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Implementation of the RSPO International Standard: Evaluation of Substantive Success and Systemic Constraints for Oil Palm Smallholders

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ABSTRACT

The demands of the green economy and RSPO standards have compelled a global transformation of palm oil governance. However, an empirical anomaly exists in Paser Regency, where the massive expanse of smallholder plantations contrasts sharply with the low rate of certification adoption among oil palm smallholders. This study aims to evaluate the level of substantive success and unravel the root of systemic constraints in the implementation of RSPO standards for oil palm smallholders using Merilee S. Grindle's theoretical framework of policy implementation. Adopting a qualitative approach with a descriptive-analytical design, data were gathered through technical triangulation involving in-depth interviews, observations, and document studies, and subsequently analysed by dissecting the variables of policy content and implementation context. The evaluation results demonstrate that the policy instrument has successfully transformed the governance behavior of a minority group of oil palm smallholders through the rationality of premium price incentives. Nevertheless, these achievements have not been replicated on a mass scale due to the administrative pathology of the local government. Local governments have been degraded into passive administrators due to the double burden of national regulations and international standards. This state institutional failure is validated through the paralysis of land legality administrative services, the absence of audit financing subsidies, and the lack of a persistent technical assistance system. This study concludes that the failure of sustainability adoption is purely rooted in the structural weaknesses of public services rather than the cultural rejection of oil palm smallholders. This study recommends affirmative interventions, including bureaucratic simplification of land title processes, specific budget allocations, and the institutionalisation of field assistance, to prevent oil palm smallholders from being eliminated from the global supply chain.

Keywords: Administrative Pathology; Oil Palm Smallholders; Policy Evaluation; RSPO Certification; Sustainability.

INTRODUCTION

The global palm oil industry currently operates under the pressure of an international environmental governance regime that demands a balance between economic growth and ecological preservation. The transition toward a green economy has become an absolute prerequisite for achieving macro-level sustainable development targets (Pareira, 2021; Mishra et al., 2024; Judijanto & Nurussama, 2025; RSPO, 2025). These demands compel major producing countries to align their plantation sector policies with globally recognized governance standards. The implementation of sustainability standards is no longer merely a complementary instrument but a primary mechanism for responding to international market dynamics while ensuring the long-term protection of natural resources.

In response to such global pressure, the Roundtable on Sustainable Palm Oil (RSPO) serves as a collaborative governance framework that establishes stringent standards for sustainable palm oil production. Although designed universally, the application of these policy standards creates specific complexities when confronted with oil palm smallholders. This target group has significantly less administrative and financial capacity than large-scale plantation companies. Consequently, the adoption rate of sustainability certification among oil palm smallholders becomes a crucial benchmark for assessing the extent of inclusivity and the success of policy implementation within the palm oil sector's governance.

In the domestic context, Paser Regency is a strategic region with a vast expanse of oil palm plantations. [Safitri et al. \(2025\)](#) presents statistical data confirming that oil palm land dominance in this region is the primary pillar of the local community's economy. These geographical and demographic conditions position Paser Regency as a highly relevant locus for measuring the effectiveness of sustainability certification policy penetration at the grassroots level. The high level of community dependence on oil palm commodities necessitates intervention capacity from state administrators to ensure cultivation practices remain aligned with international standards.

Nevertheless, the reality on the ground reveals a governance anomaly that creates a sharp empirical gap. [Rizal and Harahap \(2023\)](#) report that, despite the vast land area, the adoption rate of RSPO certification is progressing very slowly and has been achieved only by a few cooperative entities in the region. This stagnation in the adoption of sustainability standards by oil palm smallholders is confirmed by [Reich and Musshoff \(2025\)](#) as an international public policy anomaly frequently occurring within the governance structures of developing countries. The gap between the vast land area and the low rate of certification penetration indicates structural constraints that hinder the transition of oil palm smallholders toward global-standard palm oil governance practices.

