



RSPO JURISDICTIONAL CERTIFICATION PILOT BENCHMARK STUDY

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LIST OF ACRONYMS

BoG	Board of Governors
CISPS	Interinstitutional Steering Committee for Sustainable Oil Palm
CSO	Civil Society Organisation
FPIC	Free, Prior and Informed Consent
HCS	High Carbon Stock
HCV	High Conservation Value
ICS	Internal Control System
JA	Jurisdictional Approach
JCSC	Sabah Jurisdictional Certification Steering Committee
JWG	Jurisdictional Approach Working Group
NGO	Non-Governmental Organisation
P&C	Principles & Criteria
RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social and Environmental Impact Assessment
ToC	Theory of Change

1. INTRODUCTION

1.1 INTRODUCTION TO THE STUDY

The Roundtable on Sustainable Palm Oil (RSPO) is a global, multi-stakeholder initiative on sustainable palm oil production and use. Members of the RSPO and participants in its activities come from many different backgrounds, including plantation companies, manufacturers and retailers of oil palm products, environmental and social non-governmental organizations (NGOs), and from many countries that produce or use oil palm products.

The principal objective of the RSPO is to promote the growth and use of sustainable palm oil through cooperation within the supply chain and open dialogue between its stakeholders. RSPO certification is an assurance to the customer that the standard of palm oil production is sustainable.

In 2018, the RSPO Theory of Change (ToC) identified jurisdictional approaches as one of the key strategies in achieving its vision of making sustainable palm oil the norm. Next to the conventional certification approach, where the focus is the mill and its supply based, RSPO looking to upscale this approach onto a jurisdictional level.

In the context of sustainable oil palm products, this will involve the certification and verification of the production & processing of oil palm products at the jurisdictional level that uses a particular model of jurisdictional landscape development. This approach is referred to as the Jurisdictional Approach to Certification (JA for short). Due to the scale and the complexity of jurisdiction, the proposed system shall be practical, credible and robust enough to enable the whole jurisdiction to comply with relevant RSPO standards & requirements.

In March 2018, the RSPO Board of Governors (BoG) endorsed the establishment of a Jurisdictional Working Group (JWG) for the development of the approach, centered around local applicability, acceptance by the market, and pragmatic development over time. In concurrence with the development of the JA, RSPO has embarked on a journey for the State of Sabah, Malaysia; District of Seruyan, Central Kalimantan, Indonesia and Ecuador to apply the RSPO Principles & Criteria (P&C) and related (e.g. independent smallholder) standards to the jurisdictional level. A key exercise is to ensure alignment and learning experiences with current RSPO JA landscapes.

1.2 THE PURPOSE OF THIS DOCUMENT

The purpose of this study is to learn from the different RSPO JA landscapes “pilots” to inform the development of the RSPO Jurisdictional Approach. This is not an evaluation of the jurisdictional process of the different pilots, but rather a lesson learning exercise to inform the RSPO Jurisdictional Approach Working Group work on jurisdictional approaches in different parts of the world. The purpose is to take stock of the status and approach of the pilots, get insight on the feasibility of proposals, and related lessons for the CSD.

2. METHODOLOGY

2.1 INTRODUCTION TO THE METHODOLOGY

The approach taken in this study was developed around the following questions it aims to:

- Take stock of the status and approach of the pilots
- Get insight on the feasibility of proposals
- Identify related lessons for the RSPO JA
- Inform discussions within the pilots, and learning across them

2.2 CASE STUDY METHODOLOGY

The approach used in the study is developed to:

- ✓ Provide enough background and depth to place the different approaches in the right context
- ✓ Allow for contrasting and comparing across pilots
- ✓ Allow for distilling lessons aimed at informing the RSPO JA (rather than being focused on a specific pilot)
- ✓ Be flexible enough to be applied to different contexts and data availability

To achieve this, a “case study template”, or assessment framework, has been developed, that can subsequently be applied to the pilots. This assessment framework is standardised and applied consistently, capturing the relevant activities and processes across the pilots. The findings and format of applying this framework are both available in Word (this document) and PowerPoint. Both documents provide relevant analytical formats.

The framework consists of 6 components, with increasing level of detail:

- 1. Context** – *Describes the scope and timeline of the pilots and provides high-level facts on the jurisdiction to set the stage for the other analyses, as well as provide context for comparison*
- 2. Governance** – *Setting up a multi-stakeholder board is one of the key activities or pre-conditions for each jurisdiction. This section, or slide, describes the governance structure of the main (multi-stakeholder) body governing the jurisdictional approach of the pilot, as well as the process of developing it.*
- 3. Roadmap** – *The analysis on the roadmap provides a snapshot of the key problems the jurisdiction is trying to address. It provides an overview of key aims, objectives, and, if relevant, principles that are applied.*
- 4. Activities** – *Provides an overview of activities that have been completed, being implemented, or planned, and key lessons or processes applied to achieve them. To capture lessons for the RSPO JA, the Step-wise approach is used as guidance to group the activities (see Table 2.1).*

Table 2.1 Standardised table for each case study

Category	Sub-category
Governance	Multi-stakeholder board
	Government involvement
	Financing mechanism
	Governance structure
	Roadmap
Application of the standards	Legal gap analysis
	FPIC
	Spatial planning
Compliance	Producer mapping

5. Key lessons – Summarizes key lessons from the pilot for the development of the RSPO JA

6. Data – Summarizes data sources used in developing the analyses

In addition to key lessons captured by each pilot, this document also contrasts the tables developed in 4. and summarizes key lessons in Chapter 6.

Lessons to the RSPO JA: Throughout the report, lessons to the RSPO JA are included in text boxes. A summary of these lessons, and implications for these are included in the concluding chapter

2.3 APPLICABILITY

Through learning within the pilots, contributions of the JWG pilot representatives, as well as overall maturing of the RSPO JA, the specific lessons required from this study has evolved. Together with this evaluation process of the JA, the format of this benchmark methodology has also evolved. The methodology outlined here, and lessons following from this study, as well as the process around it, have been specifically relevant in the process leading up to the first public consultation (see Chapter 6 Conclusions). Specific requirements, categories, and other aspects included in this document reflect the discussions at this stage of the JA development process. The lessons learned, and input from the pilots, in terms of input for the Jurisdictional Approach Framework Document, and the overall JA are already included in corresponding documentation/proposals. The analyses included here are rather a summary thereof. Any subsequent study should take these developments into account, and include the further developed RSPO JA documentation.

2.4 ACTIVITIES & DOCUMENTATION

This document includes a detailed study of the Sabah JA, and a more light touch (i.e. without field study or additional interviews) assessment of the other pilots in the document. The approaches and lessons are contrasted/summarized at the end of the report.

The report is based on the following activities:

- Preparatory work, including development of an assessment framework, field visit in Sabah in November 2018, input of the pilot representatives to the JWG proposals, such as the application of the Principles & Criteria to the jurisdictional level.
- A detailed study of the Sabah pilot, including a field visit in April 2019, review of key project documentation, and input from the RSPO Pilot representative, focusing on taking stock and lessons learned to be included in proposals for the CSD.
- A “light touch” study for Ecuador and Seruyan based on review of key project documentation and input from the RSPO Pilot representatives
- Confirmation of input by the pilot representatives

