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Mind the Gap: Comparing Legitimacy Discourse of the Roundtable on Sustainable Palm Oil (RSPO) in the National and Sub-National Context

Zulfa Utami Adiputri¹ and Shuji Hisano²

Abstract

Despite the proliferating amount of literature regarding legitimacy of voluntary sustainability standards (VSS) initiatives, little is known about the dynamics of the VSS initiative's legitimacy and its legitimization process at the grass-roots level. In an attempt to fill this gap, our study compares discourses in both the national context of Indonesia as well as the sub-national context of the Melawi District, in West Kalimantan province, to uncover RSPO's legitimization process and its effect on VSS initiatives in both contexts. We found that there is a lag in the phases between the national and local levels of the RSPO toward political legitimacy. While in the national context the process had progressed from Phase I (initiation phase) to Phase II (gathering wider support and contestation phase), the legitimization process of the RSPO in Melawi context, however, was found to be lagged behind. We argue that the observed lag in the RSPO's legitimization process is the result of Indonesia's decentralization policy, the spatial-temporal trajectory of oil palm development in Indonesia, as well as the *voluntariness* of the RSPO itself. On the other hand, similarities in the discourse involved in the legitimization process is found in both the national and the local context, in which strong market logic and development paradigms are embedded in the discourses and sustainable palm oil certification is understood by many of the actors as nothing more than a marketing strategy.

Keywords: Legitimacy, palm oil, sustainability governance, local context, Indonesia

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1. Introduction

In a form of governance system where authority lies in market and network rather than deriving from state sovereignty, legitimacy becomes a critical issue due to its absence in hard and coercive law and its role in the effectiveness of a system (Hogl, Kvarda, Nordbeck, & Pregernig, 2012). The legitimacy of voluntary sustainability standards (VSS) initiatives in such a system has been widely examined both as single case studies (Schouten & Glasbergen, 2011; Geibler, 2013; Dendler & Dewick, 2016; Ellram & Golicic, 2016, Kishna, Niesten, Negro, & Hekkert, 2017) and comparative studies involving multiple types of VSS initiatives within and across various sectors and industries (Partzsch, 2011; Marano & Tashman, 2012; Schouten & Glasbergen, 2012, Bernauer & Gampfer, 2013; Bennet, 2017)³. Despite such attention, little is known about the dynamics of legitimacy within VSS initiatives at the grass-roots level (Hospes, 2014). With the exception of forestry governance cases (e.g. studies done by McDermott, 2012; Johansson, 2012; De La Plaza Esteban, Visseren-Hamakers, & De Jong, 2014), the inclusion of local actors in the scholarship of global socio-environmental governance remains minimal. Furthermore, even in studies where local actors' perspectives are included (Marin-Burgos, Clancy, & Lovett, 2015; Moreno-Peñaranda, Gasparatos, Stromberg, Suwa, Pandyaswargo, & Puppim de Oliveira, 2015), they do not explain why and how *locality* is relevant to the study of the legitimacy in a *global* governance system, particularly with VSS initiatives.

Research on the legitimacy of global governance are indeed rooted in the scholarship of international relation (IR) and international law, where the unit of analysis ranges from international treaties and conventions to intergovernmental organizations, hybrid-form organizations, and, more recently, non-state initiatives aiming to regulate generic government-ruled public issues. Within this research domain the notion of legitimacy, the actors perceived as relevant, and the processes deemed important are discussed at the global level. The notion of legitimacy itself, however, is fluid. For example, Bernstein and Cashore (2007) define legitimacy as “the acceptance of shared rule *by a community* as appropriate and justified” (emphasis added). Another widely employed definition of the concept reads as follows: “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some *socially constructed system* of norms, values, beliefs, and definitions” (Suchman, 1995, emphasis added). While the former definition was conceptualized to analyze global governance, particularly for VSS initiatives in the global context, the latter has been employed to analyze various contexts and types of organizations. In addition, Cerutti (2011) argues, “the ‘masters of

³ There are several terminologies referring on the similar type of governance system (e.g. multi-stakeholder initiative (MSI), non-state market driven (NSMD) governance system, etc.), which are well summarized in Bennet (2017).

legitimacy', whose judgment of legitimation in global governance depends on, must also remain indefinitely an unstable, and not easily recognizable". In other words, who "the masters of legitimacy" are depend, again, on the context of where the legitimacy concept is analyzed, and thus are open for discussion.

This paper is an initial attempt to explore the issue of legitimacy of the Roundtable on Sustainable Palm Oil (RSPO), a socio-environmental VSS initiative aiming to rule a market with one of the most contested commodities globally, in Indonesia⁴. In doing so, our study compares discourse in both the national context of Indonesia and in the sub-national context of the Melawi District in West Kalimantan province, to compare and contrast the RSPO legitimization process in both contexts as well as the effect produced from the legitimacy of the initiative itself.

