

**RSPO**

Roundtable on  
Sustainable Palm Oil



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**RSPO**

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**THEORY OF CHANGE**

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The **Roundtable on Sustainable Palm Oil (RSPO)** is a not-for-profit, multi-stakeholder organisation that works to advance the production and use of sustainable palm oil. RSPO's vision is to transform markets to make sustainable palm oil the norm.

RSPO has improved its Monitoring & Evaluation (M&E) System through the Theory of Change to better articulate, manage, and measure progress towards this vision, provide insights into its effectiveness, and assess its long-term impact.

The Theory of Change (ToC), through the infographic and supporting narrative describes the impacts that RSPO wishes to achieve, as well as the key causal chains that can achieve them. These causal chains<sup>1</sup> capture the basic cause and effect logic of "if we do this, then the result is this", along with assumptions about the underlying logic of change. An important feature of the ToC is that it requires strategic thinking as to how RSPO expects strategies and activities to lead to expected outputs and outcomes, and how these outcomes contribute to impacts.

In 2016, RSPO commenced the work of developing the ToC with stakeholder input (see Annex 1). The actual process of developing a ToC is as critical as the final ToC "product" itself, in order to build a consensus on the priority outcomes and impacts RSPO seeks to achieve,

and to define the pathways by which RSPO can achieve these outcomes through mobilising stakeholders and resources.

The ToC is presented as a graphical version on pages 8-9 for communicating to a wider audience. A more technical and detailed version of the key causal chains is used for operationalising the ToC and is not part of this document.

The ToC provides a guiding framework for the Monitoring and Evaluation (M&E) System to provide insight into the effectiveness of strategies and the supporting activities. Based on the ToC and causal chains, indicators are developed to monitor and evaluate progress from direct outputs, to outcomes and impacts on critical pathways, as well as to develop key evaluation questions. The indicators also use reference points such as the ISEAL

common core indicators and the UN Sustainable Development Goals (SDGs). Through monitoring and evaluation, RSPO will be able to assess progress, performance, and impact, as well as provide the evidence and insight to validate or negate assumptions.

The ToC and M&E System will help inform strategy and drive innovation and continuous improvement through learning and adaptive management.

The ToC also provides a clear guiding framework for the Principles & Criteria (P&C) revision process and for monitoring, evaluating, and reporting the effects of the standard and assurance system. This allows for innovation and testing to adjust the P&C and assurance strategy and activities to deliver key outcomes more effectively over time.

<sup>1</sup> Causal chains are sometimes referred to as causal pathways, impact pathways or results chains.

# WORKING TOWARDS CHANGE

## RSPO TODAY

RSPO has successfully brought stakeholders together to seek solutions to the challenges of the palm oil sector, creating a platform to transform how palm oil is produced, traded, and sold. RSPO has seen impressive growth and can claim that approximately 20 per cent of global palm oil production is certified in accordance with its P&C, set forth in its global sustainable palm oil standard. Europe has moved significantly towards its 2020 targets of 100 per cent certified palm oil. To reach scale and sustainability (the RSPO vision), the market needs to be more inclusive, competitive, innovative, transparent and resilient, proactively responding to risks and changes to transform as a sector. While the strategies used to date have worked to create a critical mass, “business as usual” is no longer a viable approach if RSPO is to remain relevant, let alone grow.

### What stakeholders say

- Stakeholders are raising issues that require leadership, e.g. deforestation, human rights
- Confidence in the quality of certification is being questioned and new verification methods are needed in addition to the current certification model
- The system has deliberately focused on large growers in Indonesia and Malaysia, but is not right-sized for smallholders or other countries to meaningfully engage and succeed
- There is limited government engagement in key producing countries, which is a missed opportunity as a lever for enabling policies (Green Growth) and creating legal frameworks for smallholders
- There is a lack of balancing supply and market to ensure uptake of certified sustainable palm oil, as uptake is a key stimulus for grower certification
- There are unfulfilled commitments by members across various segments of the membership
- There is little traction in Asian consumption markets to stimulate uptake of sustainable palm oil practices
- There is an emergence of competing solutions, including alternative certifications, and both buyers and governments are increasingly challenging the relevance of RSPO
- There is limited evidence of the value proposition and perceived or real cost/benefits of certification

## RSPO IN THE FUTURE

We see a future where the standard practice is that palm oil is cultivated, traded and sold according to good sustainability principles, realising benefits for all stakeholders through improved conservation, poverty reduction, sustainable livelihoods, valuing participation of communities, ensuring fair labour practices and economic viability of businesses.

- Wildlife corridors are flourishing, as are the landscapes and ecosystems in palm producing areas, including no conversion of High Conservation Value/High Carbon Stock (HCV/HCS) or peatland areas
- Verification methods (including but not limited to certification) and assurance mechanisms distinguish between good and bad practice
- Conflicts between communities and companies are a thing of the past—they work together to determine shared value from palm oil production
- Those that work in palm oil have their rights respected and make a fair living
- Smallholders are producing palm oil in a sustainable way—implementing good practices, accessing markets that recognise their efforts, and are supported by a viable economic model of production and trade that provides them security and livelihoods
- Governments have smart policies that provide appropriate regulation supported by enforcement that creates a level playing field, enabling the market to adopt good practices
- Modern tools and technologies enable effectiveness, scale, effective monitoring, and business analytics in performance and impact
- All major consumption markets are sourcing significant volumes of sustainable palm oil
- RSPO is recognised and respected as the thought leader in sustainable palm oil production
- Members come together via the platform to collaborate and address challenges, continuous improvement and innovation
- Companies recognise their obligations as corporate citizens as well as the business case for sustainable production and meaningful community engagement

## KEY ASSUMPTIONS

- RSPO Principles & Criteria (P&C) are the blueprint for socially responsible, economically, and environmentally sustainable palm oil production, as agreed upon through a multi-stakeholder process
- Some form of assurance to verify the effective implementation of the P&C is necessary but may take different forms — from community-based monitoring to independent third-party certification, depending on market and risk factors
- There are clear and demonstrable benefits for growers that apply the P&C and for buyers that source sustainably produced palm oil; however, market commitment and uptake, and a financial community that commits through policies and incentives to sustainable production are essential for P&C adoption in the near to medium term
- RSPO needs to be bigger and go broader in terms of its reach:
  - RSPO needs to provide solutions for upgrading of smallholders that make it economically viable for them to adopt the P&C
  - RSPO needs market commitments and uptake in emerging markets that consume large volumes of palm oil
- RSPO no longer work in isolation: it needs to work with governments and other actors (including national schemes/standards/initiatives) to address structural barriers for smallholders and ensure consistent enforcement to enable change at scale
- Market intervention (e.g. supply and demand matching) is needed in the near to medium term as well as accountability for buyers to fulfil their commitments and ensure the uptake of sustainably produced palm oil

# HOW TO READ THE THEORY OF CHANGE

On the far right is the destination or **Vision**.

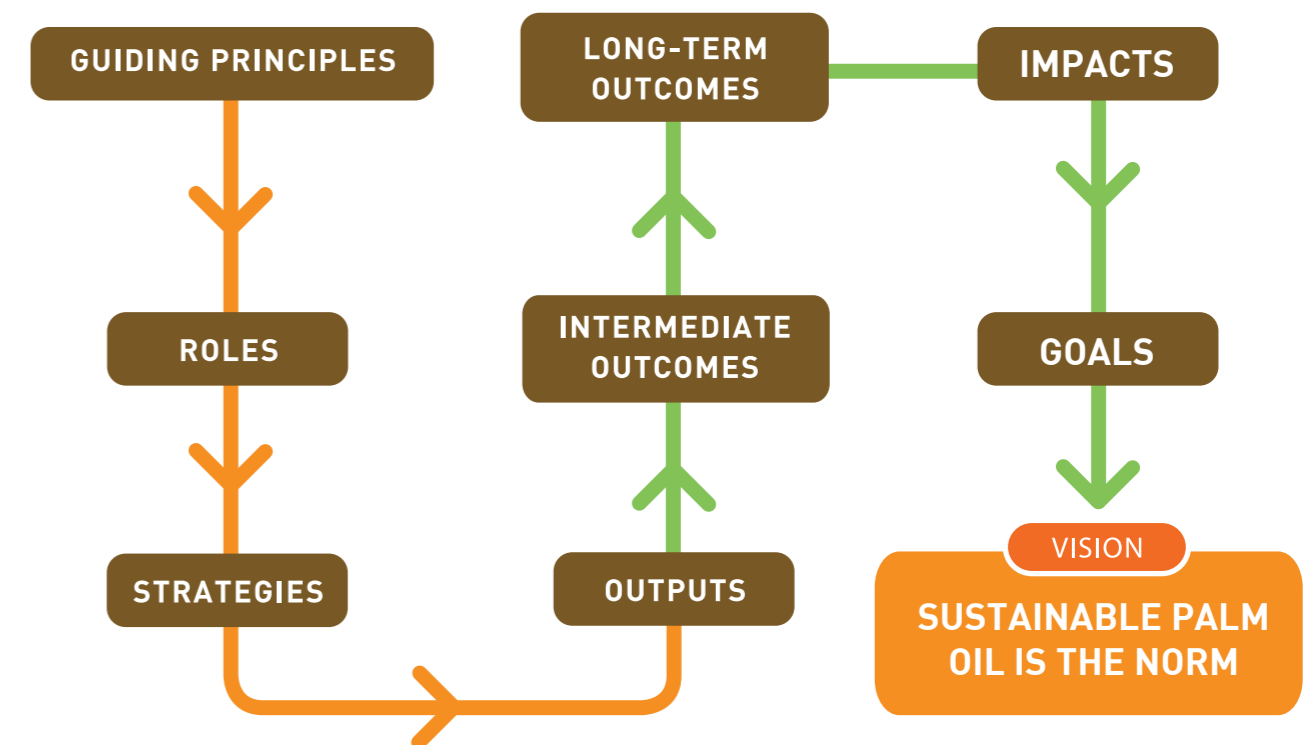
The ToC map outlines the basic cause and effect logic, which starts at the top left with the guiding principles and RSPO roles serving as the foundation.