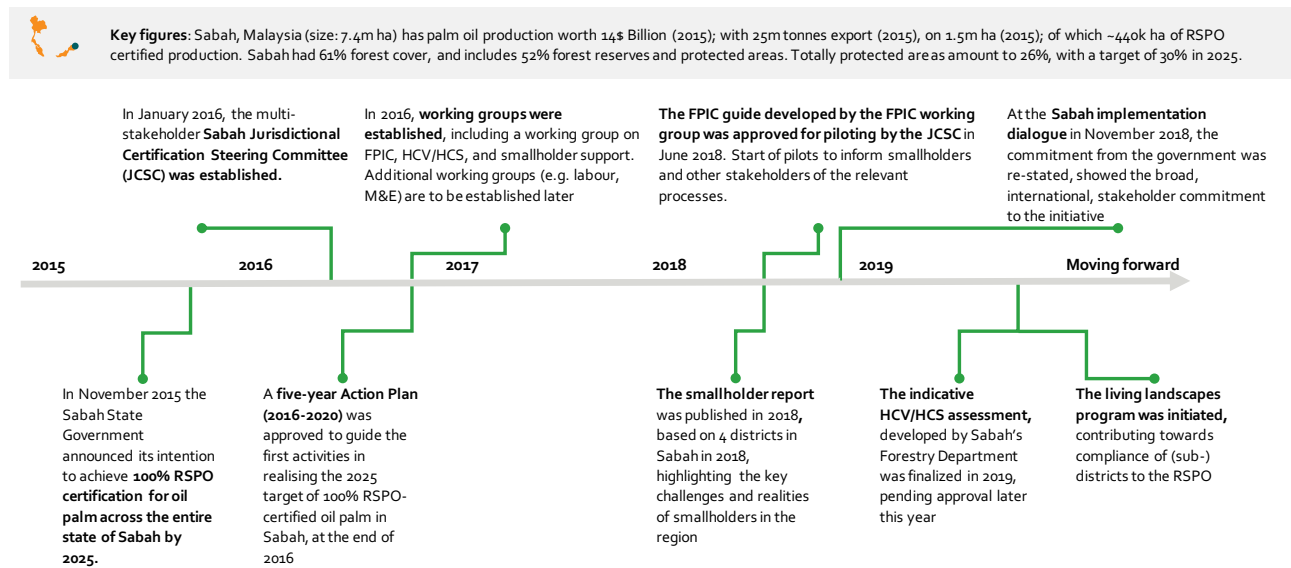
Note: more detail on documentation used is included each chapter

3. CASE STUDY Key lessons from Sabah for the RSPO jurisdictional approach

3.1 CONTEXT

In November 2015 the Sabah State Government announced its intention to achieve 100% RSPO certification for oil palm across the entire state of Sabah by 2025. Following from the statement of this objectives the Sabah Jurisdictional Certification Steering Committee (JCSC) was established, a roadmap developed and corresponding working groups formed (see Figure 3.1 for more detail).

Figure 3.1 The Jurisdictional Approach in Sabah was initiated in 2015 with strong commitment from the government



3.2 GOVERNANCE

In January 2016, the multi-stakeholder Sabah Jurisdictional Certification Steering Committee (JCSC) was established to set targets and oversee working groups and related deliverables. The JCSC falls under the Sabah State Government. The JCSC is co-chaired by the Natural Resources Office and Sabah Forestry Department and consists of equal parts government, industry and civil society representation, with the Roundtable on Sustainable Palm Oil and Forever Sabah as non-voting technical advisors.

After a strong start in 2016-17, the interviewed stakeholder expressed the process lost some steam in 2017-18, during which extensive stakeholder engagement, elections, and scoping/studying of activities took place, which delayed processes. Concerns were expressed on the functioning of the JCSC, including its financial viability, independence, and its mandate. Moving forward, the JCSC will need to continue with strong leadership, supported by a secretariat (or similar) for carrying out the activities needed. An initial set-up for this is planned. The membership of the JCSC is voluntary and time-consuming. Many companies and NGOs joined and did not attend meetings. At the moment there are some NGO - especially social NGO, and private sector vacancies.

However, overall, the JCSC has made steady progress throughout, and is **one of the key factors for continued government, industry, and NGO commitment to creating a sustainable palm oil market in Sabah**, including the continued commitment to 30% of total protected area in Sabah.

Figure 3.2. A central component to the JA in Sabah has been the set-up of a multi-stakeholder board

Members of the JCSC			
GOVERNMENT AGENCIES	INDUSTRY	SOCIAL NGOS	ENVIRONMENTAL NGOS
<ul style="list-style-type: none"> - Sabah Forestry Department - Natural resource office - Environmental Protection department - Department of Agriculture - Sabah Lands & Survey 	<ul style="list-style-type: none"> - Sime Darby Plantations - Wilmar International LTD. - TSH Resources - Sawit Kinabalu 		<ul style="list-style-type: none"> - WWF-Malaysia - HuTAN-Kinabatangan Orangutan Conservation Program - Sabah Environmental Protection Association - LEAP

Lessons to the RSPO JA: 1) Operating within a jurisdiction means engagement with government. These change with political changes (e.g. elections), which also changes the people involved in the multi-stakeholder board. These can impact the functioning of it, resulting in delays, acceleration, or changes in direction. 2) To set-up a proper multi-stakeholder board requires due process, including good stakeholder engagement processes entails, and what certain requirements would be (e.g. conflicts of interest declared) 3) A roadmap, including sound financing, for developing a governance structure is a key component for long-term functioning of a multi-stakeholder board, and its working groups, or the Jurisdictional Entity in general.

3.3 ROADMAP

The JCSC focuses on HCV/HCS conservation, land conflict, and smallholders support in its first roadmap. A five-year Action Plan (2016-2020) has been prepared to guide the first phase of work towards realising the 2025 target of 100% RSPO-certified oil palm in Sabah. A total of 3 Goals and 12 Targets have been formulated with 32 Actions scheduled for implementation over this five-year period. These targets have been approved by the JCSC and since 2016 several programs and policies have been implemented accordingly.

These goals were developed based on what the JCSC sees as the key challenges to address towards 100% certification

Figure 3.3. Key components from the JCSC roadmap



Achieve No Loss to HCV and HCS Forests for Oil Palm in Sabah, including HCV/HCS mapping, land-use (spatial) planning, and compensation and remediation plans



Enable Zero-Conflict in Oil Palm Production Landscapes in Sabah, including developing and testing a Free, Prior, Informed, Consent (FPIC) mechanisms, strengthen stakeholder capacity, and embed in the broader enabling (legal) environment.



Strengthen Smallholder Sustainability and Uplift Local Livelihoods, including mapping producers through mills, and build capacity through mills (management support), farmers (agronomic support), and government (title deed application for smallholders)

Lessons to the RSPO JA: 1) The roadmap is a key component of the functioning of the JA, and should (at least) include those components that require government involvement for broader roll-out, and those components that cannot be addressed by individual (groups of) producers; 2) The roadmap should be explicitly linked to the national interpretation exercise completed in the relevant country; the roadmap should take account of local circumstances – e.g. over 50% of oil palm area is cultivated by middle-size grower (not small-holders).

3.4 ACTIVITIES OVERVIEW

Table 3.1. Summary of activities grouped by the RSPO JA stepwise approach

Category	Sub-category	Description of activities
Governance	Multi-stakeholder board	The JCSC falls under the Sabah State Government. The JCSC is co-chaired by the Natural Resources Office and Sabah Forestry Department and consists of equal parts government, industry and civil society representation, with the Roundtable on Sustainable Palm Oil and Forever Sabah as non-voting technical advisors.
	Government involvement	The Sabah government has provided continued support, and (re-)confirmed its commitment to the targets of the JCSC in 2018.
	Financing mechanism	The JCSC and programs are currently funded by NGOs, governments, and company support. Long-term financing is not yet secured. Funding is lacking for multiple activities, including for setting-up working groups and a broader governance structure.
	Governance structure	Funding is currently being secured to set up a small secretariat.
	Roadmap	A five-year Action Plan (2016-2020) has been prepared to guide the first phase of work towards realizing the 2025 target of 100% RSPO-certified oil palm in Sabah. In its first roadmap, Sabah focuses on HCV/HCS conservation, land conflict, and smallholders support. Programs are largely on track to meet their objectives.
Application of the standards	Legal gap analysis	A complete “legal gap analysis” has not been completed. On HCV/HCS and FPIC these analyses have been done, which are considered key. Labor is seen as an important issue that has not yet been analyzed in detail.
	FPIC	An FPIC guide that lays out relevant processes has been developed by a consultancy in close cooperation with relevant stakeholders. Currently, the guide is piloted in several districts of smallholders. Pending is integration into the legal framework, including land ordinance, and native law. The vision of the JCSC is that the FPIC process becomes a legal instrument for conflict resolution, and a driver for legal land use.
	Spatial planning	The Sabah Forestry Department took the lead in developing the HCV/HCS assessment. The Sabah Forestry department did not consider the exercise as a palm oil-specific exercise for RSPO certification, but rather to inform broader, commodity neutral, spatial planning to reach their sustainability and development goals. The map includes “indicative” assessments of HCV1-4, but excludes many aspects that require time consuming and expensive field visits (e.g. HCV 5-6) on a jurisdictional level. Pending are government policies and related enforcement mechanisms, as well as policies on compensations and remediation.
Compliance	Producer mapping	The JCSC mapped all mills and their smallholder supply base in 4 specific districts. Compliance is mapped by means of % of RSPO certified producers and production, currently at ~24% of total production.