Unraveling the root causes of this implementation gap requires a comprehensive analytical framework from the discipline of Public Administration. [Grindle \(2017\)](#) asserts that the success of public policy implementation is not only determined by the quality of regulatory document design but also heavily depends on interactions and power relations among actors within the implementation environment. This theoretical framework strictly separates measurement instruments into the variables of the content of policy and the context of implementation. This theoretical approach is highly relevant, as it can track administrative obstacles not only from the perspective of target-group limitations but also from the institutional commitment of the local government apparatus.

The majority of previous literature tends to evaluate the obstacles to smallholder oil palm certification solely from an operational economic perspective, such as capital deficits ([Rietberg & Slingerland, 2016](#); [Yenny & Simbolon, 2024](#)) and the lack of individual farmers' technical knowledge capacity ([Rahutomo et al., 2023](#); [Nainggolan et al., 2024](#)). This study takes a different position by analyzing the institutional dynamics surrounding the bureaucratic governance in the certification process. The novelty of this research lies in its analysis evaluating a governance paradox: the substantive success enjoyed by a minority of certified farmers occurring alongside systemic failure due to weak institutional support. Through a critical evaluation of the implementers' institutional capacity, this study offers a macro-policy governance perspective that transcends the limitations of operational technical constraint descriptions.

Based on this problem formulation, this study aims to critically evaluate the level of substantive success and to unravel the root of systemic constraints in implementing the RSPO international standard for local community entities, namely oil palm smallholders. Specifically, this evaluation aims to analyse the interaction between policy content and implementation context to formulate governance recommendations that are adaptive to sustainable social, economic, and institutional dynamics. Theoretically, this study is expected to enrich the discourse in Public Administration literature regarding the relationship between global standards and local bureaucratic capacity. In practice, the evaluation results are expected to serve as a foundation for formulating integrated intervention strategies for local governments to accelerate the inclusion of oil palm smallholders in sustainable supply chains.

METHOD

This research is constructed using a qualitative approach with a descriptive-analytical design format (Creswell & Poth, 2018). The selection of this approach is based on the epistemological justification that evaluating international governance standards demands an in-depth analysis of social dynamics, political interactions, and clashes of interests among actors. Qualitative methods provide adequate space to comprehensively track the root of systemic constraints, moving beyond mere statistical proof of administrative certification registration. Through this approach, the reality of policy implementation at the grassroots level can be objectively reconstructed to address the anomaly between the massive expansion of plantation areas and the slow adoption rate of sustainability standards.

Observation and data collection were centered in Padang Jaya Village, which is administratively located within the operational area of Paser Regency. The determination of this locus is highly strategic, as the village entity is the sole pioneer to have successfully met sustainability certification standards among oil palm smallholders in the region. Information was gathered from key informants through a purposive mapping of strategic actors to represent all parties involved in the policy arena. The actors involved, in proportion, include local government representatives as policymakers, non-governmental organisations, the Internal Control System team as technical assistants, and the community of oil palm smallholders as the primary target group.

Empirical data collection was guided by a technical triangulation instrument that integrated in-depth interviews, field observations, and document reviews (Spradley, 2016). In-depth interviews were structured yet flexible to identify patterns of power relations, economic motives, and the level of compliance of each strategic actor. This process was balanced with direct observation stages in plantation areas to verify the physical manifestation of target group compliance, including adherence to waste-burning bans, the completeness of occupational safety facilities, and the use of

supply chain tracking instruments. To support primary data, this study also gathered secondary data from the latest regulatory documents and academic literature to provide a precise comparative foundation.

The data analysis stage was not conducted through conventional mechanical reduction but instead used a coding matrix system of field findings specifically directed at the public policy implementation evaluation model (Braun & Clarke, 2021). This analytical matrix operates by dissecting and categorizing raw data into two main testing variable instruments: the dimension of the content of policy and the dimension of the operational environment or context of implementation (Grindle, 2017). Through this operational analysis technique, every claim of substantive success and complaint of obstacles from informants was critically synthesized to formulate an anatomy of systemic bureaucratic constraints, thereby producing a complete and comprehensive governance evaluation.

To ensure the credibility and validity of the findings, data credibility testing was executed through the strict application of source triangulation procedures at all research stages (Miles et al., 2014). This procedure was operationalised by conducting cross-confirmation tests for every statement made by any stakeholder. Claims of facilitation success from the local government apparatus were cross-checked against testimonies from the assisting institutions and factually validated by the realities experienced by oil palm smallholder entities at the grassroots level. This mechanism ensures that the reconstructed narrative of results and discussion is free of sectoral subjectivity bias and accurately reflects the empirical conditions in the field.