Our paper combines fieldwork and secondary research to collect primary and secondary data. Our fieldwork, consisting of observation, field visits and 19 unstructured interviews (the full list of interviews is in the Appendix A), was conducted in the Melawi District of West Kalimantan Province from February 15th, 2015 to March 6th, 2015 (approximately three weeks). Our field visits were carried out in at a *nucleus* plantation called PT Sinar Dinamika Kapuas 1 (Lymann Agro Group) as well as its scheme smallholder *plasma*, both of which are located in Batu Buil Village, in the Belimbing Sub-district. Our secondary data consists of grey literature from related institutions and mass media news articles and reports, particularly from web-based news outlets.

The structure of our paper is as follows. Section 2 revisits the definition and scope of "actors" in the existing literature relating to global socio-environmental governance systems, in which VSS initiatives are included. In addition, we discuss how the socio-political context is conceptually related with the legitimacy of VSS initiatives. Finally, we discuss how decentralization policy in Indonesia influences the spatial-temporal trajectory of oil palm expansion in the country and in Melawi, in particular. Sections 4, 5, and 6 present our analysis in three parts. First, the institutional setting, decentralization in particular, and its implication toward the many kinds of sustainable palm oil governance systems are described. Then, the discourse content in key topics in the national context of Indonesia as well as in the sub-national context of the Melawi District in West Kalimantan province is deciphered. Finally, three major findings related to the RSPO legitimization process are discussed. Lastly, section 7 concludes the discussion.

⁴ The RSPO was first initiated by the World Wild Fund for Nature (WWF) Switzerland, Aarhus United UK Ltd, Migros, and the Malaysia Palm Oil Association (MPOA) in 2002. The initiative is voluntary in membership and consists of various non-state actors ranging from plantation, food processing, and retailing companies, smallholder associations, banks and other financial institutions as well as social and environmental civil society organizations.

2. Conceptual Framework

2.1. Relevant yet omitted? The “affected” actors and their role in the legitimacy of VSS initiatives

In both conceptual and empirical literature on legitimacy of global governance systems, discussions are divided into two focuses. Earlier discussions are interested in the normative legitimacy criteria of systems as well as the measurement and evaluation of them. More recently, discussions have shifted, where more focus is put on legitimacy (or legitimization in this paper) as a *process*⁵, especially following the emergence of global market-driven governance systems, like VSS initiatives. In both research focuses, however, there is a limitation in the scope of research, where actors included in the studies -- thus perceived as relevant -- are those who (1) are organizationally involved in the governance systems, (2) are outside the organizations, yet are weighted powerful and have the ability to politically interact with the governance systems and their members, and (3) are, at a minimum, capable of presenting themselves and to have access to the processes at global level. This definition has excluded actors who are potentially explanatory to demystify legitimization process of global governance systems.

In these earlier studies, for instance, perceived relevant actors for legitimacy of VSS initiatives are limited to group of actors representing the demand side and the supply side in the sector or industry governed, concerned civil society organizations, and consumers. As state-led sustainability standards emerged in response to non-state market-driven initiatives, these studies begin to take into account the national government and see it not only in its role to lay institutional background where the VSS initiatives operate, but also as an active player in its legitimacy and the legitimization process of VSS governance systems (Cashore, 2002; Geibler, 2013). This demonstrates that even in market-driven governance systems, like VSS initiatives, actors which are not organizationally included --national governments, for instance-- might be relevant in the process involving political authority.

In works published on conceptual frameworks in non-state market driven governance systems, Bernstein (2004) identified “relevant” and “affected” actors, while Cashore (2002) created a typology of actors and categorized them into “Tier I” and “Tier II” audiences. The Tier I and Tier II refer to the direct/less-direct relationships between the groups of actors and the VSS initiative (e.g. oil palm plantation companies and food processing companies fall into the Tier I category, while civil society organizations and consumer-right groups fall into the Tier II category).

⁵ From here on, the term legitimization is used when referring a process, to differentiate it from legitimacy as a “state/degree” and “status”. However, terms inside brackets retain the original diction from which it is cited.

Meanwhile, those who are actually “relevant” and “affected” actors and to what extent properties between the two groups of actors differentiate is not discussed in detail in both Bernstein (2004) and Bernstein & Cashore (2007). Discussions in both works, however, imply that relevant actors cover Tier I and Tier II audiences -- with different degrees of directness to the VSS initiative.

In the operationalization of rules created within a global governance system, a wide range of actors is affected. Within it, there are those who are less powerful and have limited access to the decision-making process, as mentioned in Cashore (2002) and Bernstein & Cashore (2007). They are labeled as the *affected community* or the so-called *lay people*, or “everyday actors” (Broome, 2014: 124-135). They may, or may not, be represented by certain advocacy groups which own access into to the global process. The quality of representativeness should be under scrutiny – however, this problem is not the focus of this paper. There should also be consideration put into identifying the relevance of actors involved in the process of inclusion and exclusion (Biermann & Gupta, 2011). The exclusion of actors perceived as irrelevant in practice might also have contributed to the omission of these actors in the scholarship of legitimacy of VSS initiatives.

