what the certified growers may receive in return. While, currently, the smallholders' concern is the short-term economic gain. Without a clear and an effective communication platform to increase the

smallholders' understanding of other issues beyond the economic return, the smallholders may refuse to participate in the certification chain.

Inadequate GAPs

The ISPO certification regulates all agricultural practices related to the plantation from its seeds to end products. Thus, the certification can be beneficial for smallholders if they have the knowledge to apply GAPs. However, they need knowledge about how they can put it into practices. In the current stage, the smallholders, especially the individual independent smallholders, have limited information about the GAPs. The majority of smallholders, who changed from the rubber or other food crop cultivation, use trial-and-error practices, imitate or copy their neighbours' practices and have no training to support their plantation. According to one of the smallholders, "It would be very useful if we have trainings to improve our plantation quality. We wish to have trainings but we never got it, not even once." (Interview SHG1, 2015). Limited knowledge about the GAPs may hamper their productivity, which results less income. To a certain extent, some smallholders act manipulatively to generate a better income. For instance, a regional planning officer reveals that the smallholders occasionally mix their crops with unqualified FFBs or water to add weight before they sell their cultivation.

Thus, it is important to recall that the goal of the sustainable certification is the sustainability in itself. The government also needs that ensure the current initiative is not just for a temporary period. Historically, in most practices, support from the government officials only lasts for a short period. This corresponds with Guaraldo Choguil's (1996: 443) argument that when a leader in the institution changes, the initiative may also change depending the leader's interest. Moreover, making the scheme mandatory does not lead to an increase of the smallholders' awareness about the objective of sustainable certification. As discussed earlier, the smallholders are keen on economic opportunities and only a limited number of smallholders understand the GAPs. Hence, an efficient knowledge transfer coupled with an effective communication platform is required to guarantee that all actors comprehend the important of sustainable certification.

Organisational incapability

To be able to participate in the ISPO certification, the smallholders are required to form a group. The group formulation makes the certification more visible economically for the smallholders. It also offers the smallholders a bargaining power toward their plantation companies and support from the group. However, this study finds that not all the individual smallholders have the intention to form a group. A smallholder expresses that to form a group, trust and the same vision from all the members are required (Interview SH8, 2016). Nonetheless, he further argues, in most cases, each smallholder wants to gain for their own wealth. This clientelist relation impedes the group formulation, which could lead to no participation at all. As such, it is imperative to clarify and convince the smallholders of the benefits of a group. Otherwise, the current proposed system may not be effectively implemented.

In addition, the government's capacity does not appear adequate to have the smallholders on board shortly. Thus, strengthening the governance is essential to ensure effective implementation. Furthermore, a deficiency of resources makes it more difficult to control the implementation sufficiently. In some cases, the third-party certification institutions also misuse their function since the certification becomes a new field of business. Limited control from the government official makes it possible for some institutions to conduct the audit of the ISPO and RSPO simultaneously (Interview GOV2, 2015). Moreover, to minimise costs, the certification institution did not hire additional auditors. Thus, the reliability and credibility of the certification result may be questionable. Moreover, the limited number of third-party certification is also an obstacle for the inclusion of smallholders. To date, there are only 11 qualified certification institutions, while more than 400 companies have been applying, and only less than a third has been awarded the certification. As such, how to bring the equitable participation from all smallholders because of their large number and heterogeneity is still a big concern.

7. CONCLUSION

This study aims to contribute to the literature of the ongoing debates about sustainable certifications. It examines the interaction between the actors in the government-led initiative, the ISPO, and how the power dynamic affects smallholders' integration in the

chain. The study focuses on upper and lower actors in the certification, the state and smallholders. The case study was performed in Jambi province in Indonesia, which is one of the important player in the palm oil industry. To investigate the power interplay between the actors, this study used in-depth semi-structured interviews as primary data combined with desk research and informal conversation with the government official. Hence, the data cover a broad range of governmental actors from national to local level and various smallholder groups. Moreover, to have another perspective on the ISPO certification, an interview was held with a local NGO who works closely together with smallholders in the RSPO certification system.

This study argues that the interaction between the actors is not a linear process, as the powerful actors tend to guide the issue into a certain direction to pursue their own interests rather than achieve the sustainable development objectives. As such, the political ecology concept has been used to unfold the power dynamic in the complex natural resources management and conceptualised the relation between power, knowledge and participation. Agreeing with Foucault's (1977) idea about the importance of power-knowledge interaction, it enables to understand how effective the participation process, whether the participation implies as a 'means' or as an 'end'.

