

Terms of Reference for the Grower Incentives Task Force (GITF) for the implementation of Resolution GA21-2d

Introduction

On 13 November 2024, the RSPO General Assembly approved Resolution GA21-2D “develop a mechanism to incentivise medium-sized growers and smallholders” (see Annex 1) with 82.19% for, 15.51% against, and 2.30% abstained votes. WWF-Malaysia, Yayasan Lembaga Penelitian Kaleka Indonesia (Kaleka), Sawit Kinabalu Sdn. Bhd were the proponents of the resolution. In the resolution, the proponents explain their work on Jurisdictional Certification approach in Sabah and found reluctance among medium-sized growers and smallholders to pursue RSPO P&C certification, contributing to the stagnant RSPO certification in Sabah. There may be similar challenges in other regions. The proponents explain that better incentives for medium-sized growers and smallholders will enhance participation and support for RSPO certification.

Objective

The objective of this Terms of Reference (ToR) is to work with a new Grower Incentives Task Force (GITF) on the implementation the resolution that calls for identification and development of a mechanism that would incentivise sustainable practices and improve certification rates among medium-sized growers and independent smallholders by ensuring they receive financial returns that match and are commensurate with the effort and resources they put into getting certified. The mechanism will be designed to ensure transparency, fairness, and compliance with relevant competition laws. This ToR defines the composition of the GITF, scope of work, and the governing rules of the GITF.

Task Force

RSPO will form the GITF to identify and develop a mechanism, considering the potential benefits, risks, and administrative challenges. The Task Force should explore a wide range of strategies for medium-sized growers and independent smallholder support; review the current incentives for smallholders, such as the Independent Smallholder Credits and explore ways to improve them but also other financial incentives tied to markets, access to finance, carbon credits, regulatory frameworks, policy interventions, administrative support, or other non-market-based tools. Also supporting group certification to reduce costs, helping growers with registration, and reducing RSPO membership fees, etc., should also be considered.

Composition

The will consist of RSPO members representing the sectorial and geographical composition of the RSPO. To ensure effective discussions and decision making, the ideal structure of the GITF is as follows:

Sector	Division	Total
Grower	Medium-sized grower Malaysia	1
	Medium-sized grower Indonesia	1
	Medium-sized grower ROW	1
	Smallholder (Malaysia, Indonesia, Thailand, Africa, LatAm)	5
NGO	Environmental	2
	Social	2
Supply Chain	Processor & Trader	1
	Consumer Goods Manufacturer	1
	Retailer	1
	Financial Institution	1
TOTAL		16

The members of the GITF may give preference to nominees from organisations with substantial exposure and experience in working with medium-sized growers and independent smallholders, ensuring that technical expertise on the topic is emphasised over broad stakeholder representation; however, these experts will not have voting rights if such a need arises. The Task Force should appoint a Chair or co-Chairs. The GITF will be formed in February 2025, and will meet on a monthly basis starting in March 2025. Members are expected to participate actively in the GITF on behalf of their sector and to ensure they are represented by a designated alternate if they are unable to do so. The individual representative from the GITF can appoint an alternate from the same constituency to attend a GITF meeting. Alternates can only attend meetings if the Substantive is not present.

GITF members shall try to attend all meetings and work with their alternate member as soon as they know they cannot attend a meeting, to ensure that their seat is represented. In either case, GITF members should send their apologies to the GITF Chair and advise if their alternate member will attend. This information shall also be provided to the Secretariat Lead.

Retirement Criteria/Reselection of inactive GITF Members

The GITF can exercise the right to retire the membership of a member. However, the decision must be made by consensus of the GITF (excluding the affected party). Affected parties should be given the right to be heard prior to a decision being made.

The reasons (not exhaustive) for the GITF to consider the retirement of a member are:

- If the members are not following what is required by the RSPO Code of Conduct and Antitrust Guidelines for RSPO Members
- Persistent refusal to furnish information requested by the TF. Information requested, if deemed beneficial to the objectives of the TF, shall not be unreasonably withheld except for those that are commercially sensitive and/or prohibited by law for dissemination
- Voluntary retirement
- Absence from three (3) consecutive meetings without justified reason (including Alternate members)

Retirement of GITF membership will be informed in writing to the GITF Co-Chairs, with the Co-Chairs of MDSC and the RSPO Secretariat Lead in copy. The Co-Chairs will invite the constituents of the affected sectoral and/or geographical stakeholder group to nominate a new representative to the TF.