The change strategy runs through the lines. Moving up in the process, over time, the activity and investment **Strategies** are designed to deliver on the RSPO vision.

**Outputs** are the shorter-term direct results of activities and investments that then link to **Intermediate Outcomes**.

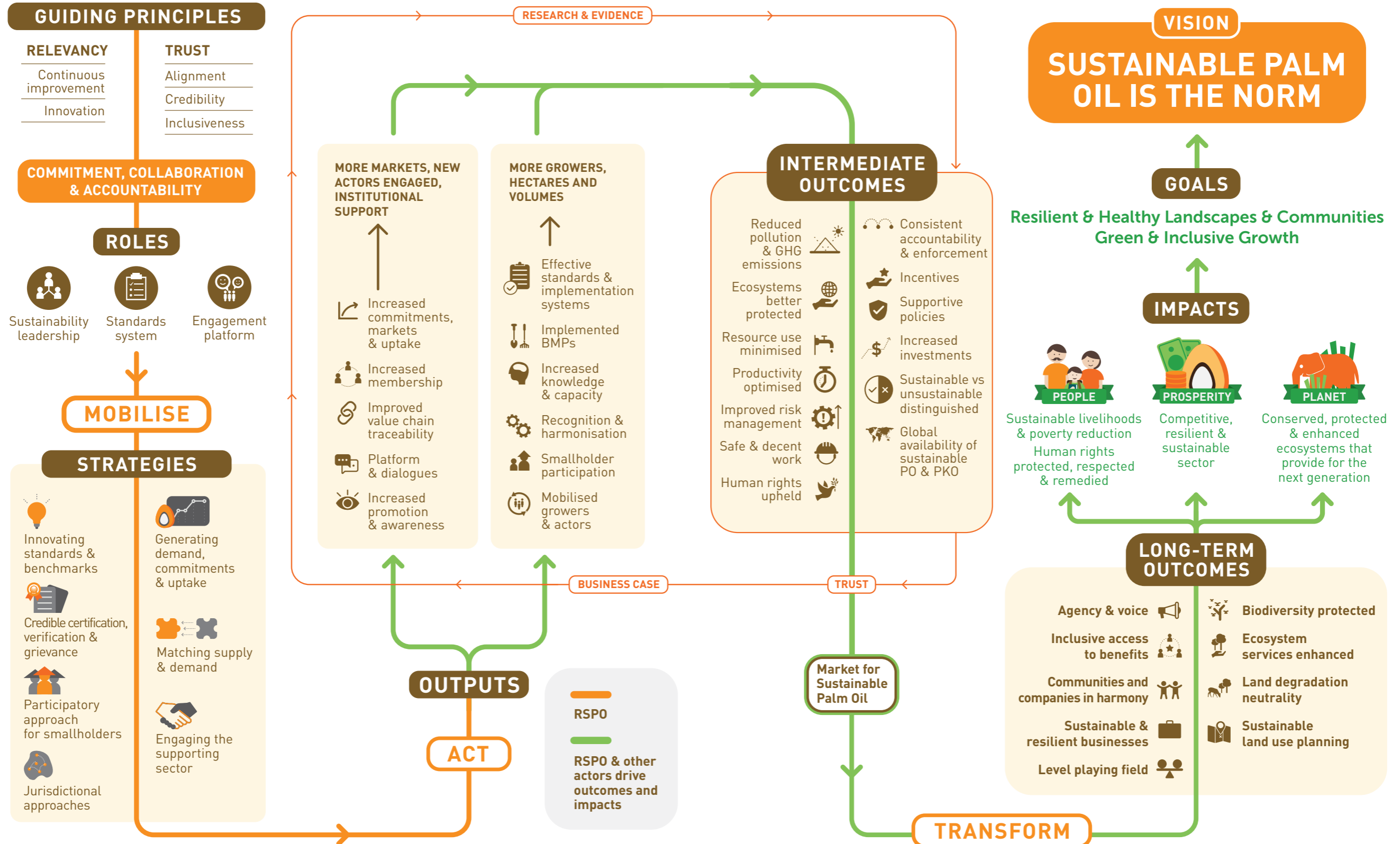
Over time and as more actors are involved, there are **Long-Term Outcomes** that are multiplied and supported by efforts leading to ultimate **Impacts** and **Goals**.

A comprehensive version of the ToC is shown in the next page. However, a more simplified version of the ToC can be referred to in Annex 2<sup>2</sup>.



<sup>2</sup> Both versions of the ToC can be downloaded from <http://www.rspo.org/theoryofchange>

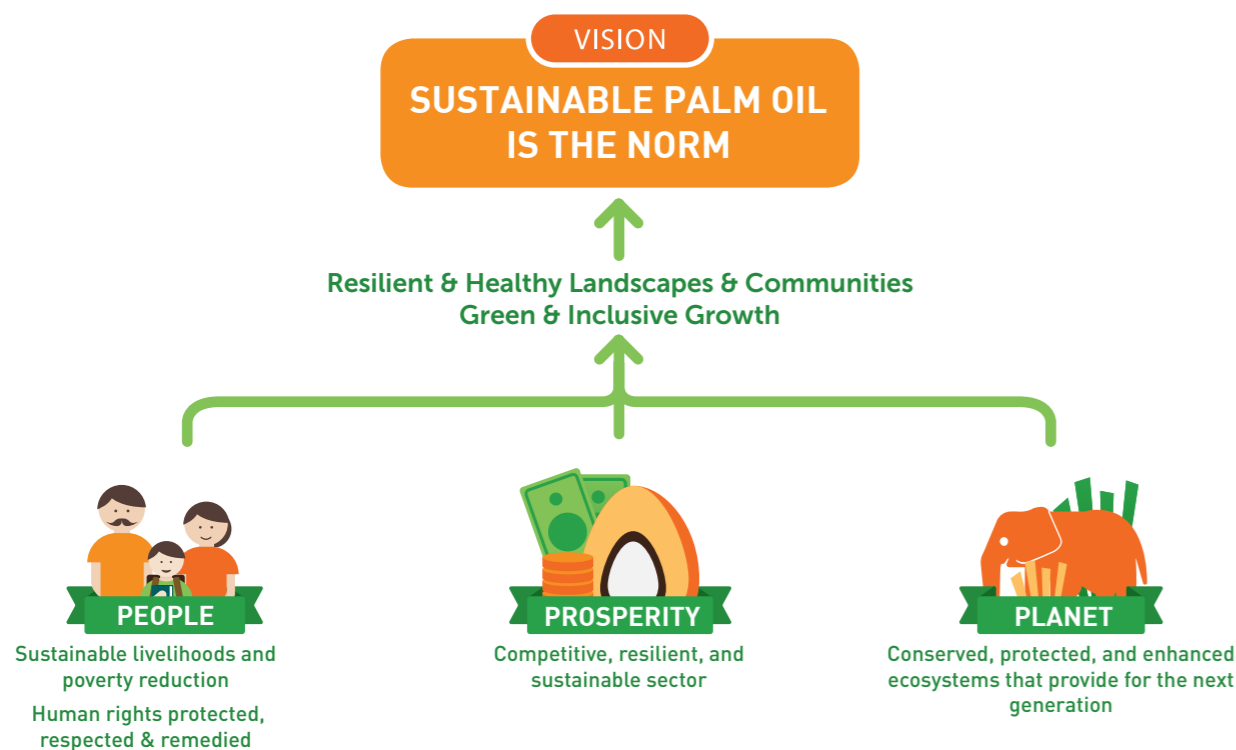
# THEORY OF CHANGE RSPO'S ROADMAP FOR SUSTAINABLE PALM OIL



# A NARRATIVE OF CHANGE

**Note:** Impacts and Outcomes are deliberately introduced first because these serve as the RSPO's compass. If these impacts and outcomes are incorrect, then the rest of the change theory (strategies, inputs, and outputs) would need to be reconsidered.

