

Where is Sustainable Palm Oil Certification headed? Learning from Past Changes to Understand the Future?

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Context to talk

I am a political scientist

- ☞ Specialize in environmental and resource policy
 - ☞ Global, domestic, local processes
 - ☞ Global certification eco-labeling systems
 - ☞ "non-state market driven" (NSMD) governance
 - ☞ Substantive focus (in my lab and with collaborators)
 - ☞ Forests, climate, fisheries, mining, coffee, agriculture
 - ☞ Expanding to include palm oil
- ☞ Analyze and compare
 - ☞ Support for market mechanisms
 - ☞ Relationship between public and private instruments

Do not take sides

- ☞ As a result every one thinks I am taking someone else's side

Motivating questions

☞ Problem focused

- ☞ How do policies and institutions respond to and address key challenges of our times?
 - ☞ Land use questions
 - ☞ Practices/stewardship questions

☞ Interaction

- ☞ How do public and market certification systems interact?
- ☞ How do sectors interact?: such as forestry, palm oil and climate
- ☞ What are possible synergies? Roadblocks to avoid?

☞ Evolution

- ☞ How does support and impact change over time?

Two types of motivations

- **My lab focuses on understanding the role of two types of motivations**
 - "self-interest"
 - The benefit individuals and members of organizations receive for being part of RSPO
 - "logic of consequences"
 - Norms/values
 - That motivate us as members of global community
 - Poverty alleviation, environmental stewardship,
 - Equity, inclusion, transparency
 - "logic of appropriateness"

Approach

- ☞ Multi-disciplinary
- ☞ Collaborative
- ☞ Research on what has happened
- ☞ But also ponder what might be in store

- ☞ "Governance, Environment and Markets" (GEM) Initiative at Yale
- ☞ <http://environment.yale.edu/gem>
- ☞ Links scholars and practitioners
 - ☞ Collaborative learning

Today's talk draws on many collaborations that include

- ☞ Benjamin Cashore and Michael Stone, "**Can Legality Verification Rescue Global Forest Governance: Assessing the Intersection of Public and Private Authority in Forest Governance in Southeast Asia**" forthcoming, *Journal of Forest Policy and Economics* 2012
- ☞ Benjamin Cashore and Michael Stone, "**Does California Need Delaware? Revisiting Vogel's 'Trading Up' Hypothesis Through the case of illegal logging**" under review at *Regulation and Governance* 2012
- ☞ Steven Bernstein and Benjamin Cashore (Convening Lead Authors) "**Examination of the influences of the international forest regime at the domestic level**", Chapter Seven of the Collaborative Partnership on Forests (CPF) Global Forest Expert Panel's (GFEP) initiative (published by IUFRO). 2011
- ☞ Constance McDermott, Benjamin Cashore and Peter Kanowski, **Global Environmental Forest Policies: An International Comparison** Earthscan, UK 2010
- ☞ Benjamin Cashore, "**Key Components of Good Forest Governance Part I&II: Overarching Principles and Criteria**", *Exlibris* produced by the ASEAN-German ReFOP project, "the analysis and making of regional public policy" www.ascanforest-ghm.org. Discussion paper No. 6, July 2009
- ☞ Kelly Levin, Constance McDermott and Benjamin Cashore (reverse alphabetical order), "**In with the Old Boss Same as the New Boss? Explaining Determinants of, and Prospects for, Bandwagoning of Forests to the Climate Regime**" forthcoming August, special issue, on Climate Bandwagoning forthcoming *Global Environmental Politics*, 2011
- ☞ Peter Kanowski, Constance McDermott and Benjamin Cashore "**Implementing REDD– Lessons from Analysis of Forest Governance**" special issue, Esteve Corbera, Heike Schroeder, Oliver Springate-Baginski (eds), "Governing and Implementing REDD+" *Environmental Science and Policy* **Vo. 14**: pp 111-117, 2011
- ☞ Kelly Levin, Constance McDermott and Benjamin Cashore, "**The Climate Regime as Global Forest Governance: Can Reduced Emissions from Deforestation and Degradation (REDD) Initiatives Pass a 'Dual Effectiveness' Test?**", *International Forestry Review* *Vol. 10(3)*, pp. 538-549, 2008

Shout out to

☞ With Jan Kees Vis, Kira Matus, Ruth Norris

☞ And other members of "Steering committee of the State-of-Knowledge Assessment of Standards and certification" which produced Final report Towards Sustainability: The Roles and Limitations of Certification produced by Resolve

