

At the bottom of the value chain

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Valorization

Valorization is a process of creating value from knowledge, by making knowledge suitable and available for social and economic use and by making knowledge suitable for translation into competitive products, services, processes and new commercial activities (Promotiereglement 2013). In the Indonesian context, valorization is comparable to one of the Three obligatory Principles of Higher Education known as Tri Dharma Perguruan Tinggi, comprising education and teaching, research, and community services. Valorization has strong linkages with the principle of performing community services, referring to activities by academics in which they use scientific insights and technology to promote the welfare of people. In this part, we elaborate on the way in which our dissertation research can be used in practice and for actors outside academia.

SOCIAL AND ECONOMIC RELEVANCE

This dissertation offers an analysis of the impacts of sustainability certification on the livelihoods of palm oil smallholders in Indonesia from a smallholders' perspective. The research underlying this dissertation was motivated by the existence of uncertainty on the impact of sustainability certification on smallholders' livelihoods. We took the smallholders' point of view as a central focus point in analyzing the impact of certification and developing an amended sustainable livelihood framework applied to Indonesian palm oil smallholders. We argue that this research is not only a contribution to academic insights and literature, but also contributes to a better understanding of the livelihoods of Indonesian smallholders and the challenges they face in their daily practices. With this information, public and private policies and regulations can be better targeted to fit into the realities of the smallholders themselves. Our study also helps to raise awareness on the diversity that exists among Indonesian palm oil smallholders. Given their different characteristics and the different institutional contexts in which they operate, it is unlikely that a "one-size-fits-all" solution to improve farmers' livelihoods will work effectively.

The first empirical study (Chapter 2) focuses on smallholders' perspectives on their participation in certification, what they value and what they regard as long-term effects. In the second empirical study (Chapter 3), we analyze the profitability of certification for various types of smallholders. We used a Cost Benefit Analysis (CBA) and calculated Net Present Values (NPV) for all types of smallholders. The next empirical study, Chapter 4, focuses on different responses from different types of smallholders to stresses and shocks, and analyses how participation in certification correlates with smallholders' livelihood resilience. In, Chapter 5, we analyze the governance capacity of a public certi-

fication standard in Indonesia (ISPO). In this part we focus on challenges and opportunities in the implementation of ISPO. This research provides insights on the ability of ISPO to realize its objectives.

This dissertation, therefore, provides information and leverage points to decision makers in the public (government, ISPO committee) and private domain (RSPO), which is relevant to improve standards and certification systems in such a way that they contribute better to sustainable livelihoods. It also offers insights for organizations including governmental agencies, NGOs and smallholder unions concerned with rural development, smallholder welfare, and poverty alleviation on factors that potentially influence smallholders' livelihoods.

TARGET GROUP

Awareness on sustainability has become prominent in all sectors, including agriculture. Many efforts have been initiated to induce changes toward a more sustainable production. Sustainability certification is one of the governance instruments intended to lead to a more sustainable agricultural production. The palm oil sector in Indonesia is heavily criticized for not being sustainable. Therefore, it is in the benefit of all stakeholders (Indonesian, Western, producers, retailers, millers, exporters and governmental officials) to continue the production of Indonesian palm oil in a more sustainable way. Recently we even seen large Indonesian companies committing themselves to a zero-deforestation target and only buying palm oil planted in legal and non-forest areas. Increasingly it has been realized that to achieve a sustainable palm oil production the involvement of all stakeholders, including smallholders who own almost half of palm oil plantation land area in Indonesia, is necessary. This dissertation provides insights into smallholders' priorities, interests and realities regarding palm oil. Making these realities explicit, as we did in this dissertation, is a first step in identifying common interests among stakeholders and defining a collaborative goal that may be supported by stakeholders involved. Involvement of smallholders in governance processes is important to accelerate the transformation toward a more sustainable palm oil production in parallel with improving the ability of smallholders to deal with livelihood problems. Some attempts have been taken to bring in smallholders in certification schemes through various support programs conducted by large companies, NGOs, development organization (e.g. UNDP) and the Indonesian government. Smallholders were however not part of the negotiation processes from the start, and their interests, priorities and concerns are - at best - taken in consideration after the boundaries of the certification schemes were already set and defined. Therefore, we may even start to doubt whether the current system of (unit) certification is a good pathway to achieve a sustainable future for palm oil smallholders.

Better understanding the relationship between certification and smallholders' livelihood (Chapter 2) may further assist government officials to formulate more effective regulations in their government-led certification system (i.e. ISPO). We also identify barriers hampering ISPO's governance capacity, and provide suggestions on how to overcome these barriers. Information in this thesis also supports decision making on the kind of support that contributes to improvements in farmers' profit

Knowledge regarding smallholders' motivation to participate, and remain involved, in certification (Chapter 2) may subsequently be interesting for large scale palm oil companies to understand how to build partnerships with smallholders and how to create mutual benefits. Related to that, information regarding profitability of certification (Chapter 3) may be useful for companies to attract smallholders to join certification. Information on smallholders' perceptions is relevant as the national government requires palm oil miller companies to support surrounding smallholders (see Agricultural Ministry Regulation No. 98/2013). Next, these companies need continuous supply of FFB, which makes it relevant for them to build relations with smallholders. Finally, supporting smallholders to become certified is one possible strategy for companies to ensure quality control and better access to the market.