The dynamic and constructive property of what is regarded as acceptable and legitimate is emphasized in the conceptualization of “discursive legitimation” (Steffek, 2009). It zooms in to the process of ideational and value creation at the level of individuals depicted in the circulating discourse during the process of legitimization. Thus, it enables evaluation of the depth of the process; how far it has transformed the status quo in the level of practice and in the level of conscience and norms. Steffek (2009) proposes five categories of actors involved in this legitimization process, which are (1) state representatives: e.g. politicians, civil servants and diplomats, (2) experts, (3) activists and lobbyists, (4) journalists, and (5) citizens or lay people. A few groups of actors (No. 1-3), to some degree and in various “levels of aggregation” (e.g. individual, organization, etc.) (Avelino & Wittmayer, 2016), have already incorporated in existing literature. Studies involving secondary analysis and media discourse in their methods indicate that the No.4 group of actors is also incorporated in a rather indirect way. The final category of citizens/lay people, however, is a group of actors often missing from existing studies.

In the study of legitimization, there are at least three factors that highlight the importance of including citizens/lay people. First, inclusion contributes to data triangulation to confirm data validation and enrich data mining processes in which the actors’ interpretation towards an issue is deciphered (Fairclough, 1989). Second, and consequently, it would better capture a more complete picture of the aforementioned discursive legitimation (Broome, 2014). Finally, the

inclusion of lay people would also help to examine the effect of socio-political contextuality, which is represented in the discourse of citizen/lay people.

2.2. Phases toward legitimacy: How socio-political context matters?

There are three phases in the process of a VSS initiative's path to obtain political legitimacy; (Phase I) initiation, (Phase II) widespread support, and (Phase III) political legitimacy (Bernstein & Cashore, 2007). Each phase depicts how actors evaluate VSS initiative from two different perspectives, "logic of consequences" and "logic of appropriateness". The logic of consequences is when actors evaluate a VSS initiative from a pragmatic point of view, or in cost-benefit calculation, to see whether it will be in their best interest to accept the VSS initiative and thus grant it legitimacy. On the other hand, the "logic of appropriateness" is used when actors evaluate the system from a value and justice point of view from the actors' own perspective. This framework emphasizes that, along the each of the phases, business-related actors and civil society actors conceptualize both sets of logic, rather than each of the actors evaluate from one only logic set. In addition to this, Bernstein and Cashore's (2007) paper also considers how socio-political contextuality may influence the legitimization process. How such contexts are related to legitimization process can be explained by the concepts of "input legitimacy" and "output legitimacy", terms coined by Scharpf (1997).

The term input legitimacy, in many literary works, is linked with the term procedural justice in a rule-setting process (Biermann & Gupta, 2011). Many empirical studies use this concept to test the degree or status of legitimacy in environmental governance systems vis-à-vis democratic criteria, such as transparency, inclusiveness, and deliberativeness. Brassat and Tsingou (2011), however, warn that the typology of input and output legitimacy should be limited to conceptual frameworks and what plays out in reality is difficult to differentiate. The aforementioned criteria, therefore, should be used cautiously and should not become a generic benchmark. In certain contexts, democratic value might be not the norms adhered to, or, the term might be translated differently in meaning and(/or) practice by a particular community (Peters, Gadinger & Gaus, 2013).

Output legitimacy, on the other hand, is linked with the ability of a governance system to make an effect; or in other words, its *effectiveness*, or its *successfulness* in meeting its goals. Socio-political context is one of the determinants (Sandström, Crona & Bodin, 2014; Pattberg & Widerberg, 2016). Pattberg and Widerberg (2016) that asserts the relevance of socio-political contexts towards the successfulness of a partnership governance system at two levels; "at the level of actual governance architecture" and "at the local level" where the governance is implemented. The former is referred here as the "environmental governance complex" to

highlight overlapping properties, regulatory contents, as well as governed areas among environmental governance systems. The latter is discussed here with special regard to decentralization due to its relevance to the selected case analyzed in this paper. Further discussion on decentralization and environmental governance complex and their relations with the legitimacy of the VSS initiative is presented in the sections below, respectively.

2.2.1. VSS initiative, government role, and decentralization

Literature examining the relationship between environmental governance system and decentralization are dominated by studies in which the term of “governance” is used in its mundane definition rather than as a *process* of the shift from “government” to “governance”. Thus, these studies have limited their focus on the government’s governance capacity and performance in environmental governance with links to decentralization, though issues such as power, authority, and legitimacy are central in their discussions (Assetto, Hajba, & Mumme, 2003; Bazaara, 2003; Andersson & Gibson, 2006; Batterbury & Fernando, 2006; Widianarko, 2012).

How government and decentralization are pertinent to a VSS initiative’s legitimacy is related to government’s role in (1) the neoliberal market economy, where it functions to create a favorable institutional setting for a *free* market (Turnhout, Neves, & De Lijster, 2014) in which a VSS initiative also operates, and (2) the control over the exploitation of natural resources, particularly land resources, and its externality counter-measurement (Cashore, Graeme, & Newson, 2004; McDermott, Cashore, & Kanowski, 2010; Hospes & Kentin, 2014; Schouten & Bitzer, 2015; Wijaya & Glasbergen, 2016). One of explanations for a government’s reactions towards the VSS initiative is that the VSS initiative is perceived as interfering, and in doing so, eroding public authority in overlapping policy domains. In other words, it is an issue of power and control (Visseren-Hamakers, Leroy & Glasbergen, 2012). In a VSS initiative’s attempt to realize its internally agreed sustainability norms, a government might perceive a VSS initiative as a threat due to the possibility of redistributing power over natural resource control, where the government has maintained its preferred power position.