RESULTS AND DISCUSSION

A. Policy Content Dynamics and Transformation of Smallholder Plantation Governance

An evaluation of the effectiveness of RSPO certification for oil palm smallholders must begin by unravelling the policy's content. Based on the analytical framework of Grindle (2017), the first parameter for measuring the degree of implementability of a public policy lies in the interests affected. Every formulated regulation inherently benefits certain parties while simultaneously demanding compromises from others. In the context of sustainability certification, global market interests are currently shaped by an environmental governance regime that demands achieving the Sustainable Development Goals (Mishra et al., 2024). These demands compel developing countries to transition toward a green economy to ensure their commodities remain accepted by international markets (Judijanto & Nurussama, 2025). This condition creates structural pressure that aligns global demands with the economic realities of local communities that depend on oil palm commodities for their livelihoods.

Observational reality in Paser Regency demonstrates how this global pressure clashes with local demographic and geographical conditions. [Safitri et al. \(2025\)](#) presents statistical data confirming that the expanse of oil palm land in this region is massive and dominates the local plantation sector. However, this vast stretch of oil palm plantations conceals a prominent governance anomaly. [Rizal and Harahap \(2023\)](#) report field findings indicating that, despite the vast land area, the adoption of RSPO certification is progressing very slowly and has been achieved by only two cooperative entities in the region. This fact reveals a significant gap between the existing land potential and the capacity of oil palm smallholders to meet the criteria for certification documents.

The empirical gap in the form of certification stagnation in Paser Regency is fundamentally not an isolated case. [Reich and Musshoff \(2025\)](#) demonstrate that the low rate of certification success at the smallholder level reflects a global anomaly: the lowest-tier entities consistently face the greatest difficulty in adopting international standards. This anomaly is rooted in the clash of economic interests of conventional farmers in the field. Testimonies from oil palm smallholder entities in Padang Jaya Village confirm that these standards were initially perceived as a form of restriction on their rights to manage their own land. Farmers feel that regulations prohibiting land expansion and the obligation to conserve riparian buffer zones reduce the productive potential of their plantations.

On the other hand, the local plantation office apparatus also acknowledges that this policy forces them to realign regional production targets in line with the principle of environmental carrying capacity. This clash of interests aligns with previous literature findings regarding the complexity of including vulnerable farmers in global supply chains. [Chalil et al. \(2020\)](#) confirms that sustainability standardization often marginalizes vulnerable groups lacking political and economic bargaining power; thus, governance inclusion must be driven through regulatory modifications that favor the lowest-tier farmers. This certification policy essentially shifts from a mere regulatory instrument to an instrument of ecological responsibility redistribution, forcing oil palm smallholders to bear the burden of environmental maintenance previously ignored by past industrial practices.

The second indicator of the content of policy focuses on the types of benefits generated by the certification program. [Grindle \(2017\)](#) postulates that a policy is more easily implemented if the benefits offered are rational and directly measurable by the target group. In the RSPO scheme, the promised benefits are divided into two parallel dimensions: long-term collective ecological benefits and individual economic benefits in the form of premium price incentives.

Field extraction data show that the primary motive driving oil palm smallholder entities in Padang Jaya Village to enrol in certified cooperative

membership is purely economic. Farmers uniformly stated that receiving premium price incentives for Crude Palm Oil (CPO) above local collector prices is the only logical reason for them to endure the administrative complexities. The success of *Koperasi Produsen Berkah Taka Mandiri* in distributing the residual income from these incentives provides empirical evidence that economic benefits can be realised when facilitated by appropriate institutions.

The success of local cooperatives in gaining access to the premium market proves the resilience of village-level institutional performance. This aligns with the analysis by [Pratama and Batubara \(2024\)](#), which asserts that the positive response of oil palm smallholders toward achieving certification heavily depends on the cooperative management's performance in providing certainty and transparency regarding the distribution of premium price incentives. Nevertheless, [Rietberg and Slingerland \(2016\)](#) note that the magnitude of financial benefits from such incentives is often disproportionate, given the high accumulation of early-stage operational costs that farmers must bear independently.