The research findings indicate that the introduction of ISPO initiatives is politically driven by the economic interest, which undermines the environmental concerns. The powerful actor, which is the government in the ISPO certification, seeks public legitimation to control its natural resources in its sovereignty. The notion of participation in the institutional reform is often used as a campaign to integrate all actors, including the smallholders. Yet, there is still limited evidence to verify that the current process is heading toward that direction. Moreover, although the public vs. private certification declared that they developed a strategic collaboration to understand each other scheme, it appears that an institution war has sparked between them. This study finds that the intention to cooperate is still based on each other interest in securing their own markets, which entails that the future direction of this cooperation is still unclear.

Furthermore, the decentralisation policies that have been established in more than a decade do not directly ensure a democratic participation and equal power distribution. This existing power imbalance influences the information flow, which is crucial for knowledge production. The ones who have less power may have limited access to information. As a result, it may cause marginalisation for the powerless regarding the access to the global market. Additionally, the government urges to implement the policy by certifying all the oil palm growers without having a clear master plan to disseminate the information. In the current stage, there is no room to monitor and evaluate whether the current system is working or whether it requires improvement. Forcing the regulation without communicating the essential knowledge may be perceived as a form of neo-colonialism rather than building awareness of the sustainable issue (Otto and Mutersbaught, 2015: 418).

Moreover, the smallholder group is not a homogenous actor in itself. Each group has different capacities depending on the group to which they belong. Yet, the discussion of the capacity is not limited only to the smallholders' side, as the government's capacity to put its own policy into practice is also restricted. One of the big challenges is the legality issue. The current bureaucratic system and unclear procedure may counter the smallholders to obtain the certification in this short period. Besides, lack of support and weak law enforcement may hinder the participation process. Additionally, from the discussion in the analysis section, it is evident that the smallholders are mostly interested in economic gain to ensure their income security. Thus, the absence of supports or premium price may also obstruct to have smallholders in the certification chain.

It is clear that inadequate planning of the overall ISPO system and lack of an effective communication platform challenge the smallholders' integration in the certification chain. Generally, the smallholders have limited knowledge about the best practices. Therefore, they usually learn from their neighbour or use trial-and-error method. As such case, the equitable participation is not visible in the short term, which may create struggle for the smallholders to access the market. Moreover, on the government side, the current resources do not appear to be adequate to monitor the implementation.

Additionally, incoherent policies from national to local government agencies may lead to ineffectiveness of the transformation.

Evidently, the government as the initiator of the national certification should work hard to resolve the confusions in the value chain. Hence, strengthening its internal capacities is required before putting the policies into practice. Furthermore, the sustainable certification is more than simply participation, as the participation is not an end in itself. Therefore, a clear strategy map of such sustainable certification aids to plan carefully and reveal which parts are already in place and which areas that need extra attentions.

Based on the research findings, this study suggests that despite the upper and lower actors in the sustainable certification implementation, there is also a need to consider 'middle' actors' participation. The involvement of these 'middle' actors is the missing puzzle piece that may help to convey the information to smallholders by considering the current government capacity. These actors can come from the external governmental structure, for instance, the NGOs. They can play a critical role in improving the robustness of the implementation and encouraging more engagement from other diverse actors.

This case study did not attempt to generalise all the sustainable certifications, particularly in the context power, knowledge and participation. To capture all cultural and ethnicity differences that may construct preconception about power relation, future research should also be coupled with broader geographical perspective because this study was only conducted in one province. Furthermore, involvement of other actors who have not been accommodated in this study may also be relevant to capture the complex relation in natural resource management, as this study did not capture the ISPO certified smallholders. Thus, their involvement in the future research may generate broader knowledge and perspectives about the sustainable certification. Finally, it should also be worthwhile to include the RSPO certified smallholders to have a comparative study on the public and private certification.

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Appendixes

Appendix 1. List of interview questions

Smallholder

Interview code:
Date: Time: Location:

Information about the interviewee

Name :
Sex : M/F
Date of birth :
Address :
Education :
Occupation :
Household size :

Basic household information

- What is your primary source of income? How much money do you earn monthly?
- Are you originally coming from this area? If not, where are you from? How long have you been here? What is the reason?