The widespread of decentralization among dozens of countries since a decade ago (Faguet, 2014), has caused a change in the bureaucratic and hierarchical relationships between central and local governments, whereby a part of the power and authority is transferred from the central governments to the local ones. The implementation of decentralization, though, varied across countries. In Uganda, for instance, even after decentralization, local governments still struggle to fulfill their role in environmental governance due to their limited power over financial and human resources, which are, still centralized (Bazaara, 2003). On the contrary,

however, other studies in developing countries covering Africa, South Asia, Southeast Asia, and South America show that the transfer of power over resource control took place drastically with a result of the rise of new elites (Ribot, Agrawal, & Larson, 2006). Moreover, although decentralization is driven by democratization, hence the introduction and improvement of deliberative processes, participation, and government service and accountability is expected, countries experiencing decentralization are being promoted by authoritarian regimes and are found to suffer from institutional immaturity and a lack of capacity in developing and implementing environmental policy (Assetto, et al., 2003).

Hypothetically speaking, the central government and local governments can influence the legitimacy of a VSS initiative using different channels. The central government tends to frame the narratives of national sovereignty and the right to control domestic issues in order to challenge the authority of the VSS initiative (Schouten & Bitzer, 2015), thus aiming to contest the appropriateness, urgency, and significance of the *voluntary market-driven* governance mechanism, or procedural justification, of a VSS initiative. On the other hand, since VSS initiatives would be dealing with local governments as well, especially at the implementation level, the decentralization setting and its technical aspects will affect the VSS initiatives' ability to produce "outputs" and "outcomes" (Hogl, et al., 2012)

2.2.2. VSS Initiative in environmental governance complex

Compared to other types of environmental governance systems already in existence, including government regulatory frameworks, only recently has the VSS initiative-type of governance been established. Contrary to the wide spread belief that the emergence of VSS initiatives is due to regulatory deficits, VSS initiatives quite likely jumped into these most governance issue areas, and therefore, these governance systems are often intersected or even overlapped (Biermann, Chan, Mert, & Pattberg, 2008), creating "a dense patchwork of existing institutions" (Pattberg & Widerberg, 2016) or, in this paper a *complex*⁶.

Within a governance complex as characterized above, co-existing governance systems are often found in a situation where they need to compete for legitimacy (Cashore, 2002). This competition as suggested by Miller and Bush (2015), especially in the case of VSS initiatives, may lead to displacement or substitution of a stringent environmental governance system of a weaker one. *Or*, on the contrary, a new governance system may complement the existing regulatory framework while also contributing to opening up and broadening the scope of

⁶ Loorbach, Frantzeskaki & Thissen (2011) also used the term "complex" to refer to governance as a meta-level pattern of societal interactions between governing actors within social-political situations. In addition, Overdevest and Zeitlin (2014) used the term "regime complex" to indicate a similar condition of dense governance systems within the same policy domain.

discourse and diversifying actor inclusion. Such interactions, however, are not as simple a “race to the bottom” or a “ratchet up” phenomenon. Interactions among governance systems and the actors involved go through complex and contradictory processes where competition and interdependence exist simultaneously (Meidinger, 2011). This may result in two possible relationships between governance systems: (1) “co-opetition”, in which “cooperation even as competition continues”, and (2) “competition without cooperation”, in which variations are mainly driven by “the substantive matter of rules” and “the nature of the rulemaking organization” (Koppel, 2014). He also added that, “competition without cooperation” is most likely to happen when ideological differences exist due to its direct link to governance (moral) legitimacy.

3. An overview of the spatial-temporal development of oil palm in national and Melawi context

3.1. Macro trajectory and local variations in spatial-temporal development of oil palm in Indonesia

Since its first transfer from Bogor’s *Lands Plantentuin te Buitenzorg* to North Sumatra during the Dutch colonial era in Indonesia, oil palm has changed from a mere ornamental tree to one of the most lucrative agricultural commodities for the country (Dixon, 2016; Gaskell, 2015). Indonesia exports 70 percent of its crude palm oil (CPO), on average, annually to China, India, the European Union, and others, while also responding to the new emerging demand from Sub-Saharan African countries (Dixon, 2016). The commodity is the highest contributor to the GDP (59% in 2014) within the estate crop sub-sector, making its overall GDP contribution about 2%, one of the major sub-sectors in the agriculture sector (10.6% of the GDP) (Kementerian Pertanian Republik Indonesia, 2014).

The increasing production of CPO to meet domestic and international demand has been supported by favorable climate and soil conditions, the rapid expansion of oil palm plantations in the last three decades, as well as the successful measures to protect the commodity’s price competitiveness making it one of the lowest production-cost vegetable oil in the world (Varkkey, 2012; Larson, 1996). By 2016 there lie approximately 11.9 million hectares of oil palm plantations, distributed throughout most of the main islands (Kementerian Pertanian Republik Indonesia, 2017). The acceleration of oil palm expansion, however, didn’t take place until the latter stage of forest exploitation in the late 1990s, since it had replaced other state-promoted commodities, such as timber and plywood (late 1980s) and pulp and paper (1990s) (Varkkey, 2012). The central government was the main promotor in the earlier phase of the development, followed by private investments in the latter phase (McCarthy, 2010).

