



20 May 2025

Cost-Benefit Analysis to Sourcing Sustainable Palm Oil in India

Terms Of Reference

- **Purpose of the Assignment**

This assignment aims to increase Roundtable on Sustainable Palm Oil (RSPO)'s understanding of the cost-benefit analysis related to sourcing sustainable palm oil in India and to develop a clear value proposition for sourcing sustainable palm oil. With the commodity markets continuing to be volatile due to changes in import/export policies, this study will assess the implications of this volatility on the Indian market, assess the costs involved in procuring sustainable palm oil and evaluate the levers/incentives in India to source sustainably.

- **Background**

The exponential increase in the demand for palm oil has led to extensive deforestation, posing serious environmental ramifications such as habitat loss for endangered species, soil erosion, and heightened greenhouse gas emissions. Capturing over 20% of global supply (imports), India has become the largest importer of palm oil in the world. To reduce dependency on imports and become self-reliant, Indian government launched the National Mission on Edible Oils – Oil Palm (NMEO-OP) on 18th August 2021.

Given the substantial leverage that the Indian industry has on the global palm oil market, it must spearhead efforts to adopt sustainable palm oil practices, not only domestically but also on a global scale. This transformation is crucial for mitigating deforestation and preserving habitats, while also influencing and driving sustainable

practices

worldwide.

While RSPO has seen significant growth in the past few years in terms of membership and uptake of certified sustainable palm oil, there are still barriers to this growth. The lack of regulations and incentives for the industry to adopt sustainable sourcing limits the uptake of certified sustainable palm oil. Additionally, volatility in the market over the past year has posed challenges in terms of the competitiveness of certified sustainable palm oil in comparison to non-certified palm oil and other vegetable oils.

It's with the above in mind that there is a need to conduct a study to understand the cost-benefit of sourcing sustainable palm oil and develop a clear value proposition for the Indian industry. This Terms of Reference (ToR) outlines the scope of work and the expected deliverables.

- **Scope of Work**

- a. Assess the premiums in India for Certified Sustainable Palm Oil (CSPO), Certified Sustainable Palm Kernel Oil (CSPKO) and their derivatives/fractions and provide a comparison between products sourced through other mechanisms such as Verified Deforestation Free (VDF), among others.
- b. Develop an equation for premiums in relation to the price of palm oil, kernel oil and their derivatives.
- c. Assess the implications of the import duties, tariffs on the cost of procurement of palm oil, palm kernel oil and their derivatives/fractions in India. Provide a comparative analysis between imported and locally sourced raw materials.
- d. Evaluate the existing domestic and international regulations and incentives in the Indian market that could act as drivers for sourcing sustainable palm oil.
- e. Develop a clear business case for sourcing sustainable palm oil and provide actionable pathways for increasing the adoption of sustainable palm oil in India.

- **Scope & Methodology**

The study is intended as a desk study with some primary research in terms of interviews with key Indian stakeholders. The study will segment the industry into different categories (refiners, traders, consumer goods manufacturers (food/non-

food), B2B ingredient manufacturers and exporters and retailers). A problem statement shall be defined, and a structured questionnaire shall be developed to gather input from the industry through interviews. Stakeholder consultations shall include a minimum of 10 key Fast-Moving Consumer Good (FMCG) companies based on their use of palm oil based ingredients and influence in the market, 10 key traders and processors based on their sourcing volumes, five key industry associations, and relevant stakeholders such as government (NITI Aayog, MoA, MoC, MoFPD and other relevant agencies).

The result of this process will allow the identification of premiums, costs of procurement, incentives, levers in the Indian market and other relevant information.

- **Expected Deliverables**

- a. A detailed report and a presentation with the following minimum information:
 - i. Overview of premiums for RSPO Certification across the different supply chain models and the different sectors.
 - ii. Cost of procuring sustainable palm oil, palm kernel oil and their derivatives/fractions in India.
 - iii. Detailed analysis of the incentives/levers in India for sustainable sourcing.
 - iv. Value proposition for the different stages of the supply chain for procuring sustainable palm oil.
- b. Two physical workshops/presentations: The first workshop is expected to be part of a leading industry event in July in Delhi and the second at the conclusion of the study with key industry leaders and stakeholders. The first^t workshop will be led by RSPO as part of the industry event, with support from the consultant and the second workshop at the end of the study will be organised by the consultant with support from RSPO.

- **Work Plan / Timeline**

This study is expected to be completed within three (3) months from the date of contract. Interested researchers are expected to submit a detailed work plan/timeline for the stages of implementation of the project, using the information below as a guide:



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| Data Collection & Study Development | Analysis of Data, & Stakeholder Consultation | Conclusion & Recommendation |
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Proposed Project Milestones include:

- Milestone 1 : Engaging targeted participants regarding the purpose of the study and what is expected from them.
- Milestone 2 : Breakdown of data collected and initial process of analysis.
- Milestone 3 : Completion of detailed study of data collected.
- Milestone 4 : Discussion on conclusions and recommendations by the consultant.
- Milestone 5 : Workshop to socialise the results of the study with relevant stakeholders.

Eligibility

RSPO requires the services of a highly specialised, consistent, and independent organisation to conduct the research as per the above Scope of Work, Scope & Methodology, and Expected Deliverables. The organisation and the team involved are required to meet the following eligibility requirements as detailed below.

- Organisations should have knowledge about the sustainable palm oil market in India and have the necessary network within the industry.
- Organisations should have the experience in working on similar projects in India.
- Applicants must hold either a Doctorate or Master's degree or equivalent in a relevant academic discipline or demonstrate more than three (3) years experience in relevant fields.
- Applicants must be able to demonstrate evidence of the following technical and professional knowledge and skills:
 - Knowledge and understanding of palm oil sourcing in India.
 - Experience in evaluation, analysis and data collection methodologies relevant to this project (familiarity with the palm oil industry).
- Proficiency in English with good writing and oral skill, and preferably able to communicate in some regional languages.
- Applicants must be affiliated with a college, university, non-profit research facility or consultancy services organisation.

- 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 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 conflicting, duties or relationships with respect to other individuals or entities within the research project and/or RSPO.

Documents Required:

- A research proposal detailing the approach or methodology to be used for the evaluation process, scope/focus of research, and budget.
- CV of applicants involved in the project, detailing qualifications, training, and relevant experience.

General terms

1. All documents submitted in response to this ToR must be written in English and in PDF format.
2. Any enquiries in connection with this ToR shall be submitted to the RSPO India team at the following e-mail address: info.india@rspo.org
3. Research proposals are to be submitted to tender@rspo.org with a copy to info.india@rspo.org within 3 weeks of publication on the RSPO website.