The high accumulation of operational costs is directly related to the third indicator: the extent of change envisaged by the policy document. The more radical the behavioral change demanded from the target group, the more complex and prone to resistance the implementation process becomes ([Grindle, 2017](#)). RSPO standards do not demand minor administrative adjustments but rather require a total transformation of plantation culture from conventional systems to a precision governance system based on Good Agricultural Practices (GAP).

Field observations confirm that this degree of change has a significant operational impact at the grassroots level. Oil palm smallholders, who for decades have been accustomed to land clearing by burning for cost efficiency, are now required to comply with the zero-burning principle. Additionally, this policy compels farmers to conduct an inventory of ownership through land coordinate polygon mapping and to use occupational health and safety facilities. Farmers are also required to record every fertilization and harvesting process to meet supply chain traceability standards.

The demand for this radical transformation originates directly from the standard principles and criteria formulated by the international organization ([RSPO, 2025](#)). When compared with current national regulations, as set out in Ministerial Regulation Number 33 of 2025 concerning Indonesian Sustainable Palm Oil (ISPO) standards, both regulations similarly push for structured environmental governance improvements. However, an analysis by [Wulandari and Nasution \(2021\)](#) proves that the RSPO assessment instrument possesses an indicator architecture that is far more detailed, complex, and comprehensive. [Erina \(2024\)](#) reinforces this argument, stating that such a heavy burden of behavioural transformation is

easily borne by large corporations but poses a structural vulnerability for oil palm smallholders who lack supporting capacity.

This gap in adaptive capacity highlights the urgency of evaluating the fourth indicator: the site of decision-making within the policy architecture. Field implementation is heavily influenced by the hierarchical and geographical distance between the standard-setting authority and the implementing actors at the lowest level (Grindle, 2017). RSPO standards are formulated by international executive board representatives based in Europe and in regional offices in capital cities, while execution is unilaterally placed on district-level local government apparatus and village-level cooperative managers.

This centralization of international standard formulation results in a comprehension bias at the regional level. Testimonies from the Paser Regency local government apparatus confirm that they lack the authority to modify certification criteria to align with local wisdom. Regional apparatus are forced to act merely as administrative servants, such as issuing Plantation Registration Certificates to fulfill one of the mandatory requirements for passing external audits. This pattern proves that local governments do not act as policymakers but are instead degraded in function to mere supporting instruments for global regulations.

The phenomenon of local government subordination aligns with the conceptual framework of decentralizing sustainable development goals. Handrian and Andry (2020) explain that the localization of sustainable development targets requires local governments to absorb macro policies into measurable action plans within their territories. The weak position of local governments in the formulation of certification criteria results in interventions that are often reactive to auditor requests rather than systematic service improvements that address the actual needs of oil palm smallholders.

These conditions lead the analysis to the fifth indicator, which concerns the characteristics of program implementers in the field. Unlike social assistance or infrastructure programs executed hierarchically by a single agency, independent oil palm certification operates through an implementing consortium mechanism. Grindle (2017) requires that successful implementation depends on the availability of implementing structures possessing legal authority legitimacy and adequate technical competence in the field.

Empirical field data reveal that the implementation of the certification program in Padang Jaya Village is driven by a cross-sector collaboration system. The *Koperasi Produsen Berkah Taka Mandiri* entity established an Internal Control System (ICS) as the primary driving actor at the community level. This internal team is fully supported by technical assistants from the Kawal Borneo NGO and, in legal matters, by the regional plantation agency. Cooperative managers stated that

the absence of any of these three implementing pillars would paralyze the entire process of fulfilling audit eligibility documents.

The success of organizing cross-actor program implementers serves as evidence of the validity of institutional collaborative governance theory. [Syahrial et al. \(2025\)](#) demonstrates that the effectiveness of complex policy implementation is heavily determined by the ability to build synergies between the government, the private sector, and non-governmental organizations. This implementation of collaboration in Paser demonstrates that the lack of personnel from the local government apparatus can be compensated for by NGO activists who closely and continuously assist farmers until the external audit process is completed.