It should be noted, however, that oil palm plantations in Indonesia spread unevenly across regions. For instance, the biggest concentration, where 73 percent of oil palm plantations lie, is in Sumatra Island. More importantly, there are also variations in terms of *how* plantations spread and the spatial-temporal trajectory of oil palm development to the local level, from both the province and at the district levels. Nagata & Arai (2013) demonstrate that the expansion of oil palm plantations in Riau Province, which became known as the region with the widest spread oil palm plantations as well as the largest producing CPO province, was not driven by state-led programs nor neoliberal modes of investment, but rather by smallholders, mainly those who migrated from North Sumatra Province or those who otherwise have simply but successfully invested on their own. On the other hand, a study at district levels, including Tanjung Jabang, Sanggau, and Siak, which are part of Jambi, West Kalimantan, and Riau Provinces, shows that the differences in oil palm plantation expansion are due to the changes at temporal stages in the forestry-agriculture landscape, the availability of land and infrastructure, and the local governments' fiscal capacity (McCarthy, Gillespie, & Zen, 2012).

3.2. Development of oil palm in Melawi district

Oil palm was first introduced within the administrative area of Melawi District, West Kalimantan, the case study discussed in this paper, in 1992. At that time, the area was still under the administration of the Sintang District, it was established as an independent district in 2003 following the decentralization policy and district proliferation that came into fashion after the end of the Soeharto centralized regime in 1998.

Throughout the following decade (1992-2002) the area of oil palm plantations in Melawi was stagnant, with PT Sinar Dinamika Kapuas 1 (subsidiary of Lyman Agro Group) being the only operating plantation and processing mill (one unit) (Interview No 2, 3, 4, 5, 8, and 9)⁷. The establishment of Melawi District and its local government apparatus was followed by the issuance of the district government legal framework of Peraturan Daerah Kabupaten Melawi No.13/2011, created to facilitate land exploitation in the area, with the aim of expanding oil palm plantations. Since then, the plantation area, formerly frozen at 12,000 hectares, has grown into 38,737 hectares in 2016 (Badan Pusat Statistik Kabupaten Melawi, 2016), tripling after only five years of the enactment of the legal framework. The above number represents the fully operating plantations, while approximately another 100,000 hectares are ongoing the permit process (Figure 1).

⁷ PT Sinar Dinamika Kapuas 2 and PT Sinar Dinamika Kapuas 3 are operating in Sintang District, the "parent" district of Melawi, where the location of both plantations are side by side with the one of PT Sinar Dinamika Kapuas 1 in Melawi.

From a temporal scope, the development of oil palm plantations in Melawi is relatively late. The Kalimantan Island as a whole is the second largest oil palm producer after Sumatra Island due to the historical trajectory/pattern of national oil palm development, as discussed earlier in the beginning of this sub-section, in which the plantations are concentrated mainly in Central Kalimantan, East Kalimantan, and West Kalimantan Provinces (Kementerian Pertanian Republik Indonesia, 2018)⁸. Within West Kalimantan itself, the notable acceleration of oil palm expansion among the districts has been taking place after the decentralization as well, both to the “parent” districts and to the newly established districts (Figure 2). As a result, plantations, which previously lay in Sanggau District and Ketapang District, are now distributed throughout most of the districts within the province.

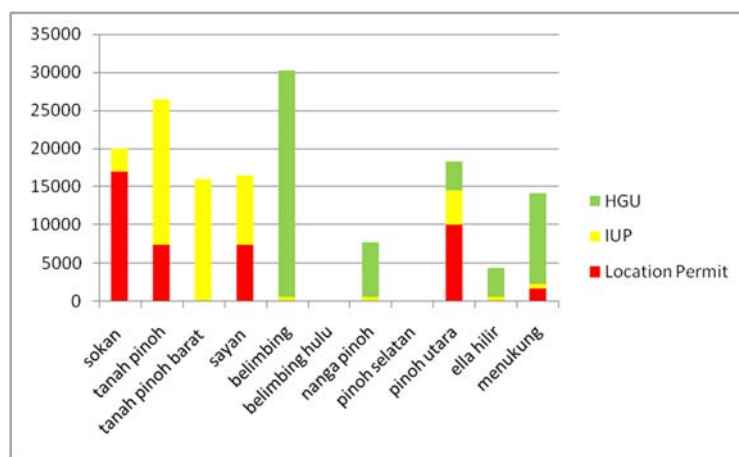


Figure 1. Area under the oil palm concession expansion process in sub-districts of Melawi, 2015 (in hectare)
Source: Melawi Office of Forestry and Plantation (2015).

Notes: each color represents the stages of the permit process, where red is the furthest and green is the nearest to the end of the administrative permit before it is fully able to operate. In the legend: *izin lokasi* (location permit) (red), *izin usaha perkebunan/IUP* (plantation business permit) (yellow), and *hak guna usaha/HGU* (permit for land cultivation right) (green).