## THE DESTINATION



### Vision

RSPO will transform markets to make sustainable palm oil the norm.

### Goals

#### Resilient and healthy landscapes and communities

Protection and restoration of resources, and people have the means to provide for themselves and advocate for their rights.

#### Green and inclusive growth

Sustainable palm oil is a driver for economic growth and development at the local, regional, and national level, ensuring that natural assets continue to provide the resources and environmental services on which well-being relies. Benefits accrue to all involved.

## Impacts

Impacts are the positive and negative long-term effects on planet, people, markets, and systems resulting from strategies and interventions.

These may be direct or indirect effects, and intended or unintended.



**Sustainable livelihoods and poverty reduction**

**Human rights protected, respected and remedied**

The palm oil sector protects and improves rural livelihoods, equality<sup>3</sup>, and social well-being<sup>4</sup>. Human rights are respected. People participate in processes that affect them with shared access and benefits. Everyone engaged in palm oil production has equal opportunities to fulfil their potential in work and community, with dignity and equality, and in a healthy working and living environment.



**Competitive, resilient, and sustainable sector**

Sustainable palm oil reaches its full potential in terms of contributing to innovative economies and accelerated prosperity, and as a model for green and inclusive growth for emerging economies. A sustainable, competitive, and resilient palm oil sector ensures long-term viability of the entire supply chain and shared benefits for the private sector, as well as the livelihoods of the people and communities where palm oil is grown.

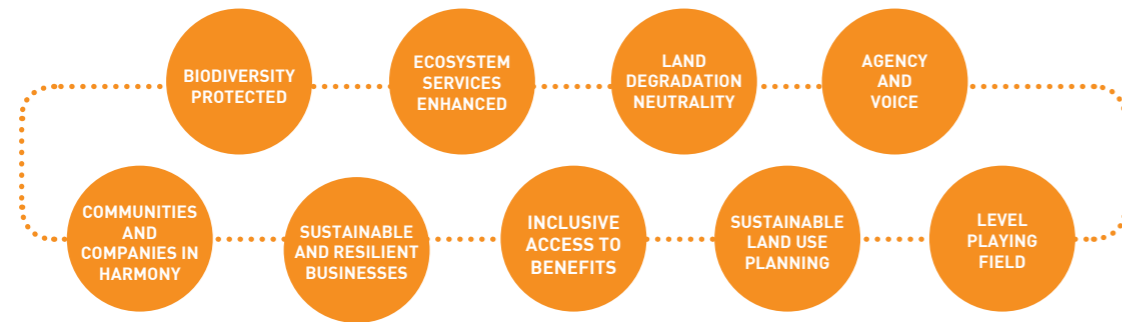


**Conserved, protected, and enhanced ecosystems that provide for the next generation**

Ecosystems and their goods and services are conserved, protected, enhanced, and made resilient through sustainable consumption, production, and management of natural resources [sustainably managing forests, combating desertification, halting and reversing land degradation, halting biodiversity loss (SDG 15)]. Climate change is addressed through continuous GHG reductions, and air and water pollution are controlled.

<sup>3</sup> Equality means equal opportunity, equal access and equal results.  
<sup>4</sup> SDG 2.4.1 productive and sustainable agriculture as defined by FAO.

## Long-Term Outcomes



**BIODIVERSITY PROTECTED**  
Biodiversity, or the variety of life, forms the foundation of the health of ecosystem services and allows for ecosystems to adjust to disturbances (resiliency). Conservation of biodiversity includes the preservation of rare, threatened, and endangered species, and preservation of HCV areas.

**ECOSYSTEM SERVICES ENHANCED**  
Essential ecosystem services from natural and managed ecosystems are preserved, contributing to planet and people well-being. These include clean air and water, food, fuel, and culture.

**LAND DEGRADATION NEUTRALITY**  
A state whereby the amount and quality of land resources necessary to support ecosystem functions and services, and enhance food security remain stable or increase (SDG 15.3.1),

considering land productivity, land cover and change, and carbon stocks.

**AGENCY AND VOICE**  
All rights holders (e.g. workers, communities, women, migrants, indigenous people, vulnerable populations, etc.) can activate, access, and claim their rights through their engagement in palm oil production and trade.

**COMMUNITIES AND COMPANIES IN HARMONY**  
There is dissolution of disputes and grievances between communities, palm oil growers, and other actors in the palm oil sector, which are replaced by shared understanding, dialogue, and amicable and peaceful resolution.

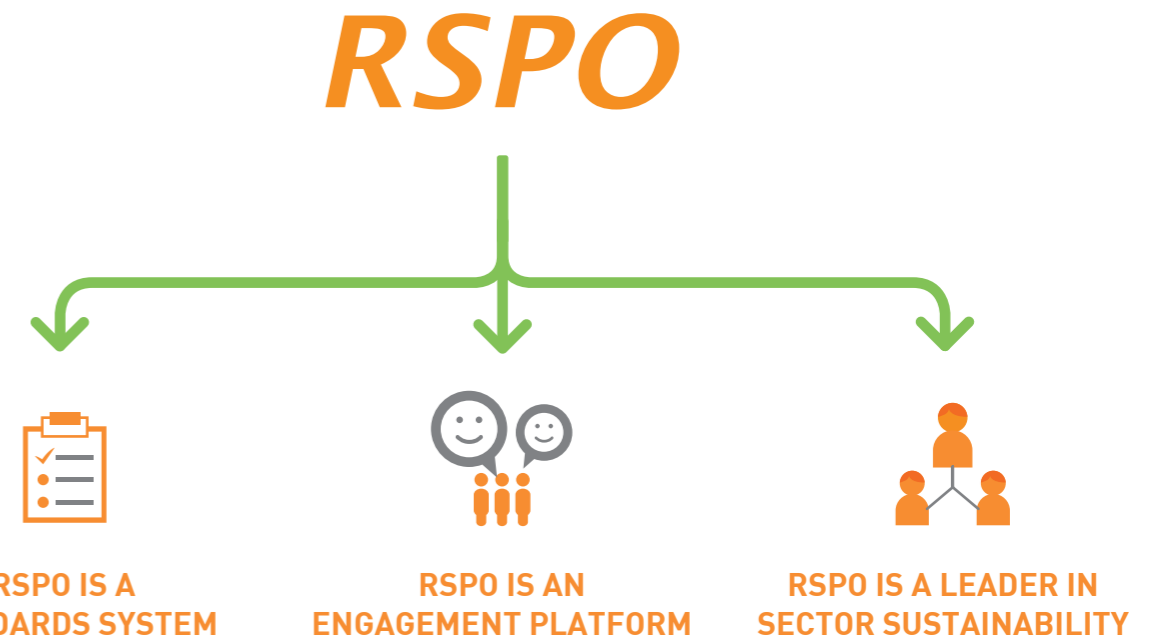
**SUSTAINABLE AND RESILIENT BUSINESSES**  
Businesses of all sizes and scales can compete in the long-term and weather economic shocks.

**INCLUSIVE ACCESS TO BENEFITS**  
Economic, social, and environmental value accrues to all involved in the palm oil sector.

**SUSTAINABLE LAND USE PLANNING**  
National/subnational practices and technologies integrate the management of land, water, biodiversity, and other environmental resources to meet human needs while ensuring the long-term sustainability of ecosystem services and a competitive, resilient palm oil sector.

**LEVEL PLAYING FIELD**  
Consistent, unbiased, and equitable policies and systems for all actors provide clarity of the rules and define the spirit of participation. A level playing field requires consistent application of rules and their enforcement. This creates a situation of fair competition, access to markets and finance, and opportunity for all.

## THE ROLES OF RSPO IN DRIVING CHANGE



**RSPO IS A STANDARDS SYSTEM**  
In its Standards System role, RSPO is responsible for leading the multi-stakeholder activities involved in the effective development, implementation, and verification of standards to drive impact. This is not only setting the standard, but supporting the standard's credible implementation— as both a facilitator and provider of tools and services to drive sustainability of the production, processing, trading, and use of palm oil, including capacity building, assurance, labelling, data collection, monitoring and evaluation, and corrective action where needed.

**RSPO IS AN ENGAGEMENT PLATFORM**  
This role reinforces RSPO as the convener of civil society, government, business, and industry, who come together to tackle the challenging issues, innovate, develop, and invest in sector solutions. RSPO in this role helps scale sector solutions through collective action on critical issues and local priorities through facilitating bilateral and multilateral dialogue actions. It functions as a platform for testing, thought leadership, and innovation, and has the ability to replicate and disseminate learning through peers as well as create social capital. The platform is the “go-to” for sustainable palm oil knowledge, tools, and guidance.

