Smallholder farmers agency in the face of palm oil “negative campaign”

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Abstract. It is well known that the palm oil industry in Indonesia faces many challenges. Despite having the Indonesia Sustainable Palm Oil (ISPO) as the national effort to set standards on operating palm oil industry within the environmental ethics, Indonesia recently face the possibility of having its palm oil exports to the European Union (EU) banned in the following years. This is based on their argument that palm oil in Indonesia has created deforestation of rainforests, which they pledge to prevent based on their Resolution on Palm Oil and Deforestation of Rainforests. As a result, protests from different stakeholders in the sector have been flooding, including from the government, exporters, plantations, as well as small-holder farmers. This paper focuses on the political agency of smallholder farmers in advocating their interest against EU’s plan – which to many has been called as a “negative campaign” against palm oil. We define the term “political agency” as the capacity of small-holder farmers to participate in matters that concerns their well-being and have access to governance and policymaking. A key feature of smallholder’s political agency is their participation in the discussion of policy making through Rural Producers Organizations (RPOs) or farmers associations. We test whether previous claims on the unequal power between small-holders and large corporations hold when it comes to advocating their respective interests. Specific questions that are addressed in this paper are: (1) Do small holders advocate their concerns towards the negative campaign? Or are they “free riding”; (2) If they independently advocate their interest, how?; (3) Does their advocacy lead to a clear response or solution from the government?; and lastly (4) How does their political agency affect their socio-economic welfare?

1. Introduction

Palm oil production holds an important role to Indonesia’s economy as it is Indonesia’s source of foreign reserves and employment opportunities. Within Indonesia’s agriculture products, palm oil is one of the most important commodities, accounting for 1.5-2.5 percent of Indonesia total GDP. The tree’s versatile oil is used for many uses such as cooking, cosmetics, and biofuel. It is highly lucrative where the plant produces more oil per hectare than any other oil plants. With production over 40 million tons in 2017, Indonesia has become the world’s largest producer and consumer of palm oil, accounting for half of the world’s supply [1]. The majority of its export is shipped to China and India, where they themselves account for a third of the world’s palm oil imports. According to the Indonesian Palm Oil Association (Gabungan Pengusaha Kelapa Sawit Indonesia or GAPKI), the production of palm oil is expected to rise in the coming decades due to the increasing world
population and overall living standards per capita. Indonesia also plans to expand its market outside the current market by developing biodiesel consumption. Therefore, palm oil will continue to have significant role in Indonesia’s economy in the future.

The palm oil sector, however, is under scrutiny when it comes to its environmental and social impact. For many years, palm oil sector in Indonesia have received many criticism as it plays a role in deforestation and hurting the natural habitats of many endangered species. Deforestation have also resulted in making local communities vulnerable as their livelihood is affected. Such criticism has been widespread, coming from both national and international actors. Internationally, the European Union has been a prominent advocate against the palm oil sector and has been promoting bans towards palm oil.

Out of all Indonesia’s production, smallholder farmers make up a large share of the palm oil production in Indonesia and Malaysia, the world’s main palm oil producing countries [1]. Because palm oil trees can produce its fruit for more than 30 years, the sector can provide a source of employment needed for poor rural communities. They owned or managed around 3.1 million ha of palm oil, accounting more than 40% of the total palm oil area in the nation. They are also spread across different provinces in Indonesia, making it important not only for the development of national palm oil, but also regional development. A negative campaign against palm oil sector will therefore significantly affect smallholder farmers in the palm oil sector (figure 1).

![Figure 1. Palm Oil Production Share in Indonesia](source: Ministry of Agriculture Republic of Indonesia)

The objective of this paper is to evaluate how smallholder farmers in Indonesia participate in discussions against palm oil negative campaign. Moreover, this paper focused on the role of Rural Producers Organizations (RPOs) or farmers associations to promote smallholder farmers’ agency on advocating their interest. Specific questions that are addressed in this paper are: (1) Do smallholders advocate their concerns toward the negative campaign? Or are they “free riding”?; (2) If they independently advocate their interest, how?; (3) Does their advocacy lead to a clear response or solution from the government?; and lastly (4) How does their political agency affect their socio-economic welfare?. Answers to these questions are based upon a series of Focus Group Discussions and interviews with palm oil smallholder farmers conducted during the year 2017 in the Bengkulu, South Sumatera as one of the main palm oil growing district in Indonesia.