This research also connects to development work done by NGOs and development organizations aiming to support farmers through various channels, such as capacity building. The insights in Chapter 2 can be used by these actors to define their approach and way of facilitation to smallholders

Next, as this dissertation concentrates on smallholders, it would be inappropriate if the results would not be useful or salient to them. This thesis allows to share information and experiences from smallholders with smallholders. This information covers experiences from certified smallholders, including their interpretations of the direct and indirect benefits, in the short term and long term (Chapter 2) and their experiences with the profitability of certification (Chapter 3)

This study is also relevant for the scientific research community as the amended livelihood framework can be used for other sustainability certification schemes, for other commodities, and in other countries.

The results are also interesting for consumers who are willing to contribute to sustainability through buying certified products. Knowledge on how sustainability certification contributes to better living conditions for smallholders while reducing negative environmental effects from palm oil production may inspire consumers' decisions to buy certified oil and its derivative products.

Last, the scientific knowledge produced in this dissertation needs to be translated and made accessible to actors outside the scientific community. We consider the role of the Indonesian academic community crucial. Through *Tri Dharma perguruan tinggi* (i.e. the community services program), the academic community can arrange activities to discuss this information with farmers, farmer organizations, palm oil companies,

NGOs and development organizations and government officials. More information about these activities can be found below.

ACTIVITIES AND PRODUCTS

In their obligatory community service programs, Indonesian scientists are rather free in choosing a channel and instrument to convey information to societal actors. Considering the Indonesian culture and habits in information provision, we suggest the following activities: First, the organization of an interactive seminar or workshop to disseminate the results of this dissertation. To increase the impact of this workshop or seminar we suggest to invite a broad variety of stakeholders involved in certification and palm oil production, such as local NGOs (e.g. Setara Jambi, Yayasan Elang, Serikat Petani Kelapa Sawit (SPKS)), international based NGOs (e.g. WWF), Development organizations (e.g. UNDP and SNV), National and Local Government- representatives, certification providers (e.g. RSPO and ISPO commission), auditor institutions (e.g. Sucofindo and Mutu Agung), producer associations (e.g. GAPKI and APKASINDO), representatives of palm oil companies (e.g. PT Hindoli, PT Indo Sawit Subur), and representatives from farmer organizations (e.g. Asosiasi Swadaya Amanah and KUD Karya Bakti). In this workshop, scientists may present the results regarding the impact of certification on smallholders' livelihoods. Feedback from the audience should be stimulated and used to discuss and formulate further action plans to better achieve sustainability targets and improve smallholders' livelihoods.

Second, a separate, interactive discussion can be conducted close to the farmers e.g. in buildings for farmer associations. Besides farmers, it is advisable to also invite farmer representatives, extension officers, employees from the local government and local NGOs and local miller companies to disseminate research results to farmers. The results from the discussion can be used as a starting point for smallholder empowerment through certification or without certification.

Third, the results of this dissertation, specifically Chapter 2 have already been used by an internationally-based NGO and have been translated to a discussion on responsible sourcing for smallholders in Jambi and South Sumatera. We suggest more NGOs to follow this example.

Fourth, and to widen the scope of the valorization of this research, we suggest reproducing information of this dissertation in newsletters, policy briefs and an article in popular palm oil magazines in Indonesia e.g. InfoSAWIT, SAWIT Indonesia, and Media Perkebunan.

Fifth, the results can also be disseminated by posters that can be showcased in palm oil related conferences. A poster based on Chapter 5 has been presented at the Fifth International Conference on Palm Oil and Environment (ICOPE 2016) in Bali Indonesia,

attended by 400 leading international environmental scientists, senior government officials, actors from civil society, and industry representatives.

INNOVATION

Although this dissertation won't lead to technical innovations, it can be considered innovative in its theoretical and empirical elements.

Theoretical

- Development of a conceptual framework on the relationship between sustainability certification and smallholders' livelihood
- The development and application of an evaluation tools based on the concept of governance capacity and decomposed into a policy driven approach and problem driven approach
- Contribution to the theoretical development of the resilient livelihood concept
- Comprehensive analysis on the profitability of certification comparing certified and conventional smallholders, which provided a more realistic range of costs and benefits for the entire lifespan of a palm oil plantation under current conditions and under a self-funded scenario

Empirical

- Explorative study to the first certified scheme and independent smallholders in Indonesia
- We investigated differences in livelihood resilience among five different types of palm oil smallholders in Indonesia. The distinction between five types (instead of only two) is rather innovative.

IMPLEMENTATION (SCHEDULE)

Some dissemination activities already took place. Reproducing the research results in newsletters, policy briefs, and articles in palm oil magazines for the general public can be done in the short term. While dissemination through interactive multi-stakeholder workshops can be done as part of the community services program in Bogor Agricultural University, the place where the author currently works. For that, an annual grant from the Indonesian Ministry of Research and Technology is available solving issues of available funds directly.