Management

All members of the GITF are bound by the Antitrust Guidelines for RSPO Members.

Each member must declare any pre-existing, perceived, and/or potential conflict of interest on any matters on the agenda and/or matters arising at the beginning or during the course of the meeting. Should there be a conflict of interest, the member concerned must recuse himself/herself from all decision-making processes or sensitive discussions pertaining to the subject matter of which there is such conflict of interest.

Members and invited experts who have been privy to the discussions shall not use their position on the GITF and/or information obtained from GITF discussions to obtain monetary gain or bid for any projects commissioned by the GITF directly or indirectly through the organisation with whom they are associated. Members and/or invited experts who observe and/or part of the discussions on developing project ToRs will not be allowed to tender and/or participate in the tender evaluation/selection processes, even after they have left the TF.

Members shall ensure the accuracy of the information and that the interpretation of all outcomes and decisions of the GITF are consistent with the consensus reached within the TF.

Members shall strive to reach a consensus in decision making. However, in the event a consensus is not possible for any specific issue, at least 75% of the GITF members are required to vote in favour for the adoption of a decision, and shall include at least one supporting vote from each membership category.

If a decision cannot be reached through the above means, the Chair (or co-Chairs) of the GITF may refer to the MDSC for a final decision.

Transparency is very important to RSPO. All discussions and documents are only classified as confidential in exceptional circumstances. However, where information has been designated as confidential because of its sensitivity (for example concerning violations or alleged violations of RSPO Principles & Criteria) GITF members should respect the confidentiality issues and shall prevent the same from becoming public.

Breaches of the above may lead to exclusion from the TF. Prior to taking public action in cases of unresolved allegations of breaches of the above, members shall report such alleged breaches to the Co-Chairs of the GITF and the Member Category Representative on the RSPO Board of Governance, which will deal with the alleged breaches in accordance with the RSPO Statutes and Code of Conduct.

The GITF will be supported by different teams of the RSPO Secretariat. The Secretariat would like to engage with an external consultant that can assist in the GITF management, execution of the work, organise workshop, arrange interviews with GITF members and key stakeholders, and write the final recommendation on behalf of the TF. A call for volunteers for the GITF and project proposal for the consultant will be posted on the RSPO website.

Deliverables

A validated mechanism to incentivise medium-sized growers and independent smallholders, incorporating both financial and non-financial benefits. This mechanism can be a wide range of strategy recommendations for medium-sized growers and independent smallholder support.

It is important to note that the strategies should be developed to enhance the existing RSPO tools and systems, the existing RSPO Standards; 2019 & 2024 Independent Smallholder Standard, RSPO Smallholder Strategy 2017, RSPO Jurisdictional approach, Shared Responsibility and existing market mechanisms (IS credit and certified FFB trade) but can also be developed in a way that it can entirely be managed by external parties (i.e. growers themselves, financial institutions, buyers, etc.).

Timeline

The GITF should deliver on the ToR by the next General Assembly in November/December 2025. The GITF will be retired after successful completion of the work.

Oversight

RSPO Secretariat, Lead: Inke van der Sluijs, director Market Transformation with support of the Technical Division

Market Development Standing Committee (MDSC)

Regular consultation should take place with the Smallholder Standing Committee (SHSC)

*This ToR was approved by the Market Development Standing Committee on
10 February 2025.*

Annex 1

Resolution GA21-2d

Proposed Resolution to be adopted at the 21st General Assembly of the Roundtable on Sustainable Palm Oil (RSPO)

13th November 2024

TITLE: DEVELOP A MECHANISM TO INCENTIVIZE MEDIUM-SIZED GROWERS AND SMALLHOLDERS

Submitted by: WWF-Malaysia, Yayasan Lembaga Penelitian Kaleka Indonesia (Kaleka), Sawit Kinabalu Sdn. Bhd.