2. Methods
To answer the research questions, a survey of 100 smallholder palm oil farmers randomly selected in Bengkulu, South Sumatera is conducted. The sample is selected through a stratified sampling, where from the list of smallholder producers, 50 smallholder farmers who are not member of an RPO and another 50 smallholder farmers are derived from 10 RPOs which 5 farmers are randomly selected from each RPOs. This way, the sample is not bias towards only those smallholder farmers who are
members of an RPO, which is a perquisite to generate inference on the role of RPO membership on smallholder farmers’ agency.

The survey is conducted to obtain information on their perception and how they advocate in the face of a negative campaign in palm oil, on certification, how their membership in an RPO increase their success in obtaining palm oil sustainable certification, and how their agency affects their economic welfare. Many of the survey questions uses binary data, for example, on RPO membership, the survey asked whether farmers belong to RPOs or not, where it is coded dichotomously. If they are currently a member of an RPO, they are coded as “1”, and if they are not a member of an RPO, they are coded as “0”. Focus group discussion was also conducted to gain more insights on smallholder palm oil farmers experiences.

To generate causal explanation, quantitative analysis were also made, mainly to see whether membership in RPOs lead to more agency (more smallholder farmers advocate their concerns against the negative campaign on palm oil), certification, and consequently their welfare. Quantitative studies is chosen for causal explanation purpose and to see the magnitude of the causal relationship between main variables. The following model is constructed and is estimated using a Probit regression model using the survey data collected.

\[ \text{Agency}_i = \beta_0 + \beta_1 \text{RPOMEMBER}_i + \beta_2 X_i + \epsilon_i \]  
\[ \text{Certification}_i = \beta_0 + \beta_1 \text{RPOMEMBER}_i + \beta_2 X_i + \epsilon_i \]  
\[ \text{Welfare}_i = \beta_0 + \beta_1 \text{RPOMEMBER}_i + \beta_2 X_i + \epsilon_i \]  

Where \( X_i \) is a set of control variables that can explain the relevant outcomes.

3. Negative campaigns against oil palm

3.1 Environmental and social impact of palm oil production

Indonesia’s palm oil production is mostly derived from rainforests and therefore plays a key role in deforestation and other environmental impacts [2]. Since agricultural land is limited, land use for palm oil plantation needs to clear out other cultivations or tropical forest (Figure 2). Illegal logging has become widespread providing threat to the environment. According to the World Wildlife Fund (WWF), an area the equivalent size of 300 football fields of rainforest needs to be cleared out each hour to make way for palm oil production. Forest destruction was estimated at 0.84 Mha of primary forest between the year 2000 to 2012. As a consequence of this, biodiversity and ecosystem stability have also been threatened. Deforestation has been argued to killing endangered species, uprooting local communities, and contributing to the release of climate-warming gases, and therefore many environmental advocates have emphasized the significant costs palm oil has brought. The Center for Orangutan Protection, for example, has indicated that the great ape in Central Kalimantan has become extinct as the palm oil plantation grows within the region [3]. Other species such as orangutan could become extinct in the wild within the next 5-10 years, and Sumatran tigers less than 3 years. A “conservation emergency” has been established by the UN as these endangered species have been or nearly come to extinction. Deforestation for palm oil production also contributes significantly to climate change. The loss of timber and other parts of the forest has emitted immense quantities of smoke into the atmosphere, which makes Indonesia as a country with higher greenhouse emission than any other countries besides China and the United States.

3.2 Impact on local communities

The expansion of the palm oil industry also has a huge social impact to local communities. On one side, driven by its profitability, the sector has the potential to develop new jobs and improve the standards of living of people and smallholders farmers. According to UNDP, around 16 million jobs that depend on the palm oil sector. On the contrary, palm oil plantation has also been argued to bring negative effect for endangered indigenous tribes and local communities because it destroys their living spaces or land appropriation. The environmental effect of palm oil also has brought health risks to its
surroundings, which eventually impacted the livelihood of local people. In regions like Kalimantan, for example, local livelihood of Dayak clan are undermined by the development of palm oil production [4]. Human rights violations and confrontation in particular between large-scale producers and local communities often occur, where land disputes commonly occurred in the palm oil production in Indonesia.