Although the program implementer collaboration system has formed organically, its resilience depends entirely on the sixth indicator: resources committed. Even the most ideal policy formulation will fail if it is not supported by proportional financial allocation, complete facilities, and adequate time for implementers ([Grindle, 2017](#)). In the independent certification scheme, resource availability is the most critical point determining the sustainability of the certification status in subsequent years.

In-depth interviews reveal that the local government's commitment to funding the certification audit process is minimal. Technical assistants explicitly acknowledge that the funding for external compliance audits and the costs for preparing environmental impact analysis documents originate from international donor grants or corporate social responsibility funds from assisting companies. The absence of a fixed budget allocation from regional original income to subsidise annual audit costs for oil palm smallholders poses a serious threat to the future continuity of the target group's passing status.

This gap in resource allocation indicates a weak institutional strategy at the local government apparatus level. An analysis by [Nainggolan et al. \(2024\)](#) strengthens the argument that the government must formulate integrated funding and extension strategies permanently to support sustainable supply chains. Absolute dependence on third-party voluntary assistance proves that the state has not been fully present in providing essential resources to oil palm smallholders. These six elements of policy content have empirically proven that the certification document architecture is capable of forcing a massive transformation in the governance behavior of oil palm smallholders. However, the technical success on paper and the availability of economic incentives are inseparable from the fragility of regional resource support. Ultimately, the substantive success of this policy design cannot be evaluated in isolation. All operational achievements in Padang Jaya Village are heavily determined by how political actors, local governments, and corporations exert pressure and negotiate within their implementation environment.

B. Power Relations and Institutional Capacity within the Context of Implementation

Technical success within the policy content dimension does not spontaneously guarantee smooth execution at the operational level. Based on the theoretical perspective of [Grindle \(2017\)](#) theoretical perspective, these operational dynamics must be evaluated within the context of implementation, which comprises three primary parameters. The first parameter focuses on the power, interests, and strategies of the actors involved. The policy implementation arena is essentially a continuation of the political battleground, where each interest group manoeuvres to deflect, accelerate, or maintain policies that align with its rational objectives.

The reality in Padang Jaya Village reveals a potent tug-of-war of interests among strategic actors. Interview data extraction indicates that oil palm smallholders pragmatically focus on achieving premium-price incentive margins to guarantee their families' economic welfare. Conversely, partner corporations have an interest in pressuring farmers to achieve absolute compliance to secure raw material supplies that meet the export-quality standards of the European market. Meanwhile, the local government exhibits a political tendency to utilize the success of these few villages as a positive branding instrument for regional bureaucratic performance at the national level.

Despite these sharp differences in objectives, field observations indicate that there is no open conflict among these actors. This occurs because the negotiation of interests is channelled through mechanisms for compliance with certification standards. This interplay of interests is essentially a tangible reflection of global environmental governance intervention. [Pareira \(2021\)](#) explains that international certification regimes often compel local actors to adopt administrative standards that are inconsistent with their natural capacities. This is reinforced by the analysis of [Mai-Moulin et al. \(2021\)](#), stating that the threat of international market boycotts triggers corporate fear, forcing them to pressure the lowest supply chain tiers, including oil palm smallholders, to adhere to sustainability strategies unilaterally established by developed-nation consumers.

The strategies actors use to secure their interests are heavily influenced by the second parameter of the implementation context: institution and regime characteristics. [Grindle \(2017\)](#) asserts that institutional culture, the division of authority, and the level of professionalization among the apparatus significantly determine an implementing institution's ability to withstand external pressure while serving its target groups. The evaluation of this parameter focuses on how local government apparatuses position themselves amidst the encirclement of international standards and national regulations.

In the governance context of Paser Regency, implementing institutions face operational pressure due to a double regulatory burden. The presence of a recent

legal instrument, Presidential Regulation Number 16 of 2025, compels local government apparatuses to prioritize all resource allocations toward achieving these mandatory national standards. Simultaneously, the local government is required to continue facilitating the needs of oil palm smallholders striving for voluntary RSPO standards to maintain global market incentives.