Oil palm plantation information

- How much land you have? Are those all planted by oil palm?
- How long have you planted the oil palm?
- Are those your land legally certified? How was the certification process?
- How many hours do you spend in your farm in a day? How many days in a week?
- Do you have people who help you in the farm? Are your family members helping you in the plantation?
- How many time do you harvest in a month? How many tons on average do you harvest in a month?
- Where do you sell the harvest? Do you sell it to the milling companies or to middlemen? Why?
- Do you know how much the price differences between selling directly to the milling companies and to middlemen?
- Do you know how much milling company in your area? Could you mention?
- How far is your farm from the milling company?
- How the pricing competition in your areas?
- Is there any incentive from cooperative or local government or the companies for the pricing?
- How do you cope with the price fluctuation?

Farmer's cooperative & contract farming

- Do you join any farmer cooperative? If yes, what is the name? If not, why?
- How long have you joined? Do you see any benefit for joining the cooperative?
- How many farmers are in the cooperative?
- Does your cooperative have a regular activity? What is it?
- Does your cooperative work closely with the governmental official related to oil palm issue in your area?

- Have you ever joined contract farming? Do you see any benefit for joining the contract farming?
- How long have you joined the contract farming?

Access to information and financial capital

- How do you know about the oil palm update (about the planting, growing, harvesting, pricing and other)? Where do you get the information?
- Do you know about the GAP for oil palm plantation? Where do you get the information?
- Have you applied the GAP in your plantation?
- How many time do you do fertilising in a year?
- Have you experienced changing in your environment lately? What are those?
- Have you been visited by the government official to support your farming?
- How do you do your farming process? Could you explain?
- How did you finance your plantation? Do you have access in financial capital? How to obtain the access? Is that easy or difficult?
- Where do you get the first seed?
- Do you get any subsidy from the government for the seeding and fertilising?

Sustainable certification – RSPO & ISPO

- Have you ever heard about sustainable certification? How far do you know about it?
- Is the milling company required you to implement sustainable farming?
- Do you know about the sustainable farming? Have you implemented it in your farm?
- Have you ever heard about RSPO? Please explain?
- Have you obtained the RSPO certification? When did you obtain it? How long did it take to obtain the certification?
- Have you implemented all the principle from the RSPO? Do you face any challenge to implement it?
- Do you see any benefit to join the RSPO?
- Is there any organisation or governmental official who help you to obtain the RSPO certification?
- How about ISPO? Have you heard about it?
- Do you think sustainable certification like ISPO will be helpful for you and other smallholders? Please explain.
- Are you willing to join the sustainable certification like ISPO? Why/why not?
- Is there any activity related to ISPO from the governmental official or other organisations? If yes, what it is?
- Have you ever got training or seminar or other kind of activities related to sustainable certification, particularly for ISPO?
- Do you work closely with local governmental official in oil palm issue in your areas?
- Have you ever involved by the local/regional/national official in decision making related to palm oil and sustainable certification?
- What do you think smallholders' contribution in the sustainable certification like ISPO?
- What is your expectation for sustainable certification like ISPO?

ISPO Secretariat

Interview code:		
Date:	Time:	Location:
<i>Information about the interviewee</i>		
Name	:	
Sex	:	M/F
Organisation	:	
Position in organisation	:	

The ISPO purpose

- What is the objective of ISPO?
- What is the main trigger of Indonesian government to launch the ISPO while RSPO has been already implemented in advance?
- Does not ISPO become duplication of RSPO? What do you think? What make ISPO different from the ISPO except the voluntary and mandatory?
- What does it imply between collaboration of ISPO & RSPO under UNDP? How is the collaboration so far? What are the deliverables of the collaboration?
- If they certified in RSPO already, does it imply that they also certified under ISPO? How is the process?
- Can ISPO competing in global market like RSPO does? How is the approach from ISPO to the global market?
- There is an update of the certification regulation this year to replacing the first one. Can you specify what are the updates?
- When is the implementation of the new certification regulation taken place?
- When the first Permentan released in 2011, it said that by the end of 2014 all the oil palm company had to obtain the ISPO certification. Then, it has been delay until Dec 2015. However, the current update there are 130 companies certified out of 2000. What do you think?
- One of the challenges of the sustainable certification is to have stable market price and also premium price for being certified. How do the ISPO ensure these?

