

TERMS OF REFERENCE

RESEARCH ON IMPACTS OF COST BENEFIT ANALYSIS OF RSPO CERTIFICATION FOR SMALLHOLDERS IN MALAYSIA

1. Introduction

The traditional stance of the palm oil industry is that it has lifted millions (farmer and workers alike) out of poverty especially in the major producing countries of Southeast Asia: Indonesia and Malaysia. In these two countries, smallholders manage up to 40% of the total oil palm planted area. However, such development came with a cost whereby oil palm plantation has often been mentioned to negatively impact the environment and social welfare of local communities. As a step towards addressing these issues and to promote the sustainable production of oil palm, private sustainability certifications such as RSPO has emerged in the early 2000s.

While many large oil palm plantation companies are now a member of RSPO, majority of the oil palm smallholders in producing regions are still not a part of the certification due to a variety of challenges and concerns. A study by Hidayat et al. (2016) have indicated that one of the main motivations for smallholders to participate in certification schemes is the financial benefit that they can gain from it. In 2016, a thorough profitability study was carried out for different types of smallholders in Indonesia and the study found that RSPO certification is profitable for the smallholders in Indonesia. As an effort to further verify if the findings hold true for other regions, RSPO is now looking to conduct a similar and comparable study in the second largest producer country – Malaysia. RSPO recognises that the cost-benefit analysis of smallholders is a key question that needs to be addressed.

2. Objective of Research

To determine the cost-benefit analysis of RSPO certification for smallholders, the following are some of the questions that will need to be explored:

- To what extent and in what way is RSPO certification is profitable for Malaysian smallholders?
- Do differing types of smallholders (e.g. certified scheme, uncertified scheme, certified independent, uncertified independent and prospective independent) experience differing changes in outcomes over time and what is the degree of difference?
- What are the reasons that different categories of smallholders experience different changes in outcomes, if any are identified?
- If certification costs are self-funded by smallholders, will RSPO certification still be profitable to them?

3. Scope of Research

The research should include an analysis of certified scheme, uncertified scheme, certified independent, uncertified independent and prospective independent smallholders in Malaysia. The determination of sample smallholders for research should take into consideration procedures to match the smallholders' characteristics (e.g. location of plantation, age of plantation, education level, poverty level etc.) to ensure valid comparisons.

For purpose of global comparison, the research should employ a methodology that is closely aligned with the study conducted Hidayat et al. (2016). Should any differentiation or improvement in methodology is to be conducted, proper justifications as approved by the Research Steering Group will be required.

4. Tender specifications and requirements

RSPO requires the services of a highly specialised, consistent and independent individual to conduct the research as per the objective above. The applicant is required to meet the following eligibility and requirements as detailed below.

Eligibility

- Applicants must hold either a Doctorate or Master's degree or equivalent in relevant academic discipline or demonstrate more than 3 years experiences in relevant fields.
- Applicants must be able to demonstrate evidence of the following technical and professional knowledge and skills:
 - Knowledge and understanding of cost-benefit analysis
 - Experience in evaluation analysis and data collection methodologies relevant to this project (familiarity with palm oil industry and smallholders)
 - Proficiency in English with good writing and oral skill, and preferably able to communicate in Bahasa Malaysia.
- Applicants must be affiliated with a college, university, non-profit research facility or consultancy services organisation.
- Applicant is preferably residing in Malaysia. If the applicant is not residing in either country, he or she must involve or work in collaboration with a researcher from a local university or research institute as a local counterpart.
- Applicants must not have received any other grant support during the time of application and if the applicant is successful, he or she must not hold any other research grant.
- Applicants must be willing and have the means to travel for field work.
- Applicants must avoid and disclose to RSPO of any real, perceived or potential conflict of interest that they may have with RSPO or any entities in the research project. An apparent or actual conflict of interest may exist where an individual or entity has different, and potentially conflict, duties or relationships with respect to other individuals or entities within the research project and RSPO.

Deliverables and Timeframe

- The research is expected to run for a period of 6-8 months
- Successful applicants are expected to deliver a progress report every 3 months and a final report at the end of the research period.
- Successful applicants must also work with RSPO on communication plans to disseminate the research findings. A clear communication plan must be developed with detailed information of the plan along with respective timelines within the research period.
- Applicants will also be required to write and publish a journal article on the research

Additional Requirement

- All research commissioned by RSPO must also involve the establishment of a Research Steering Group, which will consist of both internal RSPO and external experts in the particular topic. The participation of the Research Steering Group will be open to the institutional facilitators or supervisors of the successful applicant.
- Successful applicants will receive a copy of the RSPO Research Ethics Standards and must ensure that they abide by the standards throughout the research period.

Documents Required:

- A research proposal detailing the approach or methodology to be used for the evaluation process, scope/focus of research and budget requested.
- CV of applicant involved in the project, detailing qualifications, training and relevant experience.
- Background details of respective institutional facilitator or supervisor of researcher.

5. General terms

All documents submitted in response to this ToR must be written in English.

Any enquiries in connection with this ToR shall be submitted to Cheryl Ong, RSPO Research & Advisory Manager at the following e-mail address cheryl.ong@rspo.org.

Research proposals are to be submitted to tender@rspo.org.

6. Reference

Hidayat, N.K., Offermans, A. and Glasbergen, P. (2016) On the Profitability of Sustainability Certification: An Analysis among Indonesian Palm Oil Smallholders. *Journal of Economics and Sustainable Development*, 7(18): 45-62.