3.5 ACTIVITIES DEEP DIVE

The topics below are the main activities the JCSC is organized around and is undertaking. These are described in the following section. For each (set of) activities the key issue the activities try to solve for, the activities and process around them, as well as the lessons for the CSD are described.

1. Legality
2. HCV/HCS
3. FPIC
4. Smallholder support
5. Living landscapes
6. Other

- **Legality - The JCSC has completed several key documents, and made specific the link to the federal MSPO initiative**
 - **Key issues to address:** To achieve full certification of all producers in the jurisdiction, Sabah will have to integrate (parts of) the RSPO requirements in their legal framework. Specifically, labor, FPIC, and spatial planning are seen as large issues. In addition, the Malaysian government started with their own sustainability certification (MSPO) program, and the linkages between RSPO requirements and MSPO, and how these two initiatives can build on each other, are topics the JCSC is starting to address.
 - **Process & output:** A complete “legal gap analysis” between the legal framework and RSPO requirements has not been completed. On several key components, most notably FPIC and HCV/HCS, these analyses have been done (see HCV/HCS, FPIC). Labor is seen as an important issue that has not yet been analyzed in detail. Lastly, the MSPO initiative is considered to be a step towards full certification, as it includes many of the same components RSPO is trying to address, and the JCSC is looking for ways to ensure the targets and governance structure are aligned.
 - **What are the lessons for the RSPO JA:** Integration into the legal framework requires strong commitment from the government. Further, the relevant bodies and levels of government are different between issues that are addressed. For example, whereas land use planning is covered by the Sabah government, specific palm oil policies are decided, and licenses provided on a federal level (e.g. MPOB). Ideally, there is buy-in from all relevant levels of government or government organizations.

- **HCV/HCS - The Sabah Forestry Department developed an indicative HCV/HCS assessment linked to spatial planning**
 - **Key issues to address:** Cutting loss of HVC and HCS forests out of oil palm production and supply chains is vital component of Sabah’s jurisdictional approach. A key step in this process is agreement on a map that covers these HCV/HCS assessments, and related “no-go” areas.
 - **Process & output:** The Sabah Forestry Department took the lead in developing the HCV/HCS assessment. The Sabah Forestry department did not consider the exercise as a palm oil-specific exercise for RSPO certification, but rather to inform broader, commodity neutral, spatial planning to reach their sustainability and development goals. Note that in “regular” certification these assessments are done by licensed assessors, whereas the Forestry department developed the capacity in-house, with consultancy work from research institutions. The map includes “indicative” assessments of HCV1-4 but excludes many aspects that require time consuming and expensive field visits (e.g. HCV 5-6) on a jurisdictional level. Pending are government policies and related enforcement mechanisms, as well as policies on compensations and remediation.
 - **What are the lessons for the RSPO JA:** The jurisdiction-wide HCV assessments link to broader spatial planning, which also includes broader policy objectives. For example, Sabah is clear that ‘no deforestation’ is commodity neutral. Further, there is a difference between HCV assessments where there is a clear scaling advantage (e.g. HCV 1-4) and those where more on-the-ground detail is required (e.g. HCV 5-6). Processes for approval of HCV/HCS assessments on a jurisdictional level will have to be adjusted to account for government agencies, or other parties, to do them (i.e. rather than assessments performed by licensed assessors only). It is a government-owned, not HCVRN process.

- **FPIC - The JCSC approved an FPIC guide developed by a consultancy, implementation is pending**
 - **Key issues to address:** From the start of the Sabah JA, Free, Prior, Informed, Consent (FPIC) processes in conversion of land to oil palm is considered as one of the key points of the approach. Customary, legal, user rights are an important issue in Sabah, applicable to all levels, where land is often also not properly registered.
 - **Process & output:** The main focus point in FPIC has been on the FPIC process, as FPIC is a way of operating that ensures communities are at the center of land use planning (i.e. new oil palm plantations, or conversion of land to oil palm), rather than a specific document or policy. A key result of the FPIC working group has been the development of an FPIC guide for Sabah that helps implementing this process, that is now being piloted. The guideline has yet been approved or endorsed by JCSC as of today. The guideline was tabled for JCSC endorsement in August 2019 but concerns were raised. This guide has been developed by a consultancy in close cooperation with

relevant stakeholders. Currently, the guide is piloted in several districts of smallholders. Pending is integration into the legal framework, including land ordinance, and native law. The vision of the JCSC is that the FPIC process becomes a legal instrument for conflict resolution, and a driver for legal land use.

- **What are the lessons for the RSPO JA:** Stakeholders noted further guidance from the RSPO of what FPIC exactly constitutes would have benefited the development of the FPIC guide. Full application of FPIC processes will need government support. In Sabah, proper application of FPIC would currently fall under the responsibility of several government agencies, which complicates implementation. Ideally, the process would be led by a single agency. Once applied in a jurisdiction and carried by the relevant government agencies, FPIC is a commodity neutral instrument.
- **Smallholder support - The smallholder working group identified key issues and, as yet, focuses on program-based activities**
 - **Key issues to address:** Smallholders are seen as the core element to reach 100% certification. Challenges are multiple, and include land rights, lack of agronomic support, and licensing.
 - **Process & output:** The Sabah JA focuses on four districts. The Telupid, Tongod, Beluran and Kinabatangan (TTBK) districts within the Sandakan Division. In these districts template programs and model interventions are trialed with smallholder communities. A key outcome of the Smallholder working group is the “Smallholder readiness for RSPO certification” report, which outlines the on-the-ground challenges to be overcome. Several pilots are running, including on “socialization” of FPIC and agronomic support. However, large scale support for smallholders, which is needed to achieve certification, is, as yet, lacking.
 - **What are the lessons for the RSPO JA:** Full scale support to reach certification requires substantial staffing, and therefore secure financing. This is particularly challenging during the JE set up period, before income accrues to the JE when jurisdictional trading is in place. As yet, smallholder support (and similar programs) are limited to program-based activities, funded for a limited amount of time/pilot, rather than sustainable, integrated, support in the value chain and government support which will be needed in the long term. One of the key challenges to address.
- **Living landscapes - Living Landscapes Program focuses on (sub-) district level to aid middle sized growers towards RSPO compliance**
 - **Key issues to address:** In addition to the smallholder, middle-sized growers comprise over 50% of the production area in Sabah and need support on sustainability interventions. Together they comprise a large fraction of area and production in Sabah.
 - **Process & output:** The living landscapes program in its essence is applying the RSPO jurisdictional approach to (sub-)district level. The approach primarily focuses on middle-sized growers and helps set up cooperatives to achieve compliance to the RSPO P&Cs, with a strong focus on governance (management) support. In addition, the approach focuses on developing spatial plans on these sub-level jurisdictions through multi-stakeholder engagement (incl. protection, production, restoration, and monitoring functions). The programs are being set-up at time of writing, and although not part of the initial “5-year roadmap”, very strongly contributes to the principles and workplan of this roadmap and the Sabah Jurisdictional Approach.
 - **What are the lessons for the RSPO JA:** 1) A step-by-step approach by achieving compliance by sub-jurisdiction/geographic area towards “filling in” the entire jurisdiction may provide an additional tangible pathway towards compliance, compared to interventions focusing on a larger scale a jurisdictional level only; 2) The JCSC roadmap / workplans need continuous review and up-dating
- **Other - Several large issues are left unaddressed, including proper governance, labor rights, and M&E**
 - **Key issues to address:** Labor issues are an important, which is largely left untouched in current initiatives. Further, limited planning exists for setting up a more professional JE, including a secretariat (in some shape or form), and grievance and complaints mechanisms. Further, good monitoring and evaluation on a jurisdictional level is not in place, making it difficult to map compliance to the RSPO and understand where support is needed, or provide internal auditing services.