☞ www.resolve.org/certificationassessment

☞ Especially chapter six on pathways

☞ And collaborations on pathway research with Auld, Balboa, Bernstein, McDermott Renckens and Stone

Approach to talk

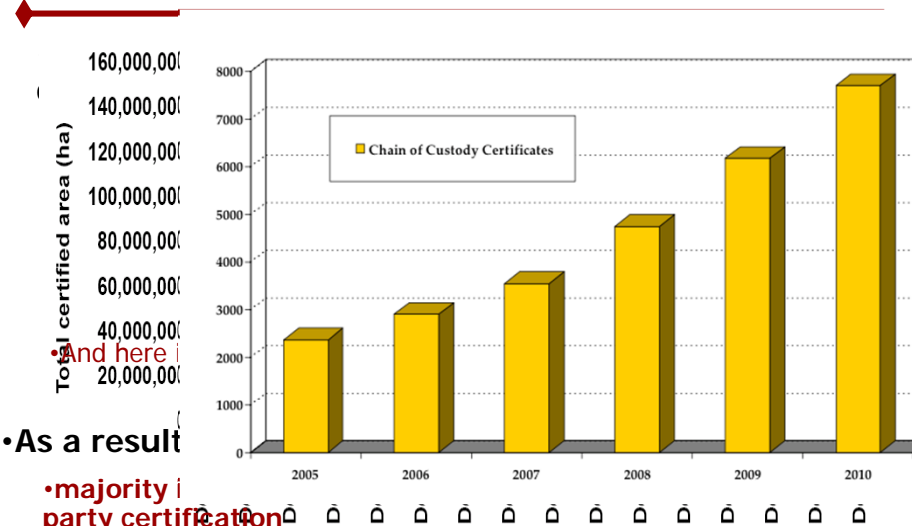
• Stand back

- Review key themes that emerge
- From 15 years of research on certification and public policy
- Feel free to contact me for more details

• Idea is to generate discussion

- Thinks of this as a large seminar discussion
- Think about where we might be headed

Forest Certification and Change

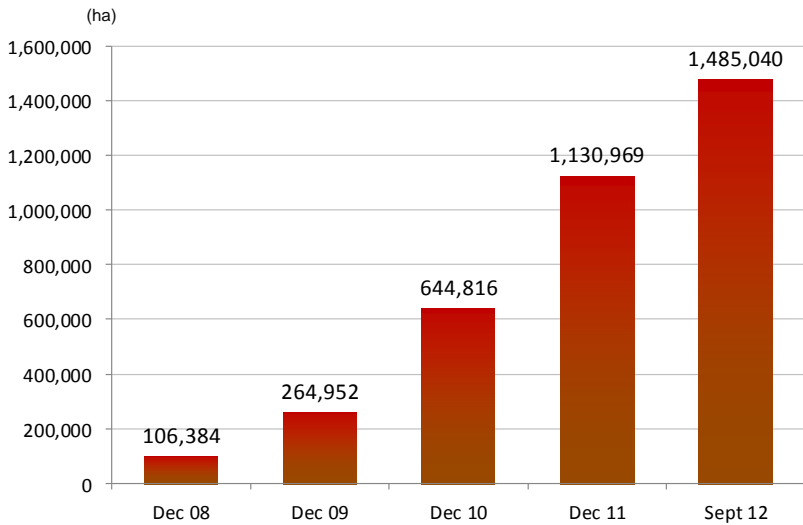


•As a result

- majority in party certification
- Attention focused on how to continue expanding in tropics



C2. Production Area (ha) by Year



The question

- ☞ What pathways might supporters of RSPO certification follow in the future?
 - ☞ How can we link strategic decisions taken today
 - ☞ To build tomorrow's solutions?
- ☞ Two overall ways in which impact can occur:
 - ☞ The "direct" approach
 - ☞ In which RSPO certification standards directly change behavior
 - ☞ The "indirect" approach
 - ☞ In which RSPO certification interacts with other initiatives
 - ☞ government, intergovernmental agreements
 - ☞ Individual firm CSR initiatives

The Conundrum for the Direct Approach

- ☞ Most certification systems are designed to improve "on the ground" performance
 - ☞ By creating standards to which managers must adhere
 - ☞ Use this to send a signal to the market place of responsible stewardship
- ☞ However, strategists face a conundrum initially:
 - ☞ High standards, low support, low impact
 - ☞ Low standards, high support, low impact