Programme to smallholders

- How far is the ISPO certification to smallholders?
- How the formulation of the certification for smallholders? Are they being involved? What kind of activities?
- Is there any non governmental organisation who currently works closely with the ISPO secretariat, except UNDP, to implement the ISPO to smallholders?
- As the smallholders accounts for about 40% of total palm oil production in Indonesia, what do you think the benefits of ISPO for smallholders?
- Do you see any challenges for smallholders' inclusion the certification? Can you specify? What are the approach to minimise those challenges?
- As many sources said that ISPO is a mandatory certification for those in the palm oil value chain. However, when I read the regulation from the government (Permentan No. 11 tahun 2015), it says in the Article 2 that ISPO is can be mandatory or voluntary. Mandatory for the companies and voluntary for smallholders. Why is that so?

- Is there any capacity building/technical support for smallholders before the implementation? What are they?
- How ISPO do programme to the local government for the certification implementation into the local level? Is there any support from other governmental office?
- In the long run, how can you ensure that those smallholders are also sustainable, while in the regulation says that those companies have to get supply from those who have been certified?
- Is there any specific incentive given to those who certified, especially for the smallholders?

The ISPO implementation

- If the mandatory certification is delay, does it imply that the implementation for smallholders is also the same?
- What are the main factors for the delay? Can you specify? Is there any approach conducted to minimise the delay?
- When is the new target to certified all the chain?

Local/regional governmental official

Interview code:		
Date:	Time:	Location:
<i>Information about the interviewee</i>		
Name	:	
Sex	:	M/F
Organisation	:	
Position in organisation	:	

Area information

- Can you tell how is the expansion of oil palm in your area?
- What is the organisation role in that expansion?
- Does the local government have specific regulation about oil palm plantation?
- How many companies in the area?
- How many people in the area rely on the industry?

Sustainable certification

- Do you know about the sustainable certification? How far do you know? What kind of sustainable certification do you know?
- Do you know about ISPO? How far do you know about it?
- How is the implementation of ISPO? How many companies have been certified?
- What do you think about the ISPO?
- How is your area roadmap for oil palm plantation? Do you have the implementation ISPO roadmap?
- What are the challenges to implement the ISPO certification in your area?
- What are the challenges for smallholders' inclusion in the sustainable certification, particularly ISPO?
- Does your area have your own target for the implementation?
- Is there any plan in the near future for the ISPO certification?

Interaction and relation

- Is there any information from the central government for the implementation? What kind of activity has been conducted to support the implementation?
- Is there any collaboration between governmental official for the ISPO certification?
- What kind of collaboration?
- Who are being involved in the collaboration?
- What are the roles of the local government for the sustainable certification?
- Have you been involved in the certification formulation?
- Is there any involvement from smallholders in the certification formulation?
- How is the relationship between local government and smallholders?
- What kind of support does the local government give to smallholders?
- How far the local government support the capacity building for the smallholders? What kind of activities have been conducted to support the capacity building?
- Do you have other non-governmental organisations who are working closely to support the ISPO implementation?

Non-governmental organisation

Interview code:		
Date:	Time:	Location:
<i>Information about the interviewee</i>		
Name	:	
Sex	:	M/F
Organisation	:	
Position in organisation	:	

Organisation information

- What is the objective of the organisation?
- How long have the organisation established?
- How many people in the organisation?
- What is your organisation role in the sustainable certification?

Sustainable certification implementation

- Currently, you have supported the RSPO implementation for smallholders, how far it has been done?
- How many farmers have been involved in RSPO under your guidance?
- In which group have you been working with? Scheme smallholders? Independent smallholders?
- How long have you involved in the sustainable certification process?
- How far is the sustainable certification process in Jambi?
- Do you know about the ISPO? How far do you know?
- Have you been involved in the ISPO certification process? How far have you been involved in the ISPO?
- What do you think about the ISPO or other sustainable certification?
- Do you see any differences about RSPO and ISPO?
- Do you work closely with the related government official? In what kind of activity?
- What is the deliverable of the corporation with the government?
- From your point of view, how is the government role so far in the certification process especially for smallholders' participation in ISPO?
- Do you think smallholders have been involved in the RSPO and ISPO?

Programme for smallholder certification

- Do you have any roadmap in supporting the smallholders for sustainable certification?
- Do you have any partner organisation who also work with you in sustainable certification?
- What are the main challenges to include smallholders in the certification scheme?
- Do you see any benefits from the sustainable certification (both short term & long term)? Can you specify?
- What kind of activities have you done in supporting the smallholders?
- How effective those activities in supporting smallholders' capacity?
- How effective is the promotion activity through Green Palm?
- Do the smallholders get the premium price through the certification?
- Do you have any specific planning in supporting smallholders' capacity?