- **Process & output:** Labour, governance and legal, and M&E working groups are planned, but are yet to put in place, and their activities are unfunded. There are plans to set-up a small secretariat to start assessing what is needed in terms of governance, and to start building its structure.
- **What are the lessons for the RSPO JA:** One of the limiting factor is the limited amount of people and funding involved in the initiative. The “core” group of people running the steering committee and working groups, and further would require additional funding. Running a secretariat and these working groups requires substantial staffing, and therefore secure financing. This is particularly challenging during the JE set up period, before income accrues to the JE when jurisdictional trading is in place.

3.6 KEY LESSONS

The experience from the Sabah JA has been valuable both development of the RSPO JA (see text box), as well as for the Sabah jurisdiction as a whole:

- ✓ **The Sabah JA (commitments and progress so far) has helped attract funding**, including for smallholder programs, living landscapes, and it remains attractive internationally for sustainability investments. Main funders include Unilever, WWF-Malaysia, RSPO, AAK, UNEP, and the Sabah Forestry Department.
- ✓ **The Sabah JA, and JCSC in particular, is one of the driving factors of continued government commitment.**
- ✓ **Implementation of programs and documentation.** Key achievements include jurisdictional spatial planning & HCV/HCS assessments, development of a broadly approved FPIC guide, smallholder initiatives, and set-up of the living landscapes program

Lessons to the RSPO JA:

- **Government commitment:** Operating within a jurisdiction means engagement with government, and being bound by government policies. These change with political changes (e.g. elections). This means a legal framework with legal instruments is important for the JE to continue functioning. This is very different to voluntary certification, with a focus on business-to-business and consumers.
- **Spatial planning:** The jurisdiction-wide HCV assessments link to broader spatial planning, which also includes broader policy objectives. For example, Sabah is clear that ‘no deforestation’ is commodity neutral. Further, there is a difference between HCV assessments where there is a clear scaling advantage (e.g. HCV 1-4) and those where more on-the-ground detail is required (e.g. HCV 5-6).
- **Human rights.** Similarly, to address key human rights issues on a jurisdictional level, broad legal assessments are required, which are linked to the existing legal and regulatory framework, which are broader than palm oil alone (e.g. FPIC, labour rights)
- **Producer incentives:** There needs to be a clear incentive framework for different producers in the jurisdiction, including (independent) mills. For example, MSPO/MPOB in Malaysia has partially addressed differences in incentives through a framework of: most payments to smallholders, some payments to middle-sized growers, and least payments to larger growers.
- **Certification services.** Tasks may involve, *inter alia*: extension services, price information, multi-stakeholder fora, feedback on laws & policies, framework for continuous improvement, grievances. This will require substantial staffing, and therefore secure financing. This is particularly challenging during the JE set up period, before income accrues to the JE when jurisdictional trading is in place.

3.7 DATA

The analysis is based on the following documentation and conversations, collected during a week-long trip to Sabah in April 2019:

- Review of the JCSC 5-year workplan output: i) HCV map (SFD); ii) FPIC guidelines (Forever Sabah); iii) small-holder engagement - TTBK (Forever Sabah);
- Meeting with the co-chairs to review the functioning of the JCSC - Sabah Forestry Department; Natural Resources Department;
- Meeting the Technical Advisers (Forever Sabah, RSPO), look at the processes and future options for the jurisdictional approach.
- Meeting with other members of the JCSC.
- Meeting with other relevant stakeholders.

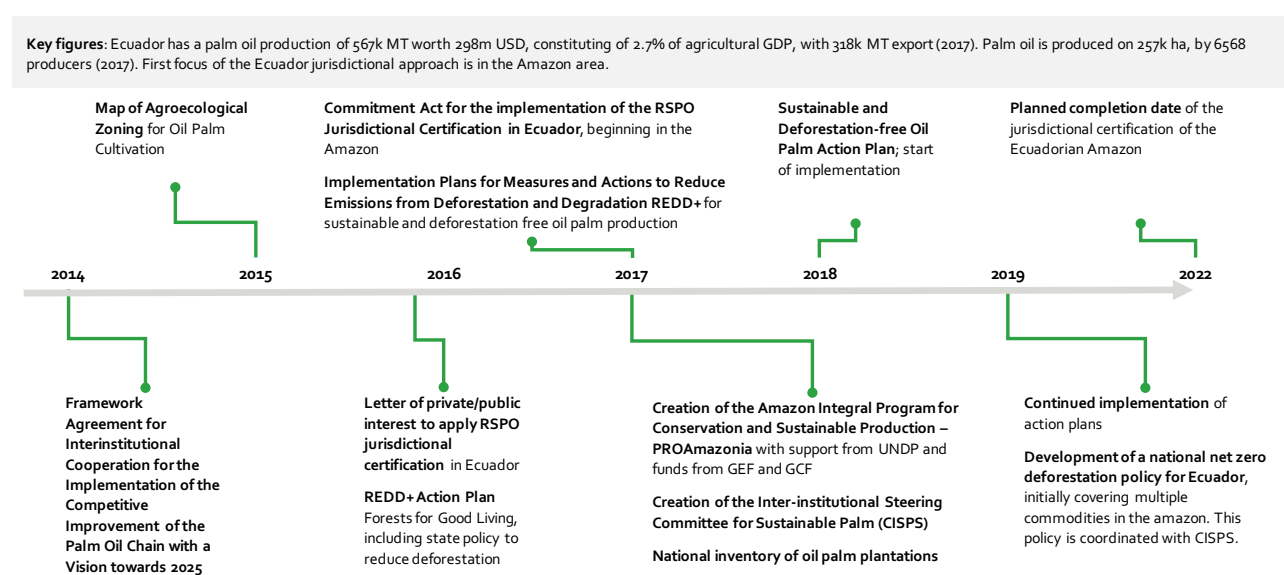
4. CASE STUDY Ecuador jurisdiction “snapshot” for the RSPO jurisdictional approach

4.1 CONTEXT

On August 15, 2014, with the purpose of achieving a sustainable, productive, inclusive and environmentally friendly development in the oil palm sector in Ecuador, the ministries responsible for agriculture, environment, foreign trade, industry and investment, together with the actors of the oil palm production chain, signed an Interinstitutional Cooperation Framework Agreement for the implementation of the Competitive Improvement Plan of the Palm Oil Production Chain with a vision towards 2025 for Ecuador as a whole¹.

This plan prioritizes the implementation of the Certification of the Roundtable on Sustainable Palm Oil (RSPO) in Ecuador, for which the country decided to start this process gradually, beginning with obtaining a Jurisdictional RSPO certification at a Jurisdictional level for the Ecuadorian Amazon (see for more detail figure 4.1)².