This fragmentation of institutional focus directly undermines public service quality at the grassroots level. Interview results reveal acknowledgments that local government apparatus tend to position themselves as passive facilitators. State agencies only act when there is an administrative demand from cooperative managers or technical assistant NGO activists. Observations confirm that daily operational control is not held by government agencies but has been fully taken over by the Internal Control System team formed by the village cooperative.

This sluggishness in state institutional responsiveness aligns with critiques of public bureaucratic professionalism in previous literature. [Budiaji et al. \(2023\)](#) highlights that a low index of professionalism and capacity among civil servants will directly paralyze the effectiveness of strategic program implementation in the regions. Furthermore, [Akmul et al. \(2024\)](#) asserts that a lack of bureaucratic transparency and the slow response of aid distribution agencies will trigger a crisis of public trust in the state's presence. Village-level cooperatives are ultimately forced to build their own institutional capacity independently to fill the service vacuum left by the local government apparatus.

The institutional resilience of these independent cooperatives leads this evaluation to the third parameter: the target group's compliance and responsiveness. According to [Grindle \(2017\)](#), no matter how well a governance document is formulated, the outcome is determined by the extent to which the grassroots community is willing to respond to incentives or, conversely, to close ranks in defiance. This compliance evaluation is crucial given the characteristics of oil palm smallholders, who are accustomed to working autonomously without administrative intervention.

Empirical observations of oil palm smallholders participating in the certification program in Padang Jaya Village indicate a very high level of physical compliance. Farmers demonstrate discipline in using personal protective equipment in the fields, adhere to the absolute ban on hazardous paraquat, and implement structured mechanisms for the management of harvest waste. Cooperative managers stated that this compliance is final and binding, and that any minor violation results in the immediate termination of access to fresh fruit bunch sales for partner corporations.

This strict physical compliance is proven to result not from spontaneous ecological awareness but purely from the rationality of economic incentives. Field

findings confirm the comparative evidence from [Rachman \(2019\)](#), who concluded that guaranteed income increases and premium price incentive distributions are the most effective instruments for overcoming conventional farmer resistance. This condition also aligns with the analysis by [Nurbaiti et al. \(2024\)](#), which postulates that natural resource ecosystem protection can only be realized sustainably if the welfare and economic continuity of the target group are proportionally fulfilled.

Nevertheless, compliance among the certified minority contrasts sharply with the reality among farmers outside the system. Interview data reveal widespread apathy and passive resistance among the majority of other oil palm smallholders outside Padang Jaya Village. Non-certified farmers explicitly stated that the complexity of the registration process and the absence of direct assistance from the local government apparatus prove that the sustainability program is merely an elitist procedure that burdens farmers at the lower level.

This sharp polarization of compliance reveals a serious vulnerability in the regional plantation governance architecture. [Dewi et al. \(2024\)](#) warns that sustainable development programs that ignore comprehensive social risk mitigation will create new structural inequalities within society. The failure of the local government apparatus to engage this apathetic target group is no longer merely a matter of poor socialization but an absolute indication of administrative pathology. This weakening of basic service facilitation serves as an essential analytical transition to exhaustively evaluate the anatomy of systemic bureaucratic constraints that paralyze the overall expansion of the policy.

C. Anatomy of Systemic Constraints: Administrative Pathology and Capacity Gaps

The polarization of compliance separating certified and non-certified farmer groups stems from the failure of the local government apparatus to address systemic constraints at the grassroots level. The majority of conventional literature frequently reduces the failure to adopt sustainability standards to the reluctance of oil palm smallholders to change. However, the governance evaluation in this study shows that target-group resistance is an early indicator of deeper institutional issues. Based on primary data mapping, the anatomy of these obstacles is rooted in four interrelated crucial elements, the first being financial capital limitations.

The demand to comply with RSPO standards requires oil palm smallholders to incur significant initial investment costs. Interview data extraction reveals that farmers in Paser Regency complain about the high financial burden they must bear beyond daily plantation operational costs. Farmers detailed that they are required to purchase standard safety equipment, pay for land polygon mapping services, and fund a series of external compliance audit processes, the values of which are far beyond individual financial capacities.