Although variability in the expansion process can be found at the local level, the national level trajectory plays an important role in influencing the process (McCarthy, 2010). In Melawi District, the first-established oil palm plantation was facilitated under the scheme of *perkebunan inti rakyat-transmigrasi* (nucleus-estate-transmigration scheme) or PIR-Trans, which was aimed at integrating the central government policy of population redistribution and oil palm promotion as a new export commodity. This scheme was replaced when the national

⁸ From official interactive statistic tools of Ministry of Agriculture Indonesia, retrieved at <https://aplikasi2.pertanian.go.id/bdsp2/id/lokasi>.

development trajectory moved to the next phase, neo-liberalization, whereby the government has gradually retreated and limited its role, creating more opportunities for private investments. In the current wave of oil palm expansion at the district level, the scheme enacted in Melawi District as well in the same Peraturan Daerah Kabupaten Melawi No.13/2011, is the *pola kemitraan* or “partnership scheme” (Interview No. 1, 5, and 9). In this scheme, the government no longer provides any subsidies nor do they facilitate negotiations between estate companies and smallholders, as mandated under the previous schemes. On one hand, this new scheme offers incentives for capital-intensive investments and invites estate companies to enter the region, yet, it is limited in terms of company-smallholder knowledge transfer which tends to weaken smallholders’ direct involvement in the process and limits their control over their own farms, more so than similar limitations found in the preceding schemes (Zen, Barlow, Gondowarsito, & McCarthy, 2016; Julia & White, 2012; McCarthy, Gillespie, & Zen, 2012⁹).

⁹ The preceding schemes promoted by the central government are PIR Lokal, Assisted PIR, Special PIR, Accelerated PIR and PIR-Trans, before which the partnership scheme began to be introduced in 1986. It is observed in various studies that company-smallholder knowledge transfer has been very limited in all schemes. However, the partnership scheme has made this issue worse, where smallholders are alienated from their plantation plot. They no longer need to take care of their farm, instead a company will manage everything, including hiring someone else (usually casual wage labors) to take care of the smallholders’ plots, where the cost and profit then are shared between the two parties. Because of this system, known as well as *manajemen satu atap* or “one roof management”, the smallholders often don’t know (and are perceived to be unnecessary to know) where their actual plantation plots are located.

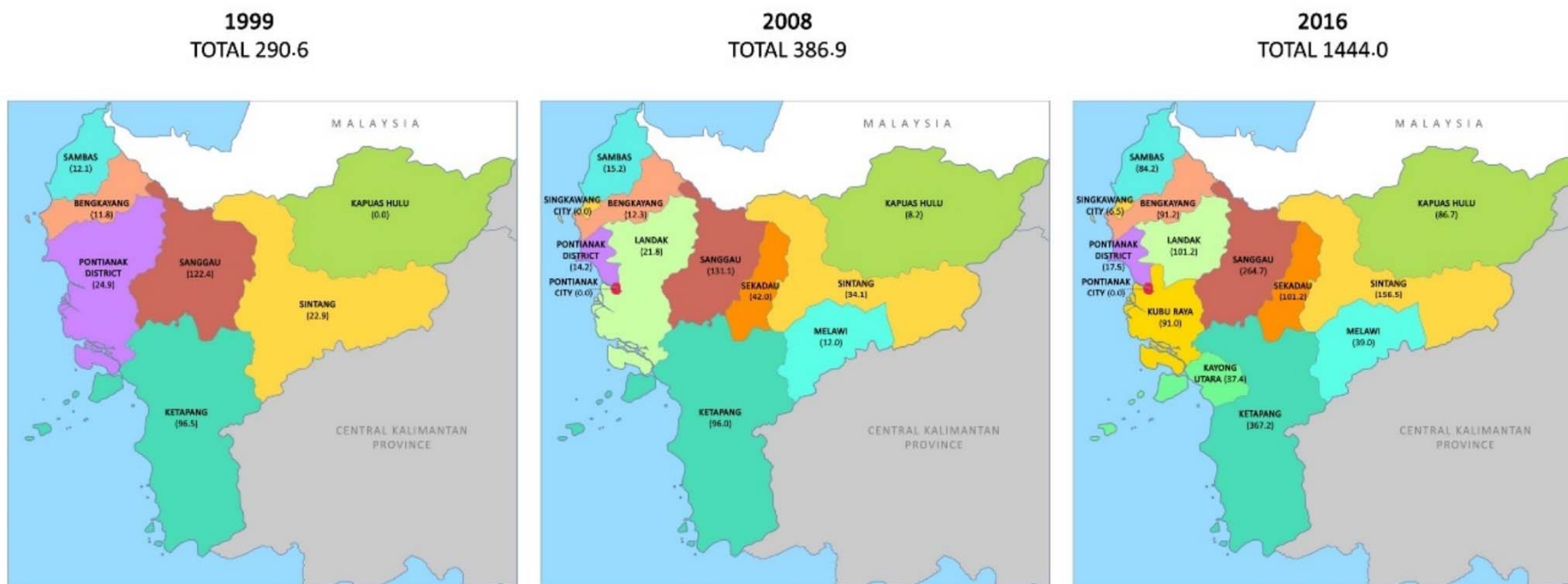


Figure 2. Oil palm plantation expansion and district proliferation in West Kalimantan province (in thousand hectare)