Figure 4.1 The Jurisdictional Approach in Ecuador was initiated in 2014



4.2 GOVERNANCE

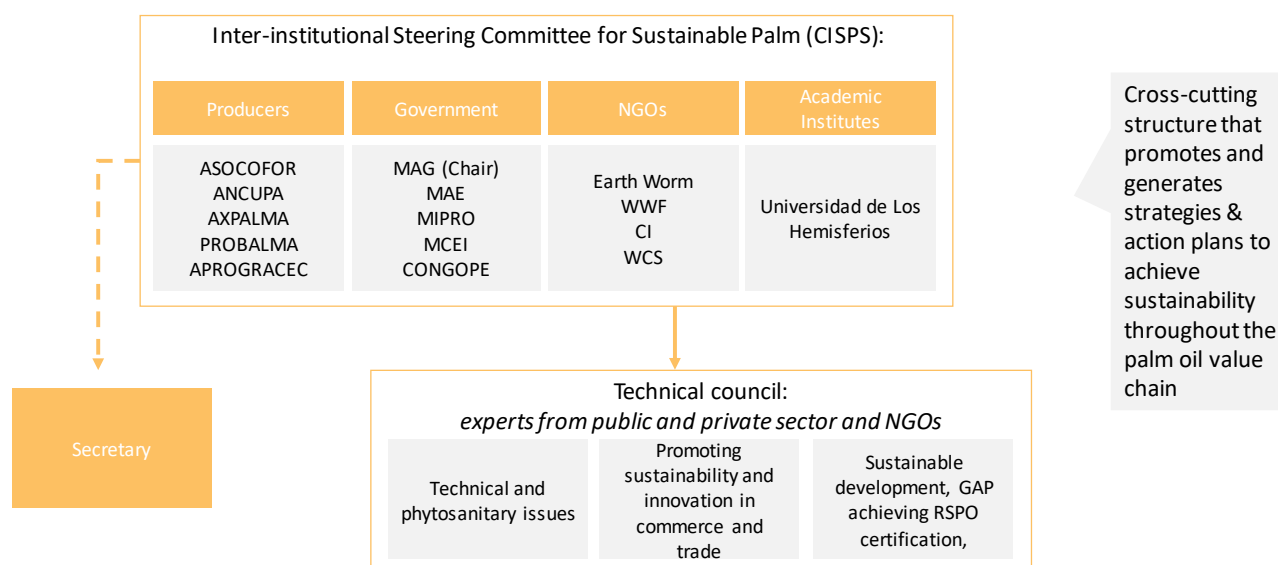
The Interinstitutional Steering Committee for Sustainable Oil Palm (CISPS) is a public and private, autonomous and independent entity, which is in charge of leading and promoting proposals to strengthen the production of sustainable palm in Ecuador. The objective of the CISPS’s establishment is that the country’s sustainable palm oil can compete in the international market, with high social and environmental standards. Under the leadership of CISPS, Ecuador is aiming to achieve a sustainable and efficient oil palm production nationwide.

The CISPS first goal is to achieve the RSPO Jurisdictional Certification for the entire Amazon region, with a view of replicating this in the rest of the country. It is important to work in this region because it contains 74% of the country’s natural forests. The jurisdictional certification of the Amazon will be the first step to demonstrate that palm production in Ecuador follows international sustainability guidelines, contributing to economic development and respecting the environment and the communities that depend on it.

¹ Pro Amazonia et al. (2019) Ecuador Jurisdictional Certification

² Pro Amazonia et al. (2019) Ecuador Jurisdictional Certification

Figure 4.2 A central component to the JA in Ecuador has been the set-up of a multi-stakeholder board



4.3 ROADMAP

The Ecuador roadmap focuses on 8 key objectives, and its members follow 10 core principles:

Key objectives JA Ecuador

- Build a governance model for sustainable palm production.
- Promote the production of sustainable palm oil as a strategic sector for the development of the country.
- Guarantee the participation and involvement of producers and Autonomous Governments in the activities.
- Provide financial sustainability to the activities related to sustainable oil palm production and governance.
- Obtain the Jurisdictional RSPO Certification for the Amazon region.
- Guarantee an adequate environmental management in the oil palm production chain.
- Eliminate oil palm related deforestation in the Amazon region by 2020, and nationally by 2025 and ensure compliance with the REDD+ Social and Environmental Safeguards.
- *Note: The objectives are divided in sub-objectives, activities, and KPIs to measure progress. The key objectives remain constant, specific activities evolve as the project progresses.*

Key principles JA Ecuador

- **Human rights**
 - Support and respect the protection of fundamental human rights within their sphere of influence;
 - Ensure that they are not complicit in the violation of human rights.
- **Labour Rights**
 - Support labor rights, freedom of affiliation and effective recognition of the right to collective bargaining;
 - The elimination of all forms of forced or compulsory labor;
 - Fight for the eradication of child labor
 - The abolition of discriminatory practices in employment and occupation.
- **Environment**
 - Maintain a preventive approach oriented towards environmental protection and its commitment to zero deforestation
 - Adopt initiatives that promote greater environmental responsibility
 - Encourage the development and diffusion of technologies that respect the environment.
- **Fight against corruption**
 - Members must fight corruption in all its forms, including extortion and bribery.

4.4 ACTIVITIES OVERVIEW

Table 4.1 Summary of activities grouped by the RSPO JA stepwise approach

Category	Sub-category	Description of activities
Governance	Multi-stakeholder board	The Interinstitutional Steering Committee for Sustainable Oil Palm (CISPS) is a public and private, autonomous and independent entity, which is in charge of leading and promoting proposals to strengthen the production of sustainable palm in Ecuador, established in 2017. The CISPS include government agencies, private sector actors, civil society organizations, and academia. The objective of the CISPS's establishment is that the country's sustainable palm oil can compete in the international market, with high social and environmental standards. Four regional platforms are also established, for participatory management of sustainable and deforestation free production where the key stakeholders in the supply chains of coffee, cocoa, oil palm and livestock will be able to dialogue and reach agreements to promote deforestation free supply chains.
	Government involvement	The Ecuadorian government has provided continued commitment throughout since set-up of the program and is closely involved in the CISPS through multiple ministries and government levels. Government is also providing technical support through PROAmazonia, executed by UNDP.
	Financing mechanism	Long-term financing is not yet secured. Main financing sources is from the PROAmazonia project, which is funded by GEF and GCF, as well as government support. Funding is secured until 2023, and a funding strategy and viable business model for (types of) producers is being developed for after 2023.
	Governance structure	The development of governance structures to is one of the key objectives of the CISPS, and part of its roadmap. One of the key challenges is the legal persona / form of the CISPS. Further legal challenges include the provision of different types of permits (e.g. regional permits instead individual permits)
	Roadmap	A roadmap to achieving 100% RSPO certification in place; implementation started in 2018 and strongly focuses on certification services to help producers become compliant. Roadmap includes capacity building (incl. technology transfer, agronomic, and inclusive business support), development of legislation, set-up of governance structures, and promotion activities. The roadmap is also linked to REDD+. The roadmap is linked to strategic objectives and activities for different CISPS members.
Application of the standards	Legal gap analysis	A complete "legal gap analysis" has not been completed. The legal gap analysis will be conducted in lieu with the national interpretation exercise for the new P&Cs. Projects on what are considered key bottlenecks are in place, including human rights, labour rights, environmental protection, and corruption.
	FPIC	FPIC is largely in alignment with Ecuadorian law. Ecuador has property rights and consultation processes in place as per their regulatory framework.
	Spatial planning	The CISPS has outsourced the HCV/HCS mapping, which is in the process of being finalized. Broader spatial planning also considers the potentialities and limitations for the establishment of the oil palm crop and excludes areas covered by natural vegetation.
Compliance	Producer mapping	Mapping of oil palm producers has been completed. A set up of a digital mapping of sustainability performance is being developed / rolled out.

4.5 KEY LESSONS

Lessons to the RSPO JA:

- **Governance & common goals:** One of the key achievements is the creation of structure that didn't exist before. This was a challenge, achieved through formulating and going for a common institutional goal, across industry, government, NGO, and (local) producer stakeholder groups
- **Government commitment:** Operating within a jurisdiction means engagement with government and being bound by government policies. These change with political changes (e.g. elections). This means a legal framework with legal instruments is important for the JE to continue functioning.
- **Policy development:** Applying the P&Cs to the jurisdictional level have broader policy implications. For example, non-deforestation policies strongly link to REDD+ and climate change policies in Ecuador. Although initially linked to REDD+, the initiative departed from the REDD+ action plan towards a more conservation-based approach, as palm oil was identified as one of the causes of deforestation. Further, the RSPO P&Cs are compatible with REDD+ policy.
- **Spatial planning:** The jurisdiction-wide HCV assessments link to broader spatial planning, which also includes broader policy objectives. Further, spatial planning is usually done on multiple levels. In the case of Ecuador, HCV is done on a national level, and requires translation and legal enforceability towards more regional levels, where spatial planning is formulated.
- **Auditing:** Ecuador is developing and planning to roll-out technology advances in reporting sustainability performance. Auditing practices of the JE and producers in the jurisdiction should allow for flexibility and build on such advances.
- **Producer business case:** There needs to be a clear incentive framework for different producers in the jurisdiction. There may be different (combinations of) business models to facilitate access to the CSPO market, which is especially important for smallholders (i.e. the "carrot"). These could e.g. include, increased market access through the JE, or set-up of farmer groups, and other funding or financing mechanisms for smallholders.
- **Baseline performance:** In Ecuador, social issues such as land rights are already captured by law (e.g. FPIC) and are already quite closely aligned with RSPO requirements

4.6 DATA

The chapter is based on the following documentation:

- Review of key documentation: i) CISPS action plan; ii) Ecuador Jurisdictional Certification document; iii) CISPS introduction presentation; additional desk research
- Input from Ecuador RSPO pilot representative

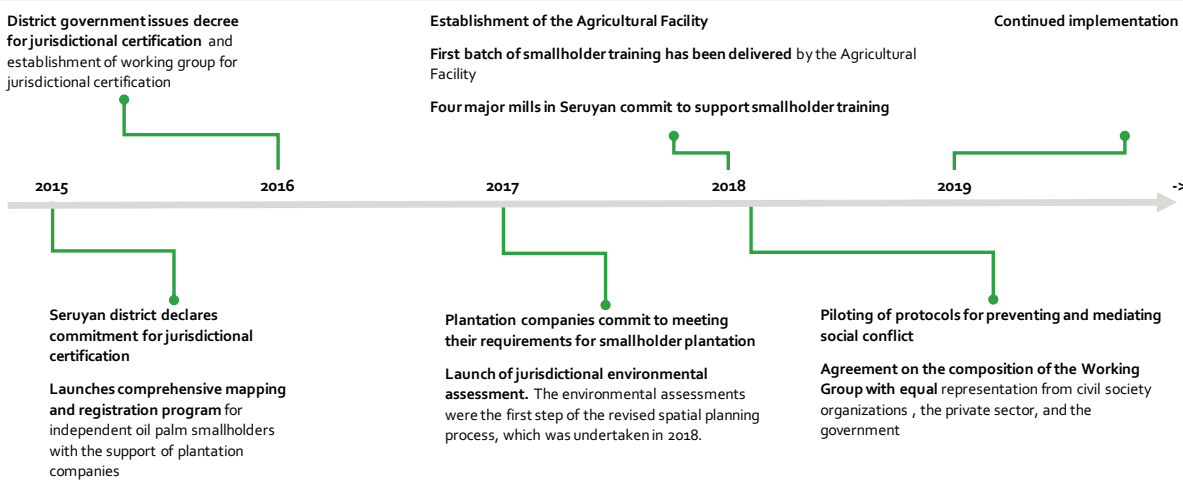
5. CASE STUDY Seruyan jurisdiction “snapshot” for the RSPO jurisdictional approach

5.1 CONTEXT

Seruyan district, in the province of Central Kalimantan in Indonesian Borneo, has experienced extensive land use change in the southern and central parts of the district since the 1990s. Initially driven by forestry concessions, the decentralization of authority to district governments in the 2000s led to an allocation of oil palm plantations in the central part of Seruyan district. The allocation of oil palm concessions led to further deforestation and dispossession of local and indigenous farmers. The backlash to this plantation development led to the election of a district head, who, in part, campaigned on a platform calling for inclusive oil palm development (for more detail see figure 5.1).

Figure 5.1 The Jurisdictional Approach in Seruyan was initiated in 2015

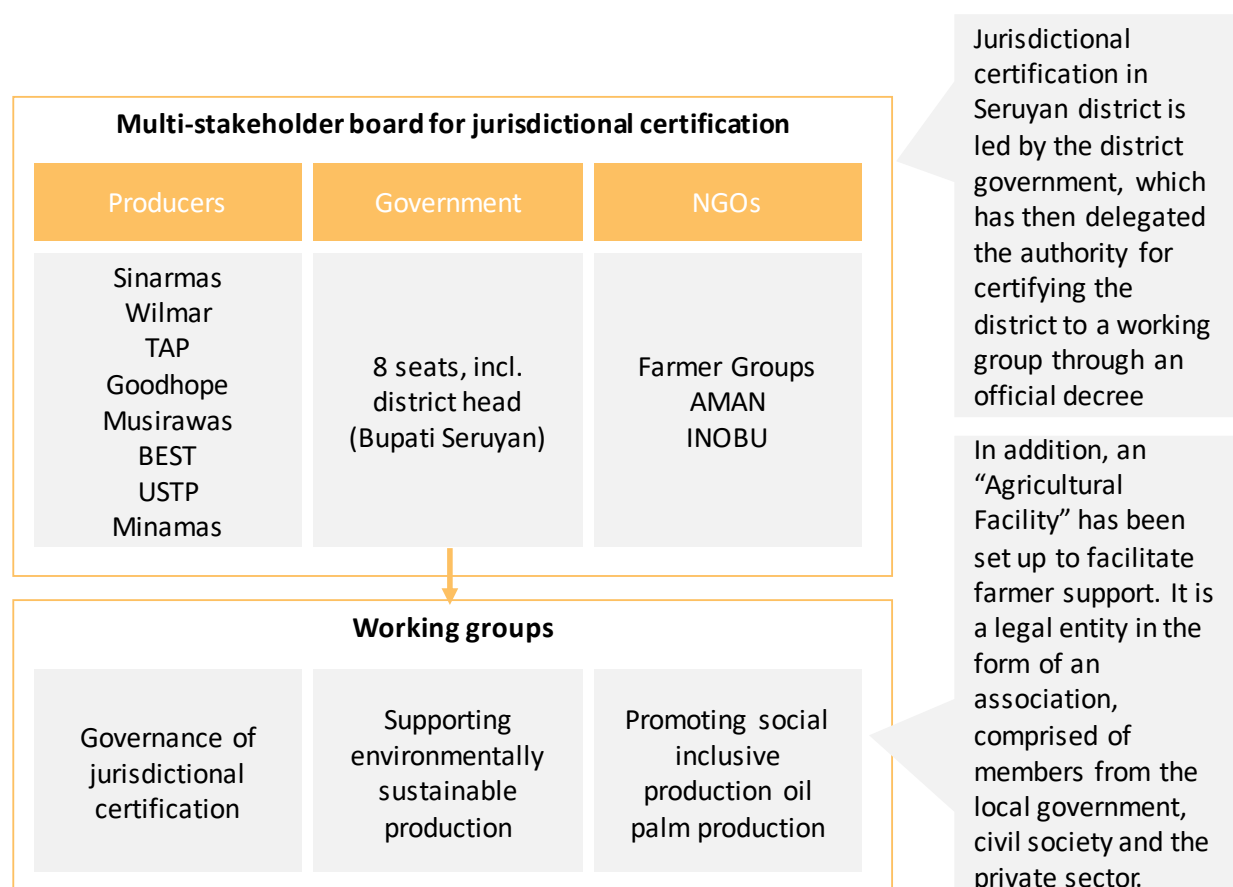
Key figures: Palm oil is produced on 493k ha, of which 444k is owned by corporations, 15k ha by smallholders, and of which 49k ha is outside concession areas. 167k ha is owned by RSPO certified corporations.



5.2 GOVERNANCE

In 2015, the head of Seruyan district, Sudarsono, declared his commitment for the district to become one of the Roundtable on Sustainable Palm Oil’s pilot jurisdictions for jurisdictional certification (see figure 5.2).

Figure 5.2 A central component to the JA in Seruyan has been the set-up of a multi-stakeholder working group



5.3 ROADMAP

As part of the initiative, the Seruyan district developed a roadmap focusing on three core objectives: Governance, environmental sustainability, and social inclusion. Working groups and aims in the Seruyan JA are organized around these:

The governance of jurisdictional certification

- Responsible for overall approach, with a mandate to address issues of deforestation, social conflict, and farmer empowerment.
- Additional aims include ensuring the traceability and legality of the oil palm supply chain within the district, as well as monitoring and verification. This includes activities on e.g. roll-out of traceability applications, monitoring systems, as well as setting up partnerships.

Environmental protection and restoration

- Main aims are to: reduce deforestation and forest degradation; protect high conservation value areas; protect peatland areas; reduce the incidence and extent of fires; and restore forests and peatland areas

Protecting the rights and improving the welfare of smallholders and communities

- Drives initiatives to ensure that oil palm production is inclusive. These initiatives will focus on preventing and mediating social conflict from plantation development; improving the production systems of smallholders; and legalizing tenure claims of indigenous and local farmers. Initiatives build on existing government instruments, policies and initiatives where possible. In addition, a public-private-partnership designed to provide training and agricultural inputs to smallholders throughout the district was set up (the Agricultural Facility). Although the facility will initially focus on providing support to oil palm smallholders, it will later expand to other commodities and crops. The Agricultural Facility also serves as a mechanism for receiving funds from partner companies and donors that are efficiently used to support rural extension and technical assistance efforts.