This burdensome self-financing highlights the state's failure to provide protection for vulnerable economic groups. This aligns with the argument of [Yenny and Simbolon \(2024\)](#), who assert that local governments have an absolute obligation to conduct protective interventions and subsidies to maintain the competitiveness of oil palm smallholders amidst the encirclement of global standards. Allowing farmers to independently fund the certification process is equivalent to designing the sustainability program for failure from the outset.

While capital limitations are a primary grievance, a deeper analysis finds that the problem's fundamental root lies in the second element: land legality. The absence of valid land ownership documents is a structural constraint that oil palm smallholders cannot overcome, even if they have available capital. An absolute prerequisite for farmers to be registered in the certification system is the ownership of Land Certificates, Land Ownership Certificates, and Plantation Registration Certificates issued by the competent local government authorities.

Field observational reality captures a chronic administrative pathology. There are piles of land legality application files belonging to farmers at the village and sub-district levels that have not been forwarded to the district level for processing. Field facts indicate that the absence of these land titles causes the plantation office to refuse to issue Plantation Registration Certificates. Consequently, the administrative chain is completely severed, and oil palm smallholders are automatically eliminated from the RSPO audit registration system.

Testimonies from farmer entities further highlight the weaknesses of this land bureaucracy. Oil palm smallholders explicitly complain about the sluggishness, complexity, and convoluted procedures in handling land documents at the state institutional level. This service inertia creates a perception among farmers that the local government apparatus intentionally complicates administration at the lower level, in sharp contrast to the speed of service provided to large-scale plantation corporations.

This regional land administration paralysis is a paradox that contradicts the spirit of policy at the central level. Law Number 6 of 2023 mandates bureaucratic simplification and ease of doing business for all layers of society, including micro-scale farmers. However, implementation in Paser Regency shows that this macro legal product has not been able to overcome operational stagnation at the implementing bureaucratic level. The failure to translate this ease of business is purely an administrative negligence of the local government apparatus, not an operational error on the part of the farmers.

The impact of this public administration sluggishness resonates with the community's weakened socio-economic resilience. The analysis by [Rani \(2025\)](#)

reminds us that the impact of macro public policies on farmers' social resilience is heavily determined by the certainty of their basic rights over resources. When land legality rights are delayed by the local government, compliance with environmental regulations becomes impossible to enforce. Furthermore, [Rachmat \(2022\)](#) confirms that environmental protection elements in state regulations often serve as instruments of forced compliance rather than being balanced with the fulfilment of citizens' administrative rights.

This uncertainty over land legality ultimately triggers a wave of mass demotivation, directly affecting the third obstacle element: technical capacity gaps. When farmers realize that their plantations cannot be certified due to administrative hurdles in land documentation, they consciously cease efforts to improve cultivation quality. Field observations prove a striking gap in understanding between cooperative member farmers in Padang Jaya Village and the majority of oil palm smallholders outside it regarding the application of Good Agricultural Practices (GAP) standards.

This comprehension gap is directly reflected in daily operational practices. Interviews confirm that farmers outside the certification scheme use non-standardised plantation management methods. They use uncertified seeds, fertilize without measurable schedules, and leave areas around the plantation untended to cut costs. Conventional farming practices continue because they lack access to the technical knowledge modules required by the global industry.

This stagnation of technical capacity is the root of the low competitiveness of oil palm smallholders' harvests. These findings strengthen the conclusion of [Rahutomo et al. \(2023\)](#), who evaluates that the lack of precision in applying GAP standards is the primary cause of low productivity in smallholder oil palm land. This lack of capacity also weakens farmers' bargaining position vis-à-vis the industry, as [Panjaitan et al. \(2014\)](#) analyses, in the context of the power imbalance between capital-owning corporations and farmers forced to submit to green investment governance standards.

The low technical capacity at the grassroots level culminates in the final obstacle element: the dysfunctional persistent assistance system by the relevant local government agencies. The transformation of knowledge from conventional systems to precision governance systems cannot occur instantaneously. This adjustment demands the presence of extension officers or technical assistants who act as knowledge facilitators, daily practice supervisors, and motivational change agents within the farmer community.