Appendix 2. List of individual interviewees

No.	Interview Code	Pseudonym	Sex	Domain/ Ethnicity	Position	Date	Location
1	GOV1	Government official 1	M	National	Executive director of the ISPO	21-Dec-15	Jakarta
2	GOV2	Government official 2	M	National	Senior advisor of the ISPO	21-Dec-15	Jakarta
3	GOV3	Government official 3	M	National	Senior advisor of the ISPO	21-Dec-15	Jakarta
4	GOV4	Government official 4	M	Regional	Estate crop agency officer	14-Jan-16	Jambi
5	GOV5	Government official 5	M	Regional	Estate crop agency officer	14-Jan-16	Jambi
6	GOV6	Government official 6	M	Regional	Estate crop agency officer	14-Jan-16	Jambi
7	GOV7	Government official 7	M	Local	Head of village	2-Jan-16	Batang Hari
8	NGO1	Non-governmental organisation 1	F	Regional	Director of NGO	5-Jan-16	Jambi
9	SH1	Smallholder 1	M	Javanese	Independent smallholder	26-Dec-15	Batang Hari
10	SH2	Smallholder 2	M	Javanese	Independent smallholder	26-Dec-15	Batang Hari
11	SH3	Smallholder 3	M	Javanese	Independent smallholder	26-Dec-15	Batang Hari
12	SH4	Smallholder 4	M	Melayu	Scheme smallholder/ Cooperative	1-Jan-16	Batang Hari
13	SH5	Smallholder 5	M	Melayu	Scheme smallholder/ Cooperative	1-Jan-16	Batang Hari
14	SH6	Smallholder 6	M	Melayu	Scheme smallholder/ Cooperative	1-Jan-16	Batang Hari
15	SH7	Smallholder 7	M	Melayu	Scheme smallholder/ Cooperative	1-Jan-16	Batang Hari
16	SH8	Smallholder 8	M	Javanese	Independent smallholder	2-Jan-16	Tanjung Jabung Timur
17	SH9	Smallholder 9	M	Javanese	Independent smallholder	2-Jan-16	Tanjung Jabung Timur

No.	Interview Code	Pseudonym	Sex	Domain/ Ethnicity	Position	Date	Location
18	SH10	Smallholder 10	M	Javanese	Independent smallholder	2-Jan-16	Tanjung Jabung Timur
19	SH11	Smallholder 11	M	Javanese	Independent smallholder	2-Jan-16	Tanjung Jabung Timur
20	SH12	Smallholder 12	M	Minangkabau	Independent smallholder	20-Feb-16	Muaro Jambi
21	SH13	Smallholder 13	F	Javanese	Independent smallholder	20-Feb-16	Muaro Jambi
22	SH14	Smallholder 14	F	Sundanese	Independent smallholder	20-Feb-16	Muaro Jambi
23	SH15	Smallholder 15	M	Javanese	Independent smallholder	20-Feb-16	Muaro Jambi

Appendix 3. List of group interviews

No.	Interview Code	Name	Sex	Ethnicity	Position	Date	Location
1	SHG1	Group - Smallholder 1	M	Javanese	Independent smallholder	27-Dec-15	Batang Hari
		Group - Smallholder 2	M	Javanese	Independent smallholder	27-Dec-15	Batang Hari
2	SHG2	Group - Smallholder 3	M	Melayu	Scheme smallholder/ Cooperative	4-Jan-16	Batang Hari
		Group - Smallholder 4	M	Melayu	Scheme smallholder/ Cooperative	4-Jan-16	Batang Hari
		Group - Smallholder 5	M	Melayu	Scheme smallholder/ Cooperative	4-Jan-16	Batang Hari
3	SHG3	Group - Smallholder 6	M	Javanese	Independent smallholder	11-Jan-16	Tanjung Jabung Timur
		Group - Smallholder 7	M	Javanese	Independent smallholder	11-Jan-16	Tanjung Jabung Timur
4	SHG4	Group - Smallholder 8	M	Melayu	Independent smallholder/ Cooperative	7-Jan-16	Tanjung Jabung Timur
		Group - Smallholder 9	M	Melayu	Independent smallholder/ Cooperative	7-Jan-16	Tanjung Jabung Timur
		Group - Smallholder 10	M	Melayu	Independent smallholder/ Cooperative	7-Jan-16	Tanjung Jabung Timur