5.4 ACTIVITIES OVERVIEW

Table 5.1 Summary of activities grouped by the RSPO JA stepwise approach

Category	Sub-category	Description of activities
Governance	Multi-stakeholder board	Jurisdictional certification in Seruyan district is led by the district government, which has then delegated the authority for certifying the district to a working group through an official decree. The working group consists of equal parts producers, government representatives, and NGOs and farmer groups.
	Government involvement	The Seruyan district has provided continued commitment throughout since set-up of the program, and the district government leads the initiative.
	Financing mechanism	Long-term financing is not yet secured. Main financing sources include NGO funding.
	Governance structure	Governance is one of the key workstreams of the Seruyan JA. Specific activities to further develop governance are to be defined, also pending further development of the RSPO JA.
	Roadmap	A roadmap is in place. Roadmap includes activities on jurisdictional governance, M&E, and transparency; environmental protection and restorations; and social inclusion and economic development of smallholders.
Application of the standards	Legal gap analysis	A complete “legal gap analysis” has not been completed. However, projects on what are considered key bottlenecks are in place, including FPIC, and spatial planning.
	FPIC	Seruyan district aims to translate the principles of free, prior and informed consent into clear, standard operating procedures for investors that are formalized by a district regulation. The study supporting the development of this mechanism for conflict prevention and resolution is currently on-going.
	Spatial planning	The approach that is applied in Seruyan focuses on using the tools that are provided by laws and regulations. Consequently, high conservation value areas (HCVAs) should be integrated into the government spatial plan that defines areas that should be protected versus those that can be used for production. The management plan for the protection of HCVA will be developed at the jurisdiction(district)level through the Plan for Protecting and Managing the Environment (RPPLH) as stipulated by national regulations. By doing this, the efforts can be formally integrated into government planning documents, which are the basis for allocating government budgets and implementing government activities.
Compliance	Producer mapping	The Indonesian government did not have a system for registering and mapping smallholders, but one was developed as part of the work In Seruyan. This was the main interest of the Ministry of Agriculture in the project. The system was launched nationally at the end of 2018. Several pilot initiatives will be trialed this year for identifying and legalizing the land and resource rights of indigenous and local farmers. These initiatives will build on several legal instruments from various government agencies, depending on the location, zoning and types of claims.

5.5 KEY LESSONS

Lessons to the RSPO JA:

- **Alignment across government levels:** Applying RSPO Principles and Criteria at the jurisdictional (district) level should be conducted in alignment with government policies and regulations, which are constrained and enabled by national laws, in particular the laws regulating the distribution of powers among different levels of government. Most importantly, provincial governments have the authority for state forests while district governments have the authority for non-forest areas. District boundaries, however, cover both forest and non-forest areas. Consequently, jurisdictional strategies for reducing deforestation and environmental degradation require coordination with higher levels of government.
- **Alignment with government regulations:** Some of the international methodologies for RSPO certification, such as “High Conservation Value Area” and “High Carbon Stock” assessments are not recognized by public agencies, that have their own approaches to conservation assessment. Hence, without integrating these concepts into the government approach, it will not lead to effective implementation by the government.
- **Mapping of producers:** The Government of Indonesia does not have a system for registering or monitoring smallholder farmers, making it difficult to develop programs for providing them with technical assistance or credit and undermining the traceability of supply chains.
- **Certification services:** Farming practices and productivity limited due to lack of effective rural extension and technical support for smallholders, lack of mechanism for companies to deliver financial contributions to farmers, and lack of business know-how
- **Scale-up of RSPO requirements:** The current approach to Free Prior and Informed Consent is on a case-by-case basis when a more systemic approach is needed to address rural conflict across the entire District

5.6 DATA

The chapter is based on the following documentation:

- Review of key documentation: i) 5-year plan; ii) RSPO presentation; iii) Information booklets on history & technology; iv) Several project updates reports; v) <https://news.mongabay.com/2019/07/can-jurisdictional-certification-curb-palm-oil-deforestation-in-indonesia/> , John Watts, 2019
- Input from Seruyan RSPO pilot representative

6. SUMMARY AND CONCLUSIONS

In addition to key lessons captured by each pilot, the tables below contrast the activities by each pilot (see table 6.1) and summarizes key lessons (section 6.2). The approaches taken are very context specific in terms of focus and specific interventions and activities. However, there are clear overlapping lessons that can, and should be captured in the documentations in refining and developing the RSPO JA. Both to allow for flexibility in the approach, as well as provide adequate guidance towards implementation.

6.1 COMPARISON OF ACTIVITIES

Table 6.1 Summary of activities grouped by the RSPO JA stepwise approach and pilots

Category	Sub-category	Sabah	Ecuador	Seruyan
Governance	Multi-stakeholder board	The multi-stakeholder board (JCSC) falls under the Sabah State Government. The JCSC is co-chaired by the Natural Resources Office and Sabah Forestry Department and consists of equal parts government, industry and civil society representation, with the Roundtable on Sustainable Palm Oil and Forever Sabah as non-voting technical advisors. The membership of the JCSC is voluntary and time-consuming. Many companies and NGOs joined and did not attend meetings. At the moment there are some NGO - especially social NGO, and private sector vacancies.	The Interinstitutional Steering Committee for Sustainable Oil Palm (CISPS) is a public and private, autonomous and independent entity, which is in charge of leading and promoting proposals to strengthen the production of sustainable palm in Ecuador, established in 2017. The CISPS include government agencies, private sector actors, civil society organizations, and academia. Four regional platforms are also established, for participatory management of sustainable and deforestation free production where the key stakeholders in the supply chains of coffee, cocoa, oil palm and livestock will be able to dialogue and reach agreements to promote deforestation free supply chains.	Jurisdictional certification in Seruyan district is led by the district government, which has then delegated the authority for certifying the district to a working group through an official decree. The working group consists of equal parts producers, government representatives, and NGOs and farmer groups.
	Government involvement	The Sabah government has provided continued support, and (re-)confirmed its commitment to the targets of the JCSC in 2018. The government commitment is to reach 100% RSPO	The Ecuadorian government has provided continued commitment throughout since set-up of the program and is closely involved in the CISPS through multiple ministries and government levels.	The Seruyan district has provided continued commitment throughout since set-up of the program, and the district government leads the initiative.

		certified production by 2025, and 30% totally protected areas.	Government is also providing technical support through PROAmazonia, executed by UNDP.	
	Financing mechanism	The JCSC and programs are currently funded by NGOs, governments, and company support. Long-term financing is not yet secured. Funding is lacking for multiple activities, including for setting-up working groups and a broader governance structure.	Financing is secured up to 2023. Long-term financing is not yet secured. Main financing sources are from the PROAmazonia project, which is funded by GEF and GCF, as well as government support. A funding strategy and viable business model for (types of) producers is being developed for after 2023.	Long-term financing is not yet secured. Main financing sources include NGO funding.
	Governance structure	Funding is currently being secured to set up a small secretariat.	The development of governance structures to is one of the key objectives of the CISPS, and part of its roadmap. CISPS is already strongly integrated and linked to government institutions. One of the current key challenges is the legal persona / form of the CISPS. Further legal challenges include the provision of different types of permits (e.g. regional permits instead individual permits)	Governance is one of the workstreams of the Seruyan JA. Specific activities to further develop governance are to be defined, also pending further development of the RSPO JA. An “Agricultural Facility” has been set up to provide agronomic support to farmers.
	Roadmap	A five-year Action Plan (2016-2020) has been prepared to guide the first phase of work towards realizing the 2025 target of 100% RSPO-certified oil palm in Sabah. In its first roadmap, Sabah focuses on HCV/HCS conservation, land conflict, and smallholders support. Programs are largely on track to meet their objectives.	A roadmap to achieving 100% RSPO certification in place; implementation started in 2018 and strongly focuses on certification services to help producers become compliant. Roadmap includes capacity building (incl. technology transfer, agronomic, and inclusive business support), development of legislation, set-up of governance structures, and promotion activities. The roadmap is also linked to REDD+. The roadmap is linked to strategic objectives and activities for different CISPS members.	A roadmap is in place. Roadmap includes activities on jurisdictional governance, M&E, and transparency; environmental protection and restorations; and social inclusion and economic development of smallholders.
	Legal gap analysis	A complete “legal gap analysis” has not been completed. On HCV/HCS	A complete “legal gap analysis” has not been completed. The legal gap	A complete “legal gap analysis” has not been completed. However,