Source: Badan Pusat Statistik Provinsi Kalimantan Barat (2000, 2007, and 2017)

3.3. Decentralization, power transfer, and oil palm expansion in Melawi

In combination of the “exogenous process” of the central government’s neo-liberalistic approach (McCarthy, 2010), decentralization¹⁰ has been a focal facet in shaping the process of palm oil expansion in Indonesia and in West Kalimantan Province. This is due to two aspects consisting of, the transfer of power between the central government and the local governments, and the emergence of local elites.

The former, the emergence of local elites, has especially affected the oil palm licensing procedures, whereby the local governments are now in control of the processes from the initial arrangement to micro-level processes, such as lobbying during socialization to the affected communities, and actual land surveys, but without an adequate monitoring control from the central government (McCarthy, Gillespie, & Zen, 2012). Although the decentralization law allows the transfer of “exclusive powers”, in which the local government is given full autonomy in governing the respective districts, and “delegated powers”, where administrative duties and functions are transferred, there should not be *shared powers* in natural resource management (Ardiansyah, et al., 2015). Nevertheless, in practice the decentralization policy is marked with inconsistencies in the legal framework thus it produces “incoherency in the working of government institutions”, a “weak national system of check and balances” as well as a “lack of accountability across levels of governments” (Resosudarmo, Oka, Mardiah, & Utomo, 2014).

The post-*Reformasi* 1998 has allowed for the emergence of new local elites who have positioned themselves in the nexus between interests, in this case they are businessmen, brokers, investors and large corporations (Curry, 2016). This has created an environment of corruption and patron-client relationships among them (Curry, 2016), which involves the transfer of informal incentives in permits and licenses in the form of shares (cash) or land (Myers, Ravikumar, & Larson, 2015; McCarthy, Gillespie, & Zen, 2012). These two features are general, notorious patterns found in the decentralization and oil palm expansion policy in Indonesia. In such circumstances, the decentralization policy has complicated and, at the same time, has become a

¹⁰ Indonesia has been through one of the most dramatic cases of decentralization in the world. With Law No. 22 of 1999 on Regional Governance and Law No. 25 of 1999 on Central and Fiscal Balance, Indonesia experienced a major power transfer from the central government to the local government, not only in administrative aspects, but also in the political and the fiscal (Ardiansyah, Marthen, & Amalia, 2015; Hill, 2014). After the enactment of the policy in 2001, the sub-national government, particularly in the districts, received more autonomy to take care of their own domestic affairs. For instance, in the political sphere, provincial and district executive and parliament members, who had been previously appointed by the president, were directly elected by the people starting 2001. In the economic sphere, both levels of sub-national governments are designated to plan their own budget and receive a larger share of the revenue generated from within their own administrative borders. In the administrative sphere, the provincial and district governments are now responsible for governing their region and managing public services (Ardiansyah, et al., 2015).

challenge for the governance of sustainable palm oil in Indonesia in large, and in Melawi. Further dimensions of decentralization and its relationship with sustainable palm oil governance will be discussed in the section that follows.

4. Decentralization and its implication on sustainable palm oil governance

4.1. Decentralization, government regulatory framework, and RSPO

The government regulatory framework governing palm oil in Indonesia has been characterized with weak law enforcement as well as inconsistent and overlapping conditions at local levels (ASEAN Peatland Forests Project, 2010; McCarthy & Zen, 2010). Though compulsory instruments, such as the *analisis mengenai dampak lingkungan* (environmental impact assessment), or, the AMDAL, mandates a comprehensive assessment of potential environmental and social impacts, the design, however, of how to counter-measure the impacts, and how to ensure “free prior and informed consent” (FPIC) to the affected communities, is nothing more than a written administrative procedure, not carried out in practice (Paoli, Gillespie, Wells, Hovani, Sileuw, Franklin, & Schweithelm, 2013; McCarthy & Zen, 2010).

Young (1990) argues that among the factors constraining the effective implementation of government environmental policies is the widely adhered “developmental paradigm”, patronizing developing countries like Indonesia to prioritize economic aspects of development over other aspects. Furthermore, it is also argued that Indonesia has been trapped in existing informal rules which have been put forward by paternalistic authorities and patron-client relationships, creating conflict avoidance among political, bureaucratic, and private actors (Boyle, 1998), while, simultaneously, competition and dispute over power also exists at the horizontal level, after the shift due to decentralization (Bedner, 2010). The Melawi District was also suffering from the similar ailment (Interview No. 1, 10, 11, 12, and 16). Furthermore, limitations in both institutional and technical capacity on the ground was also found in the relatively newly established district. The district’s *Badan Lingkungan Hidup Daerah* (local extension office of the environmental agency), for instance, lacked staff members, which impeded its responsiveness towards reports and complaints from the community relating to environmental pollution and/or other socio-environmental problems caused by mining and industrial activities in the area (Interview No. 7). Similar findings also asserted in McCarthy & Zen (2010) where issues of unclear authority spaces between local government agencies, lack institutional and technical capacity, as well as financial resources for effective environmental governance at the district level due to the in the decentralized environmental regime in Indonesia.