Observational results validate the absence of persistent physical assistance programs from either the plantation agency or the regional agricultural extension body. State apparatus are rarely physically present in smallholder plantation areas

to conduct guidance. This is reinforced by testimonies from oil palm smallholders expressing their dissatisfaction with the local government's extension system. Farmers confirm that extension activities are merely ceremonial, sporadic, and conducted inside village hall rooms, without ever being followed by direct practical assistance in their cultivated fields.

The failure of this state institutional assistance system serves as the primary justification for why only the village fully assisted by non-governmental organizations succeeded in achieving certification. The analysis by [Veriasa et al. \(2024\)](#) definitively asserts that the dynamics driving productivity and sustainability standard compliance demand strong and organized institutional facilitation, not merely disjointed individual socialization assignments. The lack of personnel allocation and operational budgets for field assistance activities demonstrates the local government's weak structural commitment to advancing the smallholder plantation sector.

Based on the dissection of all policy content instruments and the implementation context, this study concludes that the failure to adopt RSPO standards among the majority of oil palm smallholders is not due to technical inability or cultural rejection by the target group. The root of the problem lies absolutely in the administrative pathology of the local government bureaucracy. The sluggishness of the state apparatus in finalizing land legality, the absence of operational financing subsidies, and the poor field assistance system have hindered the progress of oil palm smallholders. As long as the local government only positions itself as a passive administrator and delegates the technical burden entirely to NGOs or cooperatives, certification success will only remain an isolated exception, rather than a mass and equitable governance transformation.

CONCLUSIONS AND SUGGESTIONS

A comprehensive evaluation of the implementation of oil palm sustainability certification for oil palm smallholders concludes that a sharp governance paradox exists at the grassroots level. Substantively, this international-standard policy instrument has proven to have a strong binding force, compelling radical behavioural transformations among farmers, ranging from compliance with the zero-burning environmental governance principle to the implementation of a precise supply chain traceability system. This absolute compliance has been successfully realized because the policy architecture offers a highly concrete rationality of benefits in the form of premium price incentives. Nevertheless, the successful achievement of global standards and economic improvement is merely an isolated exception for a minority group, as its sustainability is sustained exclusively by the intervention of non-governmental organizations and corporations rather than the presence of local government apparatus service structures.

The failure to scale this success in proportion to the mass is rooted in the fragility of the implementation context, characterised by the administrative pathology of the local government. The gap between the massive expanse of smallholder oil palm plantations and the low rate of certification adoption is not caused by cultural rejection or by the low cognitive capacity of the target group. The root of the problem lies in the paralysis of local government institutions in responding to the double burden of global standards and national regulatory obligations. Local governments have been reduced to mere passive administrators, failing to perform basic facilitation functions, thereby triggering a wave of apathy and extreme polarisation in compliance among oil palm smallholder entities.

The anatomy of systemic constraints paralyzing the mobility of the majority of oil palm smallholders culminates in three structural public service failures. The first failure is the sluggishness of land administration service procedures, which hinders oil palm smallholders' efforts to obtain land legality as an absolute prerequisite for certification. The second failure is the absence of protection schemes or financing subsidies from regional original income to cover the high costs of external compliance audits. The third failure is the absence of a structured, persistent physical assistance system within the agricultural extension apparatus in the field. These three bureaucratic weaknesses have systematically denied the majority of small-scale farmers the right to be integrated into an equitable global commodity supply chain.

Based on the conclusions of this governance evaluation, this study formulates crucial policy implications and follow-up recommendations. Academically, this research recommends shifting the discourse on natural resource governance policy evaluation away from merely blaming the capital constraints of oil palm smallholders toward evaluating the institutional capacity and commitment of local government apparatuses as implementers. In practice, local governments are required to implement integrated affirmative policy interventions immediately. These interventions must be realized through the simplification of land legality procedures for micro-scale farmers, the specific allocation of regional budgets to subsidize independent certification audit costs, and the institutionalization of technical assistance systems permanently embedded at the village level. Without a restructuring of public service commitment, sustainability certification policies will only remain elitist instruments that gradually marginalize the existence of oil palm smallholders.

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