**RSPO IS A LEADER IN SECTOR SUSTAINABILITY**  
RSPO assumes the role of leading sector transformation through a shared vision, coordination, thought leadership, and acting as a catalyst for change. RSPO leads the effort to impact and influence the broader ecosystem, mobilise actors and resources, and set the global agenda for sustainable palm oil with private actors, civil society, and governments. Sustainable palm oil sets the example for sustainable development that becomes a model for commodities and regions pursuing inclusive and green growth.

### Pre-condition for Long-Term Outcomes and Impact: A Market for Sustainable Palm Oil

Greater volumes of sustainable palm oil from a variety of production setups are moving into more markets via more companies<sup>5</sup>. This requires growers of all sizes across the globe to participate with greater volumes of sustainably produced palm oil, selling into more markets, with more actors buying, investing in, and using sustainable palm oil.

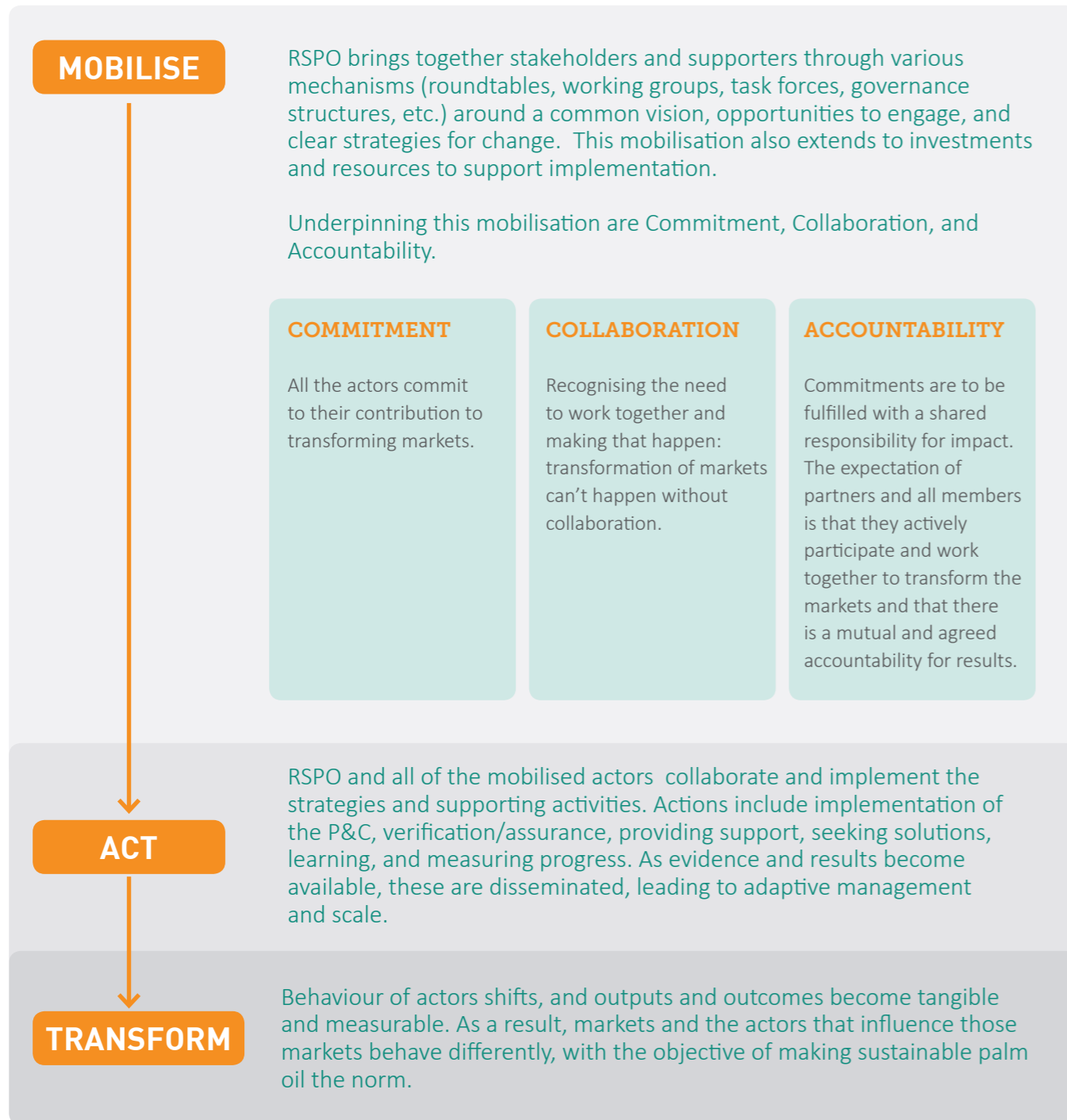
<sup>5</sup> Sustainable palm oil as defined by the RSPO P&C whether or not certified – recognising that it may be benchmarked or verified through other means in the future.



# HOW CHANGE HAPPENS

## Process of Change

This is the backbone of the RSPO change theory, which is fundamental to triggering the transformation of the palm oil sector. The change is characterised by a progression of Mobilise, Act, and Transform.



## Inputs

**Note:** The Secretariat (along with specific working groups) will have more specific details for inputs they are using to drive outputs for each of the respective strategies being used to generate change. This is the generic RSPO-wide list of inputs; the RSPO toolkit.

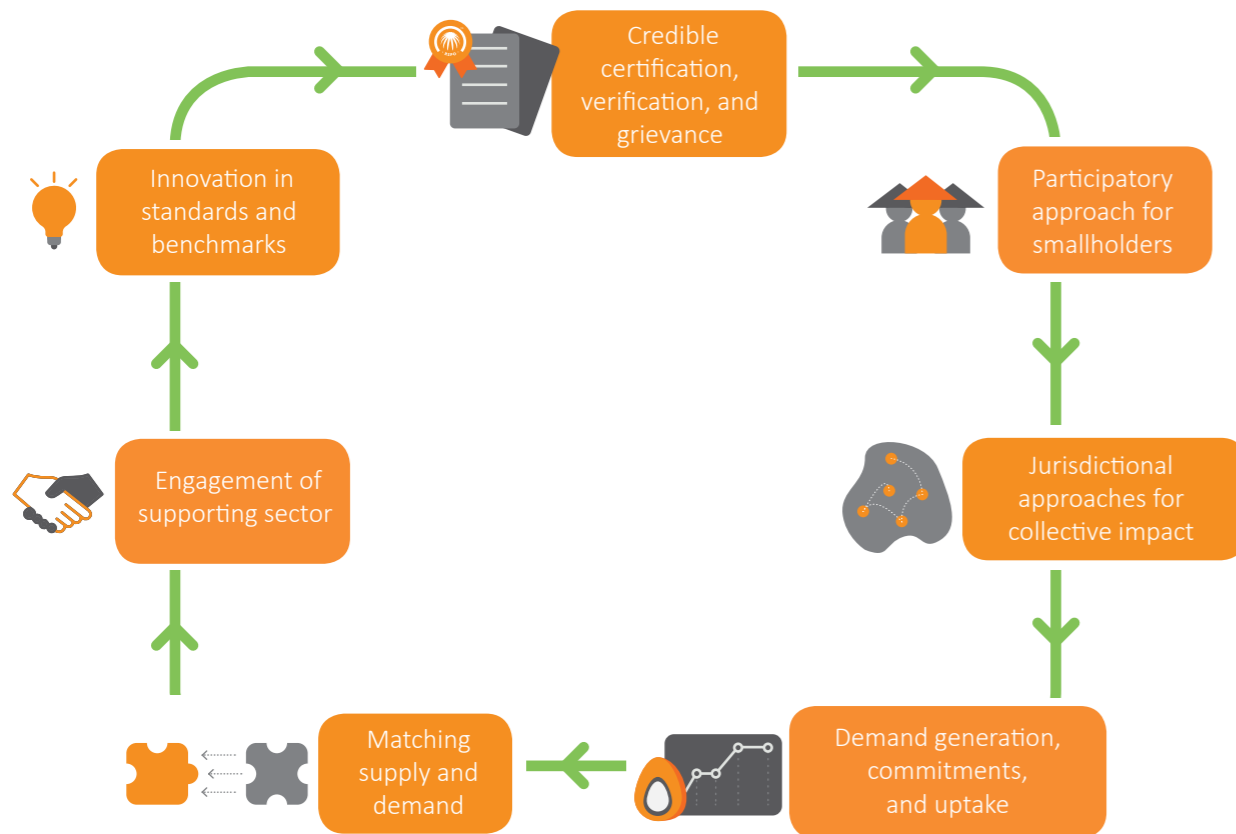
Inputs are the resources used in activities and investments that RSPO (in cooperation with its members and other stakeholders) use to drive its strategies into implementation to produce results (outputs). These include, but are not limited to:



## Causal Chains

Causal chains (also known as impact pathways or results chains) make explicit how RSPO and its members and partners bring about change by linking strategies to expected outputs, which lead to intermediate and longer-term outcomes, and ultimately impacts. There is not a one-to-one relationship, as change comes about

because of multiple factors, influences, and interdependencies, including those outside of the control of RSPO. An overview of the key causal chains in the RSPO ToC are outlined below. Please keep in mind that while presented separately, they are all necessary pieces of the puzzle in making sustainable palm oil the norm.