With plantations systematically destroying the rainforest land that the local people depend on, communities are continuously finding themselves with no choice but to become plantation workers. Poor work conditions have made them vulnerable towards large companies and vulnerable to world market prices. In many cases, child labour has also become common in the palm oil production with children made to carry large loads of heavy fruit, weed fields and spend hours every day bent over collecting fruit from the plantation floor. All this with little or no pay for their efforts.

Source: FAOSTAT

Figure 2. Oil palm plantings and forests loss in Indonesia and Malaysia 1990-2008

3.3 EU’ Plan to ban palm oil

The EU is the second-largest palm oil importer on earth after India and therefore is a key palm oil trading partner for Indonesia. In 2009, it implemented a renewable energy directive and set a target that 20% of its energy should come from renewables as well as 10% of its transportation should also run on renewables. In early 2018, the EU draft another directed which bans the import of biofuel from crops on land converted from forest or food crops. This is based on the fact that roughly one-third of the palm oil imported into the EU goes into biodiesel production, while the rest predominantly to the food and chemical industries. The EU Parliament approved the ban in January 2018 and planned to implement the ban in 2021. The base of this directive is the negative social and environmental effect of palm oil, which motivate producers to switch to sustainable agricultural practices.

The plan, however, has been rejected in mid-2018 by The European Commission as they knew a ban was unworkable from a trade policy perspective because it will halt EU’s plan in pursuing ongoing trade relations with Indonesia and Malaysia. Following that, however, the EU will finalize the “EU Action Plan” on deforestation which will introduce new measures to limit palm oil imports. Ideas are more focused on trade agreement and licensing system for palm oil that uses sustainable certification.
4. Results and discussion

4.1 Certification

Efforts have been made by the government and different stakeholders in facing the negative impact of palm oil. At the same time, Indonesia continues to promote and expand its palm oil production as many livelihoods depend on the sector as well as its importance to the Indonesian economy. Sustainability certification has been one of the main efforts by putting social and ecologic aspects on the agenda of companies, and thus inducing technical progress in processes for lowering the greenhouse gas footprint and increasing awareness about social conditions [5]. Due largely to greater international awareness, global business leaders have joined environmentalists to meet a more-sustainable oil palm production by aligning with the Roundtable on Sustainable Palm Oil (RSPO) criteria, which aim to increase the food supply while keeping in mind the goals to safeguard social interests, communities and workers as well as to protect the environment and wildlife [6]. In 2011, Indonesia established the Indonesian Sustainable Palm Oil (ISPO) that was launched by the Ministry of Agriculture in March 2011 (the MoA Decree No. 19/2011) and was updated in March 2015 (the MoA Decree No. 11/2015) is now known as the ISPO Certification System. It has the same spirit as RSPO, the Indonesian government has urged all palm oil producers to get ISPO certification. It is a mandatory certification scheme to ensure the quality and the respect of norms regarding the environment, workers and respect of local populations that should apply to all producers [7].

4.2 Moratorium

A government moratorium on the clearing of new forest for palm oil was effective from 2011 to 2015. The moratorium effectively halts any new land being made available for plantations for palm oil. The government banned new development on all peatlands after swaths of carbon-rich peat were drained for use as plantations in recent years, creating highly flammable areas. After the first stage of the moratorium, stringent restrictions were still applied to limit the expansion of land use for palm oil, where only 2 million of the country's 25 million hectares of peatland are now eligible. In 2018, the Indonesian president continues to sign a moratorium on new palm oil development that will last three until 2021. In this moratorium, the opening of new palm oil plantations will be delayed to reduce conflicts, as well as requiring all central and provincial governments to re-evaluate current permits. The moratorium aims to improve the governance of sustainable palm oil plantations, provide legal certainty, increase the productivity of smallholder palm oil plantations, maintain environmental sustainability, and contribute to the reduction in greenhouse gases. The moratorium also allows the government to resolve issues of land conflict and overlapping permits.

4.3 Against EU’s palm oil ban

At the same time, Indonesia needs to defend its Palm Oil industry. EU’s plan to ban palm oil import has been argued to violate the World Trade Organization (WTO) rule in which discrimination has been done against palm oil when compared to similar vegetable oils. This is due to the fact that other similar industries contribute far more to deforestation, but are not affected by the EU ban the same way it was applied to palm oil. However, the EU ban does not affect those industries in the same way. As part of this effort, there could be two scenarios, which is trade retaliation or trade cooperation. As part of the trade cooperation, the use of Indonesia Sustainable Palm Oil (ISPO) certification as the basis of importation procedure in EU has been proposed.

