

Terms of Reference

Guidelines for Enhancing the Sustainable Oil Palm Industry Value Chain in Surat Thani Province

1. Background

Oil palm is an important economic crop of Thailand that can be processed into many food and non-food products (*Office of Agricultural Economics, 2020; Center for Bio-Industry Insights Office of Industrial Economics, M.O.A.*).

In 2021, Thailand had 6.08 million *rai* (0.9728 million hectares) of oil palm plantation areas, with a yield of 16.79 million tonnes of oil palm fresh fruit bunches and an average yield of 2,764 kilograms per *rai*, producing 3.10 million tonnes of palm oil to represent 4.12% of the world's palm oil production.

Thai palm oil production is ranked third in the world, after Indonesia and Malaysia (*Department of International Trade Negotiation Bureau of Trade in Goods, 2022*).

On June 30 2022, Thailand had 42,198 hectares or approximately 263,737 *rai* of oil palm plantations certified to RSPO Standards (RSPO market data, June 2022a), with Surat Thani Province having the most RSPO-Certified palm oil plantation areas in the country. A total of 82,178.31 *rai*, accounting for 8% of the entire province's oil palm plantation area (1,389,586 *rai*), were certified by RSPO, with the volume of certified fresh fruit bunch (FFB) reaching 209,858.53 tonnes, or 5.06% of the whole province's oil palm production (4,144,694 tonnes).

There are 3,624 RSPO Certified smallholders for sustainable palm oil production or 7.46% of the total number of palm growers in the province (48,537) among the 28 member groups. In addition, 11 palm oil crushing mills and biodiesel plants from 36 in the area are RSPO Certified members (RSPO market data, June 2022b).

Surat Thani Province, therefore, has been selected by RSPO to be a model of the sustainable palm oil in Thailand (RSPO, 2022b). Mr. Witchawut Jinto, Governor of Surat Thani, approved at the meeting on 2 June 2022, on the promotion and support of sustainable palm oil management in Surat Thani province. Two pilot districts, namely Phanom and Tha Chana districts, will be upgraded in the sustainable palm oil production system in the district's boundaries. According to the RSPO - Jurisdictional Approach, developing guidelines for enhancing the sustainable palm oil industry value chain in Surat Thani Province is needed.

Phanom district has a total certified area of 54,382.44 rai, accounting for 62.97% of the whole palm planting area (86, 360 rai), and Tha Chana district has a total certified area of 36, 730.25 rai, or 48.89% of the whole palm plantation area in the district (75,136 rai), respectively. A palm oil mill and one biodiesel plant are RSPO supply chain certified.

However, smallholders have several limitations to accessing sustainable oil palm plantation certification processes. For example, obtaining sustainable oil palm plantation certification needs to be more detailed — especially with note-taking and participating in palm plantation management training according to specified topics. As a result, most farmers are unable to participate. Financial means to achieve are often lacking. In the past, palm oil mills in Surat Thani faced problems such as a shortage of raw materials for production. There is competition in raw material procurement, prices and raw material quality, etc. Additionally, FFB collection points face problems with maintaining the FFB freshness for processing.

Hence, scaling up sustainable palm oil production in the district's boundaries according to the RSPO-JA or Areas-Based approaches requires a comprehensive study, including the conditions of production, processing, marketing, and value chain analysis of the palm oil industry in Surat Thani Province, as well as assessing the potential of the palm oil industry in Surat Thani against the RSPO Standards, in order to develop guidelines for upgrading the sustainable oil palm industry's value chain in the province.

2. Objectives

The overall objectives of the study in Surat Thani are:

1. To generate a stakeholder map for the palm oil and oil palm industry ecosystem key players (growers, processors, traders, consumer goods manufacturers, government agencies and NGOs) in Surat Thani Province and related palm oil policies.
2. To analyse the business opportunities and limitations of the palm oil industry in Surat Thani Province.
3. To assess the potential of the palm oil industry in Surat Thani province to align with the RSPO Standards.
4. To develop guidelines for upgrading the sustainable oil palm industry's value chain in Surat Thani Province.

3. Scope

The scope of the study should include the following:

The study period will be conducted over nine months in 17 districts of Surat Thani province, especially in Panom and Tha Chana, the pilot districts under the Surat Thani Sustainable Palm Oil

City Model Project. The stakeholders should include at least potential growers, crushing mills, refineries and policy makers and palm oil advisors in the province by carrying out a SWOT Analysis. This study aims to understand stakeholders' strengths, weaknesses and constraints and provide recommendations to catalyse the sustainability of the palm oil industry in Surat Thani.

4. Methodology and Approach

The study should employ mixed methods with these two approaches:

1. **Qualitative research methodology:** field visiting, in-depth interviews, semi-structured interviews, and focus group discussions by focusing on two pilot districts on production, processing marketing and policies.
2. **Quantitative Research Methodology:** develop a guideline for the sustainable upgrading of the oil palm industry's value chain in Surat Thani province by using a hierarchical analysis process with population and sample, and data analysis and statistics

5. Timeframe and Deliverables

The research is expected to run for nine months, and the deliverables expected are:

- Study plan and draft of the report structure, including a stakeholder map of the key players in the palm sector
- Monthly follow-up meetings with RSPO
- Quarterly progress reports comprised of study methods, an overview of the geographic and current situation, the result of focus groups and interviews of stakeholders, and recommendations.
- Draft of final report
- A final report at the end of the study covering all objectives and scopes as listed above.

6. Proposal Submission Guidelines

Proposals should be submitted as PDF documents, strictly via email to radda@rspo.org and CC tender@rspo.org by 6:00 PM MYT (GMT+8) no later than **20 June 2023**.

Any enquiries in connection with this ToR shall be submitted to radda@rspo.org and CC: tender@rspo.org.

[END OF Terms of Reference]