The following descriptions do not attempt to cover every possible cause and effect, but instead focus on the key pathways to impacts.

## INNOVATION IN STANDARDS AND BENCHMARKS

The principles (goals), necessary criteria, and practices that operationalise sustainability of palm oil production as documented in the RSPO P&C, were defined and developed through a multi-stakeholder approach. When applied, the P&C drive positive environmental, social, and economic outcomes. Interoperability with other systems is created through benchmarking.

	<b>Current state</b>	The RSPO standard serves as an important cornerstone of the movement in transforming markets. However, new tools and models are needed to meet stakeholders where they are in their sustainability journey.
	<b>Goal</b>	Inclusive, accessible, and credible tools and models that drive performance and deliver impact.
	<b>Key approaches</b>	<ul style="list-style-type: none"> <li>Codify social, environmental, and agronomics minimum practices, good practices, and best practice in the P&amp;C that are applicable to different types of production in diverse landscapes across the globe</li> <li>Benchmarking and harmonisation with the standards and principles of other organisations and institutions that have similar goals to create synergies, efficiencies, and accessibility</li> <li>Leverage learning and expertise to ensure that the standards and benchmarks are responsive to current and emerging issues</li> <li>Ensure processes for national and local adaption</li> <li>Ensure that standards drive continuous improvement</li> </ul>
	<b>Key assumptions</b>	<ul style="list-style-type: none"> <li>Stakeholders must be willing to accept different levels of requirements</li> <li>Stakeholders must be willing to focus on performance and impact of the standard rather than specific agendas</li> <li>Government mandatory programmes (e.g. national schemes/standards/initiatives) harmonised, with interoperability as an opportunity for RSPO</li> </ul>
	<b>Outputs</b>	Trainings, technical assistance, access to inputs lead to: <ul style="list-style-type: none"> <li>Consistent and streamlined standards</li> <li>Recognition/harmonisation with other systems</li> <li>Standards that work for smallholders</li> <li>Increased knowledge and capacity on social, environmental, and agronomic production and processing</li> <li>Effective production and management systems</li> <li>Implemented Best Management Practices (BMPs)</li> </ul>



### Intermediate outcomes

- Effective implementation and more growers' uptake of the P&C leads to:
- Resource use minimisation (soil, water, energy), input use reduction, and cost reduction
  - Reduced pollution (water, air, greenhouse gases)
  - Improved risk management, management plans, and assessments
  - Ecosystem better protected
  - Optimised productivity
  - Human rights upheld
  - Safe and decent work for all workers



### Linkages to long-term outcomes

- Agency and voice – stakeholder engagement in the development and implementation of the P&C, participation, and decision making in processes affecting them through tools (Free Prior and Informed Consent (FPIC), Social and Environmental Impact Assessment (SEIA), etc.) and mechanisms (complaints and appeals)
- Inclusive access to benefits – equitable opportunities, safeguarding social and community interests
- Sustainable land use planning – jurisdiction-wide planning including trade-offs and compensation
- Communities and companies in harmony – multi-stakeholder platform to achieve a balance between multiple and sometimes conflicting objectives. Effective compensation mechanisms
- Ecosystem services enhanced and biodiversity protected
- Land degradation neutrality – increased yield through best management practices (BMPs) and protected areas
- Level playing field – all actors are treated fairly by an objective certification system or other verification methods and via effective grievance processes and remedies



### Links to other causal chains

- Participatory approach for smallholders – streamlined P&C and systems for accessibility
- Jurisdictional approach – use of the P&C as a blueprint for jurisdiction-wide sustainable land use planning
- Credible certification, verification, and grievance – verification fit for different models, recognised standards, step-wise approaches, and future models
- Monitoring and evaluation – research and evidence on the impacts of the P&C, driving continuous improvement through ongoing monitoring

## CREDIBLE CERTIFICATION, VERIFICATION AND GRIEVANCE

Assurance that builds stakeholder confidence and trust that sustainability requirements are met



### Current state

The RSPO Certification and Assurance system is seen as inflexible, and is not sufficiently or consistently identifying all problem areas. While increased rigour is expected, at the same time, costs and bureaucracy have to be scaled back, and the system has to become more user-friendly and user-centric, particularly, but not only, to enable smallholder uptake. Up to now, certification and assurance have functioned as a “police and control mechanism,” yet offer untapped opportunities for system improvement and learning.



### Goal

A trusted and credible assurance system, which is fit for the purpose, transparent, and consistent, will drive support and increase uptake of sustainability requirements as well as serve as a channel for system improvement and learning.



### Key approaches

- Quality management of assurance and oversight processes including continuous improvement through data analytics
- Effective grievance mechanisms providing fair resolution
- Streamlining of the standard for consistency and effectiveness
- Applying new verification methods that assure users of specified performance



### Key assumptions

- Stakeholders and other parties engage within RSPO certification processes (seeking and supporting solutions inside the system, such as interpretation platforms, assurance and grievance processes), instead of “outside resolutions” (i.e. media campaigns)
- Certification and accreditation bodies are willing to invest in learning and employing new approaches
- While we aim at 100 per cent compliance at all times, it is accepted that voluntary certification is not without its own challenges (being transparent about weaknesses and improvements)
- Markets are willing to accept risks of different verification methods



### Outputs

Trainings, analytics, interpretation platforms, and complaints and appeals mechanisms lead to:

- Continuous improvement of the implementation of the assurance systems
  - Conformity Assessment Body, auditor performance, non-conformities
  - Consistency and streamlining of the standards
- Innovation in verification and grievances leads to new verification methods, smallholder participation, and access to remedy

### Intermediate outcomes

A more consistent, impartial, and competent system leads to trust.

- Improved Conformity Assessment Body, Assessment Body, and auditor conformance and performance
- Consistent, streamlined and effective standards – focusing on risk areas and creating efficiencies
- Trust: strengthened accountability with stakeholders
- Increased adoption of P&C (more growers, hectares and volumes)
- Increased markets and actors supporting sustainable palm oil production

### Linkages to long-term outcomes

- Agency and voice – stakeholder engagement in the assurance process, participation, and decision-making in processes affecting them, and mechanisms (complaints and appeals). Reduced incidents through more consistent and streamlined processes
- Level playing field – consistency, impartiality, and competency for all actors
- Trust in the RSPO systems will drive uptake of sustainable palm oil by the supply and demand base, which in turn leads to improved performance on the ground and achievement of longer-term sustainability impacts

### Links to other Causal chains

- Participatory approach for smallholders – models that are fit for purpose including the use of technology and community-based monitoring
- Jurisdictional approach – models that enable entry at different levels
- Innovation in standards and benchmarks – models that facilitate different levels and claims, with flexibility for emerging issues
- Monitoring and evaluation – real time data analytics to drive performance and continuous improvement

## PARTICIPATORY APPROACH FOR SMALLHOLDERS

More smallholders producing sustainably and benefiting from sustainable palm oil production and trade



### Current state

The system has historically put more emphasis on large growers in Indonesia and Malaysia. More customisation is needed for smallholders to be able to participate and benefit from RSPO P&C adoption and access to the market.



### Goal

Inclusion of more smallholders in the system to produce sustainably while earning a sustainable livelihood from palm oil.