Background

The Roundtable on Sustainable Palm Oil (RSPO) envisions a global partnership to make palm oil sustainable. The mission of RSPO includes clearly communicating the benefits of sustainable palm oil, facilitating collaboration across the value chain, and setting global standards through certification (Source: [RSPO Vision and Mission](#)). As of March 2023, 425,883 hectares, or 27%, of Sabah's total oil palm plantation area is RSPO certified, mainly from large plantations (Source: [RSPO website](#)). However, medium-sized growers and smallholders, who constitute a substantial part of the palm oil supply chain, remain under-represented due to a lack of financial incentives.

In line with the call by RSPO on Jurisdictional Certification approach, Sabah has come forward to declare its commitment to achieve 100% Roundtable on Sustainable Palm Oil (RSPO) Certified Sustainable Palm Oil as an integral part of transitioning the landscape to a sustainable palm oil production. This commitment from Sabah's State Government, made in close collaboration with the RSPO and its global membership, will be achieved through a jurisdiction-wide landscape approach to transform the entire state's palm oil supply chain, halting deforestation, restoring ecosystems and securing sustainable livelihoods. It will work simultaneously with smallholders (primarily local and Indigenous communities), the medium and large-scale growers, the processing plants and supply chains, and with the major buyers and financial institutions.

Since 2019, the Sustainable Palm Oil Team (SPOT) at WWF-Malaysia has engaged with medium-sized oil palm growers and smallholders through the Sabah Landscapes Programme, promoting group certification under the RSPO standard. Through this programme, WWF-Malaysia aspires to create a sustainable and inclusive palm oil industry that protects biodiversity and supports local communities. By harmonising economic growth with environmental stewardship, we aim to preserve Sabah's forests and wildlife while encouraging responsible agricultural practices.

To achieve this vision, WWF-Malaysia actively collaborates with various stakeholders, including government agencies, industry leaders, and local communities, to drive meaningful change. However, despite nearly five years of engagement, progress has been slow. The lack of financial incentives has led to reluctance among medium-sized growers and smallholders to pursue certification, contributing to the stagnant RSPO certification rate of 27% in Sabah.

Other regions, where there are medium-sized growers and smallholders, may face similar challenges to those in Sabah.

Proposed Resolution

We, WWF-Malaysia, Yayasan Lembaga Penelitian Kaleka Indonesia (Kaleka), and Sawit kinabalu Sdn. Bhd., believe that incentivising the oil palm growers, particularly the medium-sized growers and smallholders can enhance participation and support for RSPO certification among these oil palm growers. Therefore, we are proposing the following resolution:

RSPO will identify and develop a mechanism to incentivise medium-sized growers and smallholders.

With key points as follows:

1. RSPO will form a task force to identify and develop a mechanism, considering the potential benefits, risks, and administrative challenges; with the Market Development Standing Committee to oversee the progress of the task force.
2. The objective is to develop a mechanism that would incentivize sustainable practices and improve certification rates among medium-sized growers and smallholders by ensuring they receive financial returns that match and are commensurate with the effort and resources they put into getting certified.
3. The mechanism will be designed to ensure transparency, fairness, and compliance with relevant competition laws.

Potential Benefits

1. **Certification Rates:** Market-based incentives encourage more growers, particularly the medium-sized growers and smallholders, to pursue RSPO certification, boosting overall rates.
2. **Supply Chain Integrity:** More certified growers enhance the credibility of RSPO-certified palm oil.
3. **Economic Empowerment:** Enhancing the livelihood of growers.
4. **Sustainability Practices:** Financial benefit from certification promotes sustainable practices, benefiting the environment and communities.

Potential Risks

1. **Antitrust Concerns:** Could raise antitrust issues if it leads to collusion. RSPO must ensure transparency and compliance with competition laws.
2. **Implementation Challenges:** May face stakeholder resistance and administrative complexity.

Proposed Working Group overseeing this resolution

RSPO Secretariat, Market Development Standing Committee

Contact Info

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References

RSPO JA Piloting Framework