The ban against palm oil is not economically feasible if applied. According to Prof. Gernot Klepper [8], there will be a number of reactions if palm oil ban is applied to palm oil in EU. First, lower prices will raise palm oil demand from outside the EU, hence a large part of the palm oil will not be exported to the EU, but will be exported somewhere else. This will unlikely slow the deforestation, which is against the spirit of the ban in the first place. Second, lower palm oil prices will widen the wedge between other vegetable oils. Palm oil users outside the European biofuel sector will have an increased incentive to substitute other vegetable oils with palm oil, thus increasing palm oil demand. Deforestation therefore will not be reduced as production moves towards other uses. Lastly, in the
European biofuel market, demand for biodiesel will not change. Instead, soy, canola, rapeseed, and other vegetable oils will serve as feedstock for biodiesel increasing their market share. Therefore, banning palm oil will not reduce deforestation, as it increases the use of other types of vegetable oil, which also contributes to deforestation (figure 3). The best way to move forward, according to Prof. Klepper, is therefore to move towards a responsible and sustainable palm oil production. At the same time, the sustainability requirements should also be extended to all vegetable oils.

![Figure 3](source: ASEAN Today)

**Figure 3. Sectors Contributing to Deforestation**

4.4 Discussion

4.4.1 Smallholder farmers’ agency in facing palm oil’s negative campaign

Indonesian smallholder oil palm farmers own and/or manage at least 3.1 million ha of oil palm, accounting for more than 40% of the total oil palm area and generating an estimated 35% of total crude palm oil production nationwide. On average, each farming household manages about 2 ha of land, compared with private companies that manage about 4,000 ha. Additionally, in comparison to private companies and state-owned enterprises, smallholder farmers have lower productivity per hectare. It is therefore critical that they form part of the ongoing transition to a more sustainable palm oil value chain. Although higher standards are promoted globally as well as nationally, small players are difficult to meet the required sustainability standards and will take a more organized effort as they are more spread across different places. Most small players cannot afford to overhaul their working practices and focus on sustainability. Smallholders farmers are also more vulnerable towards oil prices and financial access as well as having limited inclusive land use planning and knowledge and experience in best management practices and financial capital to accomplish sustainable farming. Due to these challenges, smallholder farmers have limited agency in advocating their need in the palm oil sector. The survey data indicates that the majority of smallholder farmers have difficulties in advocating their concerns, where only 54% of the survey participants advocate their concerns. Meanwhile, 76% of the participants indicate that they are negatively affected by the negative campaign exist in the palm oil sector. This indicates that while they are significantly affected, in general, many of them have little power to raise their concerns (table 1).
Table 1. Summary Statistics of All Variables in from Survey Conducted

| Variables                                                                 | Obs | Mean  | StdDev | Min  | Max  |
|--------------------------------------------------------------------------|-----|-------|--------|------|------|
| Affected by negative campaign (1=participate)                            | 100 | 0.76  | 0.44   | 0    | 1    |
| Holds sustainable certification (1=participate)                         | 100 | 0.32  | 0.68   | 0    | 1    |
| Advocate their concerns to the government (1=participate)                | 100 | 0.54  | 0.24   | 0    | 1    |
| RPO Membership (1=member)                                                | 100 | 0.74  | 0.37   | 0    | 1    |
| Receive support from government or external actors in obtaining certification (1=Yes) | 100 | 0.54  | 0.3    | 0    | 1    |
| Education (1=no education, 2=elementary school, 3=middle school, 4=high school, 5=higher education) | 100 | 2.55  | 1.22   | 1    | 5    |
| Age                                                                      | 100 | 42.4  | 13.2   | 19   | 72   |
| Land Ownership (1=own land)                                              | 100 | 0.71  | 0.39   | 0    | 1    |
| Member of other civic organization (1=member)                            | 100 | 0.34  | 0.49   | 0    | 1    |