### Key approaches

- Mobilising aggregation points (groups) as a means for working with smallholders: efficient delivery of training, inputs, financing, implementation of P&C and certification
- Stepwise approach to certification: P&C and supporting tools “right-sized,” and new mechanisms added to verify compliance
- Specific demand pull, tools, and incentives for smallholders, including financing and risk management



### Key assumptions

- Willingness of smallholders to organise, participate, and engage
- Training and financing the upgrading of smallholders to participate in formal value chains
- Tools, strategies, and BMPs right-sized for smallholders
- A verification/ certification system that is appropriate for smallholders but rigorous enough for the market
- Government policies and regulation to support smallholder inclusion



### Outputs

Trainings, resources, P&C, mobilisation of growers into groups and streamlined standards and new verification methods lead to:

- Smallholder participation
  - Increased numbers of organised independent smallholders
  - Improved enabling environment for smallholders
- Increased knowledge and capacity—P&C, business administration, pricing, etc.
- Effective production and management systems
- Implemented BMPs

### Intermediate outcomes

- Effective implementation of the P&C through groups for independent smallholders leads to:
- Resource use minimisation (soil, water, energy), input use reduction, reduced costs
  - Reduced pollution (water, air, greenhouse gases)
  - Improved risk management, management plans, and assessments
  - Ecosystem better protected
  - Optimised productivity
  - Human rights upheld—free, prior, and informed consent (FPIC)
  - Increased adoption of P&C (more growers, hectares, and volumes)
  - Increase markets and actors support

### Linkages to long-term outcomes

- Sustainable and resilient businesses – more profitable, manage for shocks, produce sustainably
- Agency and voice – professionalisation, negotiation power
- Inclusive access to benefits – through participation in global value chains
- Land degradation neutrality – higher yields reduce pressure to expand
- Ecosystem services enhanced and biodiversity protected – improved soil health, minimised pollution (air, water, soil), protected areas, access to resources and protection of cultural landmarks
- Communities and companies in harmony – smallholders working in tandem with other actors in the community
- Level playing field – all actors are treated fairly by an objective certification system or other verification methods and via effective grievance processes and remedy

### Links to other causal chains

- Innovation in standards and benchmarks – standards and benchmarks are appropriate for smallholders
- Jurisdictional approach—improved yields lead to reduced land clearing, landscape level requirements
- Credible certification, verification, and grievance –new models fit for purpose
- Monitoring and evaluation – making the business case for smallholders cost and benefits, proof of concept

## JURISDICTIONAL APPROACHES

Catalysing a platform for collective impact



### Current state

The system is designed to certify distinct bounded areas. The reality is that palm oil production happens across large landscapes that may include multiple entities/owners, smallholders, outgrowers, and other commodities and sectors that affect the desired outcomes and impacts. Farm boundaries are often insufficient for addressing key sustainability issues (such as wildlife corridors and HCV areas), or understanding trade-offs and tensions in development and protection. The RSPO system is underutilised as a blueprint for sustainable development.



### Goal

Healthy and resilient landscapes deliver multiple societal impacts, including conservation, economic, and livelihood benefits using jurisdictional approaches to drive scale and sector transformation, working with governments and all actors in the region.



### Key approaches

- Leadership in establishing a holistic and inclusive management process with a shared vision and goals
- Government engagement and dialogue
- Tools and capacity building to create knowledge transfer, and apply P&C and verification across a broad range of actors



### Key assumptions

- Diverse stakeholders willing to come together around common objectives with a view to the long-term
- Lead actor (backbone organisation) to convene and push the concept to reality; perception and acceptance by multi-stakeholders as legitimate
- RSPO is not the convener; convener needs to be a local actor
- Capacity, capability of government to engage and provide a fair and transparent platform
- Transparent and spatially explicit inventory of natural, human, physical, social, and financial assets



### Outputs

- Trainings, partners outreach, streamlined standards, and new verification methods facilitate the establishment of:
- Mobilised growers and actors
  - National/ regional platforms and dialogues - for negotiation of goals and creating a shared vision and management plan
  - Implemented BMPs

- Increased knowledge and capacity - P&C, business administration, pricing, etc.
- Smallholder participation—inclusion of smallholders in the process
- Access to remedy

### Intermediate outcomes

If a multi-stakeholder platform is established, it facilitates the effective adoption of P&C. Activities and investments by government and other actors support in addressing barriers to adoption of sustainable practices and will lead to:

- Effective implementation of the P&C:
  - Resource use minimisation (soil, water, energy), input use reduction, reduced costs
  - Reduced pollution (water, air, greenhouse gases)
  - Improved risk management, management plans, and assessments
  - Ecosystem better protected
  - Optimised productivity
- Human rights upheld
- Safe and decent work for all workers
- Increased investments—model attracting new players and financing tools
- Increased adoption of P&C (more growers, hectares, and volumes)
- Increased markets and actors support

### Linkages to long-term outcomes

Increased adoption of P&C (more growers, hectares, and volumes) expanded across the landscape leads to improvements in:

- Agency and voice – inclusive multi-stakeholder platform, smallholder participation
- Level playing field – negotiated goals, consistent and transparent processes
- Inclusive access to benefits – equitable opportunities, safeguarding social and community interests
- Sustainable land use planning – jurisdiction-wide planning including trade-offs and compensation
- Communities and companies in harmony – multi-stakeholder platform to achieve a balance between multiple and sometimes conflicting objectives. Effective compensation mechanisms
- Ecosystem services enhanced and biodiversity protected – improved soil health, minimised pollution (air, water, soil), protected areas, access to resources, and protection of cultural landmarks

### Links to other causal chains

- Innovation in standards and benchmarks – step-wise approaches for smallholders with the jurisdictional approach
- Credible certification, verification and grievance – verification fit for purpose including technology (remote sensing) and community-based monitoring
- Participatory approach for smallholders – strengthen producer organisations to participate and to address landscape level impact areas in the holistic land use management plan (identification, management and monitoring of HCV, HCS, SEIA, FPIC), legality
- Monitoring and evaluation – testing models for innovation and learning through research and evidence, driving continuous improvement through ongoing monitoring

## DEMAND GENERATION, COMMITMENTS, AND UPTAKE

Furthering commitments and uptake



### Current state

Although there are substantial commitments from Europe and growing interest in North America, the uptake is not fulfilled. There are untapped/under-tapped opportunities in emerging markets with high consumption of palm oil (e.g. China, India and Indonesia) as a low cost food staple for low income growing populations. Obstacles to increasing demand include a negative perception of palm oil as a commodity that is in conflict with people and the environment in developed markets concerned with reputation and risk, as well as general lack of awareness of sustainability in major consuming markets.



### Goal

Ensure there is a growing global and diverse market with increased commitments and purchases of sustainable palm oil to incentivise and support implementation of sustainable production.



### Key approaches

- Change perception with positive stories, evidence, and local endorsement (influencers/ambassadors) and transparent communications
- Build awareness of sustainable (versus unsustainable) palm oil supported by evidence of the P&C and certification, driving/delivering impacts and leveraging SDGs where possible
- Specific country strategies (China, Indonesia, India, Malaysia) implemented with local partners
- Accountability mechanisms on existing commitments leveraging and strengthening Annual Communications of Progress (ACOP)



### Key assumptions

- RSPO can make the business case of benefits of sustainable palm oil and risks of unsustainable production
- Government policies where support is needed and incentivised sustainable production and consumption
- Emerging market companies (brands and retailers) willing to commit to sustainability
- Certification and verification rigour and perception to build market confidence
- Members are held to account for unfulfilled commitments



### Outputs

Communications, outreach, engagement, and research lead to:

- Awareness, promotion, and visibility of sustainable palm oil
- New buyers and markets
- Increased membership
- Increased commitments from buyers
- Increased uptake
- National/regional platforms and dialogues

Increased market commitments will drive increased P&C adoption, leading to more sustainable production and innovation in standards and benchmarks outcomes.



### Intermediate outcomes

Broadening awareness and stimulating the commitment for sustainable production leads to:

- Distinction between sustainable and unsustainable palm oil
- Increased investments in sustainable palm oil (production and procurement)
- Incentives in the form of (corporate) sourcing policies, market access, preferential terms of trade
- Improved risk management



### Linkages to long-term outcomes

Demand and market conditions incentivise sustainable palm oil production, making it the norm, and leading to all of the long-term outcomes and desired impacts.



### Links to other causal chains

- Matching supply and demand – increased market demand and uptake requires ensuring sufficient supply and meeting market requirements
- Engagement of the supporting sector – governments and financial institutions can require market commitments and uptakes
- Credible certification, verification and grievance – trust is a precondition to market commitments and uptake

## MATCHING SUPPLY AND DEMAND

Growing both the volume and diversity of the supply base and markets and matching them to shore up long-term security of supply for the market and market access for growers



### Current state

There is more supply of palm oil than current uptake, which inhibits interest in grower participation in RSPO. Insecurity about markets inhibits investment and longer-term commitments. From the market perspective, there is an undersupply of palm kernel oil, which undercuts market commitments.



### Goal

Matching of supply and demand, which provides secure markets for growers and their supply chain partners and security of supply for buyers of palm oil and palm oil derivatives. This balance should drive participation, uptake, and investment, and should be underpinned with greater traceability where required.