Application of the standards		and FPIC these analyses have been done, which are considered key. Labor is seen as an important issue that has not yet been analyzed in detail.	analysis will be conducted in lieu with the national interpretation exercise for the new P&Cs. Projects on what are considered key bottlenecks are in place, including human rights, labour rights, environmental protection, and corruption.	projects on what are considered key bottlenecks are in place, including FPIC, and spatial planning.
	FPIC	An FPIC guide that lays out relevant processes has been developed by a consultancy in close cooperation with relevant stakeholders. Currently, the guide is piloted in several districts of smallholders. Pending is integration into the legal framework, including land ordinance, and native law. The vision of the JCSC is that the FPIC process becomes a legal instrument for conflict resolution, and a driver for legal land use.	FPIC is largely in alignment with Ecuadorian law. Ecuador has property rights and consultation processes in place as per their regulatory framework.	Seruyan district aims to translate the principles of free, prior and informed consent into clear, standard operating procedures for investors that are formalized by a district regulation. The study supporting the development of this mechanism for conflict prevention and resolution is currently on-going.
	Spatial planning	The Sabah Forestry Department took the lead in developing the HCV/HCS assessment. The Sabah Forestry department did not consider the exercise as a palm oil-specific exercise for RSPO certification, but rather to inform broader, commodity neutral, spatial planning to reach their sustainability and development goals. The map includes “indicative” assessments of HCV1-4, but excludes many aspects that require time consuming and expensive field visits (e.g. HCV 5-6) on a jurisdictional level. Pending are government policies and related enforcement mechanisms, as well as policies on compensations and remediation.	The CISPS has outsourced the HCV/HCS mapping, which is in the process of being finalized. Broader spatial planning also considers the potentialities and limitations for the establishment of the oil palm crop and excludes areas covered by natural vegetation.	The approach that is applied in Seruyan focuses on using the tools that are provided by laws and regulations. Consequently, high conservation value areas (HCVAs) should be integrated into the government spatial plan that defines areas that should be protected versus those that can be used for production. The management plan for the protection of HCVA will be developed at the jurisdiction(district)level through the Plan for Protecting and Managing the Environment (RPPLH) as stipulated by national regulations. By doing this, the efforts can be formally integrated into government planning documents, which are the basis for allocating government budgets and implementing government activities.

Compliance	Producer mapping	The JSCS mapped all mills and their smallholder supply base in 4 specific districts. Compliance is mapped by means of % of RSPO certified producers and production, currently at ~24% of total production.	Mapping of oil palm producers has been completed. A set up of a digital mapping of sustainability performance is being developed / rolled out.	The Indonesian government did not have a system for registering and mapping smallholders, but one was developed as part of the work in Seruyan. This was the main interest of the Ministry of Agriculture in the project. The system was launched nationally at the end of 2018. Several pilot initiatives will be trialed this year for identifying and legalizing the land and resource rights of indigenous and local farmers. These initiatives will build on several legal instruments from various government agencies, depending on the location, zoning and types of claims.
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6.2 LESSONS FOR THE JURISDICTIONAL APPROACH TO CERTIFICATION AND THE CERTIFICATION SYSTEM DOCUMENTS

Overall lessons learned across the pilots that are applicable and relevant to the RSPO JA can be broadly grouped in 5 areas:

1. Commitment from the government
2. Governance
3. HCV assessment / spatial planning
4. Producers business case
5. Financing

1. Commitment from the government

For the JE to realize its mandate, continuous support from the government on the following aspects is necessary:

- Enforcement of regional and national policies and regulations
- Alignment between regional and national policies and regulations
- Alignment between the applicable policies and regulations and RSPO P&C
- Agreed mechanism to support the improvement of producers towards meeting RSPO P&C

Further, as the governance for specific topics may be organized across government levels and institutions, alignment between them is needed.

Implications on the JA to certification or the CSD:

- The **stepwise approach** requires the JE to formulate a roadmap and implement the action plans defined in the roadmap. The roadmap and its implementation will be assessed and audited externally. The roadmap is expected to articulate the government commitment and to secure it in the process of meeting all the requirements.
- **Explicitly stated in the requirement of multi-stakeholder supervisory board** is the representation of the relevant government entities.
- In the **Application of RSPO P&C** to Jurisdictional level, it is explicitly mentioned that the JE is required to conduct a legal framework assessment. This exercise is intended to provide the JE with a clarity of the

alignment between applicable regulations with RSPO P&C. **Development of HCV and FPIC regulations follow a similar logic**, and are included separately, explicitly, as they are considered key to the JA.

- Before starting the third stage of the stepwise approach, all producers in the region are required to be compliant with all applicable laws and regulations. This requirement provides a mechanism to encourage enforcement.

2. Governance

The pilots differ fundamentally in terms of geographical, governance, compositions of producers, critical issues to tackle, etc. For each pilot the most effective way to work towards compliance on a jurisdictional level differs, and the approach should allow for the flexibility to organize effectively, in line with the pilot's governance structure, issues to tackle, etc.

Implications on the JA to certification or the CSD:

- To allow for these differences in structure across jurisdictions we apply a key building block (principle): **we prescribe what the Jurisdictional Entity should achieve rather than how the JE should achieve this**. For example, having an internal audit mechanism in place is a requirement written as part of the functions of the JE. Due to different characteristics of the pilots, **specific structures are not prescribed, rather a systems approach is included**, where requirements are developed on the **quality of the auditing process**.

3. HCV assessment / spatial planning

The plans on how to develop and use HCV assessments as required by RSPO differ. As do their scale and complexity. As an example, in Ecuador the national government is inclined to adopt international standards of HCV assessment at national level, and this exercise is (fairly) closely aligned with existing ambitions and policies across commodities. In Sabah the ministry takes ownership of the assessment due to its close links to development of spatial planning. The same situation also applies to other elements of the implementation of HCV assessment. However, one common characteristic is that all pilots link HCV assessments to their broader spatial planning, making the HCV requirement a "commodity neutral" approach to spatial planning in practice.

Implications on the JA to certification or the CSD:

- At the **Stage 1 of the stepwise approach**, the JE is required to conduct an indicative HCV assessment and mapping. This exercise is to measure the level of alignment to the required HCV. Before entering the next stages, all JEs shall have a minimum level of quality and depth.
- **HCV assessment can be implemented at different levels and stages**: For national/regional for matters like spatial mapping (e.g. HCV 1-4) and local where more detailed on-the-ground assessments are needed (e.g. HCV 5-6) approaches may differ. The CSD does not prescribe in detail how the assessment at both levels shall be conducted due to the different characteristics of the pilots. However, it is specified that the HCV assessment shall follow one standard prescribed or chosen by RSPO.
- **The stepwise approach** requires and enables a proper execution of HCV assessment and an implementation of the outcomes of the process over time, and may include policy development and implementation.

4. Producer business case

The three pilots acknowledge the importance of providing the producers with support and attractive business case during the continuous improvement process towards meeting the P&C.

Implications on the JA to certification or the CSD:

- It is necessary to ensure that **the producers can gain benefit from the (partial) access to CSPO market**. The JE is required to develop a **proposal of the relation to producers in the jurisdiction. A guideline on distribution of benefits to producers within the JE will be developed**.

5. Financing

Significant funding is needed to start, and continue the, especially in set-up phase. For all three pilots, securing the funding for programs, and setting up the envisioned jurisdictional entity, is challenging. For the long-term, a clear business case is needed.

Implications on the JA to certification or the CSD:

- The JE is required to **develop a financing plan** and show how they intend to finance the (development of the) JE, working towards compliance. To ensure **proper accountability, transparent financing structure and reporting by the JE is required.**

The RSPO is an international non-profit organisation formed in 2004 with the objective to promote the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

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