As discussed above, an important part of being successful in the current palm oil sector is the ability to comply with the sustainability standards as in the RSPO or ISPO. As of 2017, however, less than 1 percent of independent smallholders’ farms were certified as sustainable by the RSPO and ISPO. There are many reasons for this. Since independent smallholders are not linked to any particular company or mill, they do not receive training, supervision or support from companies, and only receive limited support from the government. Because they receive limited information about good agricultural practices, this led to lower productivity and a lower concern for sustainability by rural smallholder farmers. Due to the limited information, small farmers often purchase cheap, low-yield seedlings and burn land to make way for crops, which eventually hard to develop their palm oil marketing. In addition, smallholders’ independence leaves them vulnerable to exploitation. Middlemen acting as fruit brokers between farmers and mills often charge exorbitant fees for their services or take a large chunk of the profits from farmers’ oil palm sales. Meanwhile, independent smallholders who do want to pursue sustainable palm oil production may find it prohibitively expensive. At the same time, the direct cash income benefits from premium fees for certified and higher quality fruits are limited. Certification is profitable only if independent smallholders consistently receive high premium prices and fees (Larsen et al, 2018). In practice, the premium price
is set by intermediaries which oftentimes smallholders find themselves in a lower bargaining position, on top of already high price fluctuation.

There are several programs that the government have helped to promote sustainable certification for smallholder farmer. The Ministry of Agriculture Republic of Indonesia, for example, has joint cooperation with the UNDP is assisting independent smallholders to be certified by ISPO. The pilot project was held in Riau, South Sumatera and West Kalimantan and they plan to certify 2,200 smallholders. The Secretariat ISPO Commission- MoA also have a joint project with International Finance Corporation (IFC) in assisting independent smallholders to be certified by ISPO. The pilot project was held in Rantau Prapat at South Sumatera where the secretariate of ISPO Commission will also establish the socialization and give ISPO training for the local government, extension workers, and palm oil associations and farmers. Another joint project between the Secretariat ISPO Commission and the MoA was with the Conservation International (CI) is assisting independent smallholders to be certified by ISPO. On March 2017, they held training for different stakeholders in Sorong and Manokwari, in the province of West Papua.

The survey data confirms the common scheme that the majority of smallholder farmers does not hold sustainable certification, where only 32% of the respondents receive certification (table 1). Even if they received help from the government or NGOs, the effect is not likely last as it is difficult for them to maintain their sustainable certification, once support from an NGO or company ends. RSPO’s 2017 Impact Report, for example, shows a 38 percent decrease of certified independent compared to the previous year largely due to licenses expiring. While this indicates that independent smallholders can operate sustainably, they simply lack the resources to afford and maintain certification.

4.4.2 Effectiveness of Rural Procedures Organizations (RPOs) in smallholder farmers’ agency
As smallholders typically cannot directly access certification individually [9], and need support from external actors to comply with the standards [10], participation in organizations is essential for their success. Regarding the RSPO, smallholders are also obliged to join a group certification and establish a group manager who is responsible for an internal control system (ICS) to monitor smallholders’ performance. These organizational requirements create a new challenge for rural farmers and will determine whether they can enter the market. The role of Rural Producer Organizations (RPOs) such as farmers cooperative, Village Unit Cooperative (Koperasi Unit Desa or KUD), and farmer groups, are therefore pivotal. After joining the certification, all plantation activities ranging from input supply and credit support to FFB selling, are centralized in RPOs. RPOs also provides a forum for sharing and communicating problems as well as the possible solutions related to palm oil plantation. RPOs become a forum for sharing knowledge and information on a smaller scale, as well as supervise all oil palm plantation activities, including fertilizer application, harvesting, sorting, and distributing the product. Certification will eventually lead to an increase of smallholders’ financial capital and hence to contribute positively to the livelihood and for a higher income. When compared to uncertified smallholders, most certified scheme and independent smallholders believe that they get a higher price, just based on the fact that the quality of a certified products is better than those without no certification.

Table 2 shows how membership in RPOs is more likely to be successful in advocating their concerns and receiving the certification. Thus, the farmer’s organizational strength is a requirement for successful smallholder farmers. The estimation indicates that membership of RPOs have higher participation in advocating their concerns and receive certification.
Table 2. Estimation Results in Explaining Participation in Policy Discussion

| Political Agency                      | Member | Non-member |
|---------------------------------------|--------|------------|
| Advocate their concerns               | 76.3%  | 51.1%      |
| Chi2 (1, N=100) = 13.22***            |        |            |
| Does not advocate                     | 23.7%  | 48.9%      |
| Receive certification                 | 75%    | 50.5%      |
| Chi2 (1, N=100) = 2.338**             |        |            |
| Does not receive certification        | 25%    | 49.5%      |