### Key approaches

- Mapping supply chains and leveraging PalmTrace and Annual Communications of Progress (ACOP) to identify gaps
- Communicating to growers, buyers, and traders about gaps in supply and demand
- Membership drives targeting growers, crushers, mills and refiners, traders, and buyers
- Using traceability to better connect buyers, growers, and the supply chain



### Key assumptions

- Real time, accurate and accessible data and analysis
- Long-term commitments of growers, buyers, and their supply chains



### Outputs

- Policies, monitoring systems, outreach, and engagement to improve supply chain management and access to markets lead to:
- Improved traceability (and visibility), market linkages with supply chains
  - Mobilised growers and actors—growers, crushers, mills and refiners, traders, and buyers can source and sell sustainable palm oil
  - New buyers and markets, with increased commitments from buyers and increased uptake because of confidence in being able to source



### Intermediate outcomes

- Increased investments—buyers, growers, and the supply chain invest in sustainable production
- Global availability of sustainable palm oil (PO) and palm kernel oil (PKO)
- Trust, transparency, and mutual dependency improve relationships between actors
- Incentives for buyers and growers to get more deeply involved in production and sourcing



### Linkages to long-term outcomes

- Market for sustainable palm oil – this precondition is dependent on a steady increase in supply, demand, and uptake
- Sustainable and resilient businesses—growers and other businesses will only be able to make investments for the long-term if they know they have continuous market access



### Links to other causal chains

- Demand generation, commitments and uptake – confidence to make commitments based on current or future available supply
- Participatory approach for smallholders – markets may specify or specifically desire to invest in smallholder production



## ENGAGEMENT OF THE SUPPORTING SECTOR

Creating an enabling environment through being a catalyst, advocate, and partner for policies and incentives, investment, regulation, and enforcement



### Current state

Production, consumption, and trade policies in key markets could provide a level playing field as well as needed infrastructure, investments, and services that enable growers of all sizes to implement the P&C. More incentives are needed to stimulate the adoption of P&C as well as stimulate the uptake of sustainable palm oil by the market. There is inconsistent public and/or private sector regulation, which can promote a race to the bottom in terms of valuing sustainability.



### Goal

Ensure there is an enabling environment that helps bring in growers, buyers, investors, and donors to participate in the sustainable palm oil sector.



### Key approaches

- Advocacy and government engagement and dialogue
- Communication of sustainable palm oil production's contribution to the SDGs
- Engagement with other systems (national schemes/standards/initiatives)
- Leveraging banks, investors, banking associations, and/or banking regulators
- Engagement with donors



### Key assumptions

- Governments willing to address land rights and enforce laws
- Government policy to support and incentivise investments in upgrading smallholders
- Emerging markets' commitment to sustainable production and consumption
- Government programmes (national schemes/standards/initiatives) willing to work collaboratively
- Banks, particularly local banks, willing to set investment policies
- Willingness for banking regulators to engage



### Outputs

- Communications, outreach, engagement, and partnerships lead to:
- Increased membership – financial institutions (FI) and potentially governments as members (or active partners)
  - Increased commitments – FI, governments
  - National/regional platforms and dialogues
  - Mobilised growers and actors – a result of regional, national, and international engagement



### Intermediate outcomes

- Increased investments in infrastructure, upgrading of smallholders
- Incentives in the form of investment guidelines, preferential terms, policies
- Distinction between sustainable and unsustainable production and consumption
- Production, consumption, and trade policies – promoting and stimulating sustainable production and procurement
- Consistent accountability and enforcement



### Linkages to long-term outcomes

- Sustainable land use planning – with the support of government institutions
- Level playing field – through a setting of rules, expectations and enforcement mechanisms



### Links to other causal chains

- Participatory approach for smallholders – helping to provide the legal infrastructure and extension services
- Jurisdictional approach – role for governments, donors
- Demand generation – procurement requirements and/or incentives

## SUPPORTING ELEMENTS

### Guiding Principles

The guiding principles are the foundation that form the RSPO, anchoring how the RSPO works. They are headlined by **Relevancy** and **Trust**.

#### RELEVANCY

RSPO is adapting to realities and changing needs of the market, local conditions and context, emerging issues, and the evolving sustainability agenda. Relevancy is underpinned by continuous improvement and innovation.

#### Continuous improvement

RSPO and its members engage in an ongoing effort to always better tools, systems, services, processes, transparency, delivery, and the organisation.

#### Innovation

RSPO and its members seek solutions that meet new requirements, challenges, unarticulated needs, and opportunities. This includes thinking differently and trying new approaches, experimenting, failing, and learning from failures. Today's innovations are tomorrow's better practices, to be standardised and mainstreamed into RSPO.

#### TRUST

Ambitious sector change relies on building trust for impact, which entails the ability of RSPO and its members to cross boundaries and find common ground, and to then work together, despite significant organisational differences and objectives. Trust is built along the way through the process of developing a vision, identifying shared goals, and developing and launching aligned strategies. Trust is thus underpinned by alignment, credibility, and inclusiveness.

#### Alignment

This means ensuring all aspects (leadership, programmes, staff, strategies, management) of the RSPO organisation and RSPO stakeholders are synched and focused with the vision, goals, and priorities to achieve better results and drive impact.

#### Credibility

Credibility is established via trustworthiness and expertise. To continue to gain credibility, RSPO and its members (we are all RSPO) can demonstrate this value through transparency, communication, sharing knowledge, and relying on the expertise of its members and partners as well as developing its own capacities.

#### Inclusiveness

All types of growers, businesses, supply chain actors, production systems, communities, geographies, NGOs, local authorities, etc., are welcome to be part of RSPO's vision and missions. The system is intended to benefit all palm oil stakeholders and supply chains that are willing to transform and participate in the sustainability journey.

# ANNEX 1 CHRONOLOGY OF THEORY OF CHANGE DEVELOPMENT

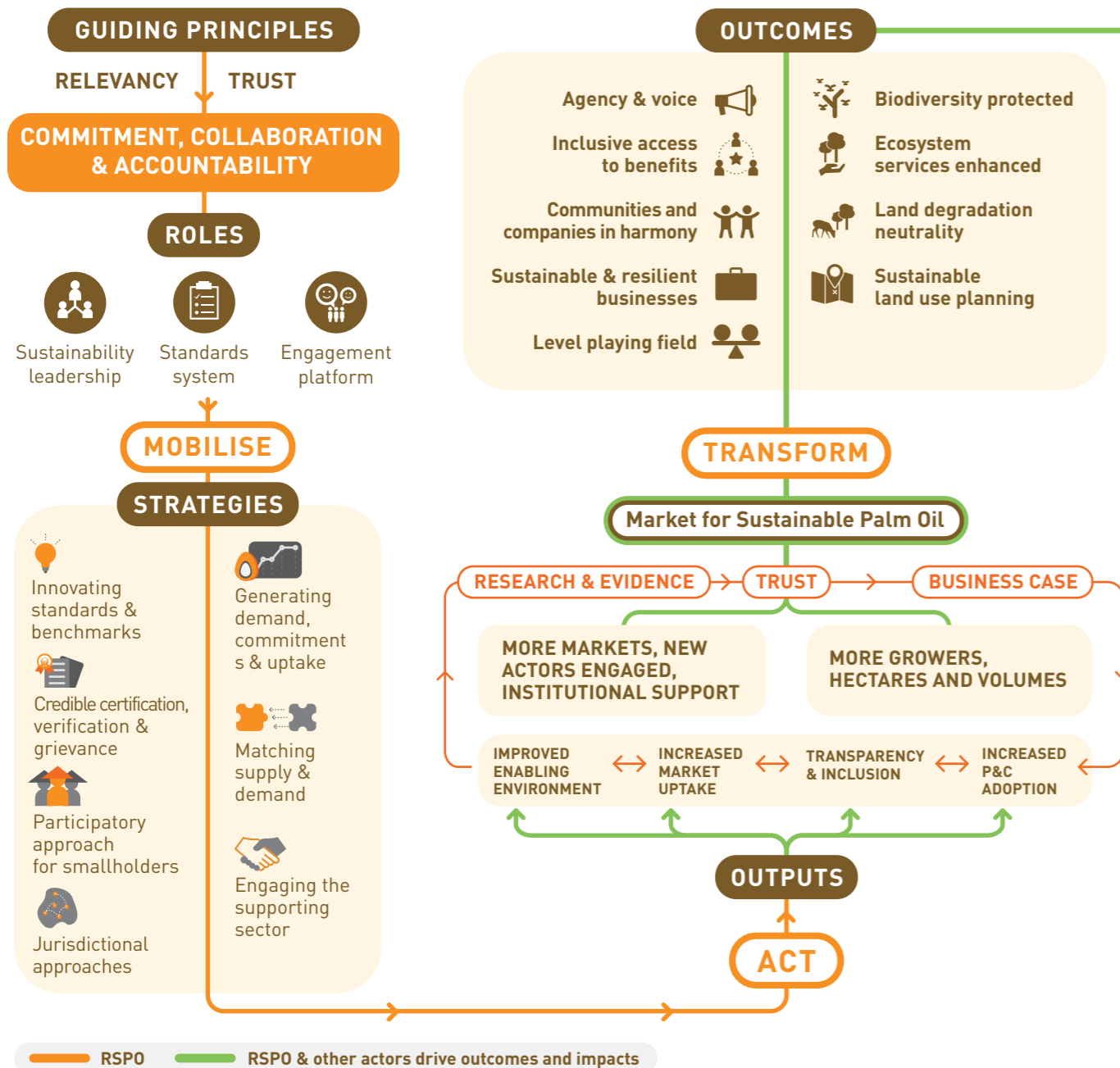
2016		
Time frame	Activity	Description
July – August	Sustainability Priorities survey	Survey was distributed to members in order to gain a better understanding of where RSPO should focus in order to enhance palm oil sustainability
August	Workshop	Developing M&E System for RSPO Workshop with members and RSPO Secretariat
November	World Café on “Desired Change for RSPO”	Stakeholder engagement for input to ToC development

2017		
Time frame	Activity	Description
February-April	Listen & Learn	Interviews with 56 stakeholders Review of key documents Review of other systems
April	Workshops	Board of Governors (BoG) Workshop Secretariat Workshop
June	Stakeholder Workshops	Two stakeholder workshops at European Roundtable (approximately 80 participants)
June	RSPO Vision	Meeting with subgroup of the BoG to align on the vision
July	Theory of Change Development	Version One: Presented July 24 to BoG Subgroup for feedback
August	Causal Chains Workshop	Workshop to develop causal chains with secretariat
August	Theory of Change Development	Version Two: Presentation to BoG Subgroup for feedback
September	Theory of Change Development	Final Version: Presentation to the BoG for endorsement. Theory of Change is endorsed by the BoG on 18 September 2017.