The Conundrum for the Direct Approach

- ☞ The trick, is to get to eventually:
 - ☞ High standards, high impact, high impact
- ☞ This requires a “chicken and egg” approach to standards and market uptake
- ☞ This means that discussions about
 - ☞ Standards development
 - ☞ Must be made in tandem with efforts to grow increased demand for certified products
 - ☞ Including careful attention to supply chain tracking
- ☞ How might this be done?
 - ☞ I offer some suggestions/hypotheses

Three lessons for the Direct Approach

- ☞ 1) **Reward the top**
 - ☞ Set standards at a level that rewards, rather than punishes, participating firms
 - ☞ If standards are out of line with market demand
 - ☞ Might inadvertently “knee-cap” systems before they had a chance to grow and evolve
- ☞ 2) **Create a better world**
 - ☞ Consumers need a simpler labeling system
 - ☞ Emergence of multiple certification systems laudable
 - ☞ But need simpler approach in market place
 - ☞ To tap into current demand,
 - ☞ Prepare for possible changes in norms/what is deemed appropriate

Three lessons for the Direct Approach

☞ 3) Weed out the bottom

- ☞ Efforts to weed out the worst players
- ☞ That don't even follow baseline government requirements
- ☞ May create largest coalitions of support
 - ☞ By simultaneously tending to
 - ☞ Environmental groups interests
 - ☞ And forest company profits
 - ☞ Coalitions of "bootleggers and Baptists"
 - ☞ E.g. "legality verification"
 - ☞ But this example means thinking about interaction of certification with government efforts

The Indirect Approach: Three Pathways

- ☞ Direct approach is important
- ☞ But it has missed important "indirect" pathways
 - ☞ in which certification interacts with other instruments
- ☞ Let us ponder three

“Government Supersedes” Pathway

☞ This pathway sees certification as eventually being adopted by governments

- ☞ Certification is thus
- ☞ Stakeholders li
- ☞ Make “mistake
- ☞ Render standa



SUPERSEDING

☞ Examples?

- ☞ USGBC Green I
- ☞ Many municipa
- ☞ en standards

☞ Strategic lesson

- ☞ The conundrum
- ☞ Can start with, and maintain, relatively high standards
- ☞ Only needs a niche market to generate learning

“Symbiotic” Pathway

☞ This pathway occurs when certification systems and government approach

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rdard Certification

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agreement

ergovernmental

☞ Gold standards certification hence facilitated CDM projects, and likewise CDM facilitated gold standard

"Symbiotic" Pathway

- ☞ Strategic lessons?
 - ☞ Ask if there a gaps certification could fill in public policies, rather than covering everything

"Hybrid" Pathway

- ☞ This pathway occurs when government and industry share "ivy up" policy functions with government
 - ☞ Many possibilities
 - ☞ Government oversees implementation
 - ☞ Certification ensures compliance
 - ☞ Industry self-regulate and undertake audits
- ☞ Examples?
 - ☞ Let's return to
 - ☞ Government
 - ☞ Legality verification
 - ☞ Helps meet demand of EU and US legislation
 - ☞ In this case certification of legality can work to reinforce government laws, not replace them

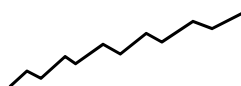


"Hybrid" Pathway

- ☞ Strategic lessons?
 - ☞ Think carefully about what public or private authority best suited to address different policy functions
 - ☞ Could open up cross stakeholder collaborations and effectiveness
 - ☞ Requires multi-stakeholder learning and development collective strategic choices

The future of certification

- What are lessons for certification in general
- RSPO?
- Let us think about two doors
- **The pessimistic door**
 - At best, certification can only make marginal changes
 - Will be unable to get majority of land certified
 - May inadvertently takes pressure off of governments
- **The optimistic door**
 - We are still in the middle of a process in which support and impacts will continue to ratcheted up



How might ratcheting up occur?

- ◆ **First, identify the problem to be addressed**
 - Broad scale land use designations
 - Different from “best practices” stewardship
 - No reason same instrument has to be applied to both
 - It may be, for instance, that certification more promising for directly affecting practices
 - While works indirectly to address land use
 - Through working with governments
- **Second, reflect on which pathways might be worth traveling**
- **Third, develop a set of expectations as to how the pathway operates**
- **Fourth, conduct today’s strategies consistent with nurturing that pathway**

Concluding thoughts: Intervening appropriately

- ◆ **Concluding thoughts: Intervening appropriately**
- Most of us respond to, rather than shape, future dynamics
- By consciously thinking about the different available pathways
- We may play a more active role in championing the environmental, social and economic values
 - That unite all of us in the global community
- Towards appropriate solutions.