Notes: *p<.05, **p<.01, ***p<.001

Most cooperatives, however, could not compete in open-market economies and are today weak, dormant or dead [11]. With the decline of cooperatives and other farmers’ organizations, many farmers lack a collective voice. They cannot to access affordable production inputs such as finance, technology, land and water, and are locked out of markets. As a result, a large number of small-scale farmers live in poverty and cannot influence policies that affect their livelihoods. Strong and vibrant farmers’ organizations can provide opportunities for farmers to effectively play a role in the market economy and benefit from it. However, identifying and promoting authentic farmers’ organizations that empower smallholders, is a big challenge for governments and their development partners. Most groups are hastily formed, often with no regard for the social-cultural and economic structures of the farming communities. Such groups are not viable and incapable of serving as channels through which farmers can take part in decision making. Thus, only a small amount of strong and vibrant farmers’ organizations who can provide opportunities to farmers to effectively play a role in the market economy and benefit from it. Table 3 shows the estimation result between being a member of an RPOs and advocating to their preferences, obtaining certification, and increasing welfare.

The result indicates that being a membership have a positive and significant effect to smallholder farmers’ participation in advocating their interest and concerns against the negative campaign in palm oil sector, as well as obtaining sustainable certification, and consequently their income. Indeed, insights from the FGD that was conducted, membership of an RPOs is seen a very important role in increasing farmers’ agency, although the strength of RPOs varies across places. Participants indicate that several factors might contribute to the success of RPOs, namely: (1) having a strong organizational structure; (2) education level of its members; (3) number of members, in which the smaller the membership, the more easier to achieve collective action; (4) ethnic homogeneity; and (5) age.

Table 3. Estimation Results in Explaining Participation in Policy Discussion

| Independent Variables | Advocating Interest | Obtain Certification | Increase welfare |
|-----------------------|---------------------|----------------------|------------------|
| RPO Members           | 0.3536              | 0.498                | 0.797            |
|                       | (0.236)*            | (0.275)*             | (0.469)*         |
| Education             | 0.32                | 0.232                | 0.3876           |
|                       | (0.0827)**          | (0.0934)**           | (0.1570)**       |
| Age                   | 0.0542              | 0.0003304            | -0.0006          |
|                       | (0.005)             | (0.0082)             | (0.0138)         |
| Land Ownership        | 0.25                | 0.166                | 0.297            |
| Independent Variables                  | Advocating Interest | Obtain Certification | Increase welfare |
|--------------------------------------|---------------------|----------------------|------------------|
|                                      | (0.213)             | (0.255)              | (0.428)          |
| Market Distance                       | -0.004              | -0.002               | -0.003           |
|                                      | (0.002)             | (0.001)              | (0.002)          |
| Member of Political Party             | 0.902               | 0.805                | 1.462            |
|                                      | (0.468)**           | (0.303)**            | (0.563)**        |
| Member of Other Civic Organization    | -0.078              | -0.009               | 0.029            |
|                                      | (0.102)             | (0.207)              | (0.354)          |
| Constant                             | 2.353               | 0.962                | -1.624           |
|                                      | (0.876)             | (0.636)              | (1.056)          |
| Number of observation                | N=100               | N=100                | N=100            |

* Significant at 10%; ** Significant at 5%; *** Significant at 1%

5. Conclusion
Smallholder farmers play an important role in the Indonesian palm oil sector, and therefore are highly affected by the negative campaign against palm oil. This paper shows that being a member of a Rural Producer Organizations (RPOs), such as cooperatives and farmers association, smallholder farmers are able to increase their political agency. That is, their ability to participate in discussions with the government and advocating their concerns as well as receiving government support. Since sustainable certification is a huge part of palm oil sector, this paper test whether membership in RPOs will deliver more certification to smallholder farmers. The findings show that farmers who are members of cooperatives or farmers groups, they are more successful in advocating their interests, receiving certification and support from the government, and consequently increase their welfare. Despite its importance, RPOs, however, are still difficult to develop, and thus we see low political agency among smallholder farmers in general. This shows that smallholder farmers in general are struggling to face compliance with sustainable requirements in the palm oil sector, while RPOs being the most reliable vehicle for them to cope with these challenges are relatively weak. Thus, an important takeaway from this research is the importance of institutional support to strengthen RPOs in supporting smallholder farmers. In other words, smallholder farmers are able to cope with challenges within the palm oil sector, including negative campaigns, when RPOs are strong.

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