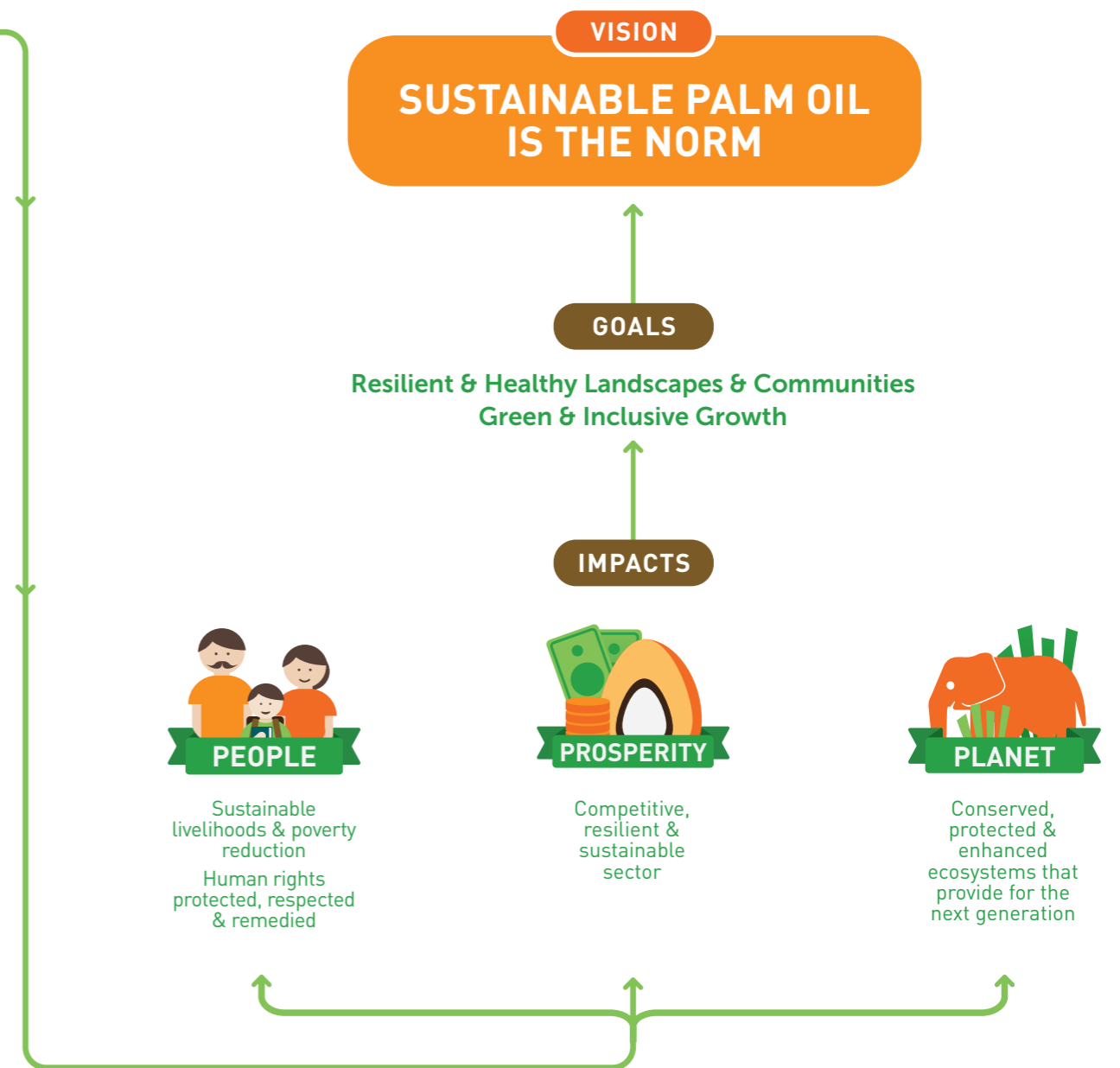
# ANNEX 2

# RSP0'S ROADMAP FOR SUSTAINABLE PALM OIL

**RSP0** | Roundtable on Sustainable Palm Oil



## THEORY OF CHANGE RSP0'S ROADMAP FOR SUSTAINABLE PALM OIL



# ANNEX 3 UNPACKING THE VISION

In June 2017, a discussion with the sub-group of members of the Board of Governors was held in London to unpack the vision of RSPO. The outputs of the discussion were presented to and subsequently approved by the BoG.

The Vision is the future change RSPO wants to create and thus serves as the compass point for the Theory of Change. All strategies, activities, outputs, outcomes and impacts should lead and link to this vision of success.



# ANNEX 4 HOW THE THEORY OF CHANGE LINKS TO THE RSPO PRINCIPLES & CRITERIA

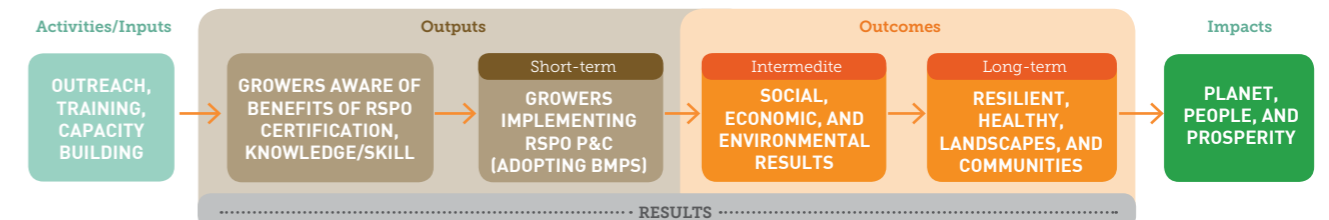
The RSPO Standard and related tools and systems have served as the cornerstone of RSPO strategy for achieving its vision. Developed through a multi-stakeholder process, it defines the principles (goals) and necessary criteria and practices that operationalise sustainability. When the RSPO P&C are effectively implemented, the assumption is that they will lead to positive environmental, social, and economic outcomes.

Currently, RSPO reports on impact in terms of reach of the RSPO standard, e.g. number of growers, hectares, and smallholders. While this serves as a proxy for potential impact, there is growing demand for evidence of outcomes and impacts of implementing the P&C. There is some evidence in audit reports, but this is inconsistent and generally in an inaccessible format. The Theory of Change presents an excellent opportunity to

embed M&E elements into the RSPO Standard and assurance system itself.

Looking at the basic (oversimplified) causal chain of the P&C, Figure 1 below highlights the great potential to embed indicators within the criteria themselves or design the M&E system to capture data along the causal pathway.

Figure 1 Example Causal Pathway P&C



The RSPO P&C and certification system contributes to direct results in the form of increased knowledge and skills to implement Best Management Practices (BMPs) and effective farm planning and management systems.

These short-term results, in turn, are expected to contribute to intermediate results in the form of improved farm sustainability for conserving natural resources, and reducing waste and

greenhouse gas emissions, optimising farm productivity, resource use efficiencies, risk management and profitability, and improving the well-being of growers, workers, and the communities. When these sustainability benefits are expanded across landscapes and supported with activities and investments by other stakeholders, RSPO can achieve the broader longer-term impact of resilient, healthy landscapes and communities.

The ToC provides a clear guiding framework not only for the standard-setting process but also for monitoring, evaluating, and reporting the effects of the standard and assurance system, allowing for innovation and testing to adjust the P&C, and assurance, strategy, and activities to deliver key outcomes more effectively over time.

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.

[www.rspo.org](http://www.rspo.org)

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# RSPO

Roundtable on Sustainable Palm Oil