Within such vicious conditions, the RSPO holds the potential to strengthen and encourage the enforcement of government regulatory frameworks, since one of its principles requires its participants to comply with applicable laws and regulations (Principle No.2). In addition, some of its criteria also intersects with that of the government's, such as the procedure of FPIC, although with stricter emphasis. Nevertheless, some parts of its other principles and criteria are perceived as, and criticized by, actors at the national level, including the central government, as being unrealistic and incompatible with local realities, such as; technical tools and approaches used¹¹ and that the certification cost ought to be borne, in particular, by upstream producers (Hidayat, Glasbergen, & Offermans, 2015; Moreno-Peñaranda, et al., 2015)¹². In contradiction with the national government's negative perception of the RSPO's approaches, the local government departments in Melawi conveyed a relatively positive perception (Interview No. 7, 10, 11, and 12), although this was possibly due to less-awareness of the significance of the RSPO^{13,14}. However, the challenge to effectively adopt the RSPO's P&Cs remains in the relative power and network of local actors at the district level, again, due to decentralization, as stated in McCarthy, Gillespie, & Zen (2012, p. 555):

"To date, attempts to address these (sustainability) problems by improving the governance of global production network have met considerable obstacles. The most significant *are located at the upstream end of the palm oil production in districts where there is little pressure to meet international social and environmental standards, and where the Indonesian state has less capacity to regulate or to hold local state actors accountable.*" (emphasis and brackets added).

4.2. The RSPO and other certification-based ruling systems in the decentralization setting

Based on the initiating sector, there are three types of certification-based ruling systems related to sustainable palm oil currently being implemented in Indonesia: the non-state market driven initiatives, which are the RSPO and the International Sustainability and Carbon Certification

¹¹ The internationally recognized high conservation value (HCV) and high carbon stock (HCS) approach adopted by the RSPO is one case where such criticism arose, mainly because of the large portion of oil palm plantations in Indonesia, both large- and small-scale ones, found it difficult, if not *impossible*, to meet the criteria. This has been suspected as the rationale to not use these approaches in the government-led Indonesian Sustainable Palm Oil (ISPO) (Pacheco, Schoneveld, Dermawan, Komarudin, & Djama, 2017; Daemeter, 2016).

¹² The RSPO provides several schemes to help smallholder with certification costs, one of these schemes is the Smallholder Support Fund (SSF). Doubts, nonetheless, are on how *sustainable* it would be, relating to whether it will rather create a new dependent relationship (Hidayat, Glasbergen, Offermans, 2015).

¹³ This will be discussed further in Section 6.

¹⁴ Similar findings are also found in Daemeter (2016).

(ISCC), the government-led Indonesian Sustainable Palm Oil (ISPO), and the longstanding hybrid system; the ISO14000 series¹⁵. All certification systems mentioned are voluntary, except for the ISPO, which is compulsory for all plantations operating within the Indonesian territory.

The report by Daemeter (2014), comparing standards on sustainable palm oil in Indonesia, demonstrated that between these standards intersections and overlapping elements have been found in the principles & criteria (P&C). Each standard, however, has varying stringency in terms of both degree and emphasized aspects. This condition indicates the form of interaction between these standards where knowledge/technical spillover, thus interdependence, are existing simultaneously with competition over legitimacy. An intense competition has been demonstrated especially between the RSPO and the government-led ISPO, in which, ironically both standards have targeted different audiences and have relied upon a different source of legitimacy (Schouten & Bitzer, 2015). This differentiation, in the context of P&Cs and the targeted audiences and sources of legitimacy, implies a tendency of fragmentation in sustainable palm oil governance in Indonesia, rather than convergence. The implication may burden middle- and low-capital small-scale producers to comply with these standards, eventually eroding the ability of these standards to gain wider acceptance and the right to rule, as well as their effectiveness and compliance-cost efficiency.

Related to the ability of market-led voluntary standards, such as the RSPO and the ISCC, to make effect and to embrace wider groups of stakeholders, thus to be inclusive, decentralization has also played a role. Spatial-temporal variability and decentralization in the development and expansion of oil palm in Indonesia has created critical, case-by-case states, in terms of the acceleration of accumulated area for oil palm plantation and in terms of the degree or state of social and environmental damages related to the development and/or the existing practice of oil palm production. The Melawi District, in terms of both issues, is a case in which the critical state was perceived as relatively low compared to other advanced cases such as the Riau Province, most of which districts suffer from annual haze problem from forest fires, often related to deforestation and oil palm expansion. Due to a smaller scale/degree of the aforementioned aspects and being perceived as a region with underdeveloped institutional-governmental capacity, the oil palm expansion issue in Melawi did not receive enough attention from actors actively involved in the distribution of knowledge about the RSPO. In addition, Melawi was still often regarded as a part of its formerly parent district Sintang in socialization and dissemination

¹⁵ Beside the ones mentioned, there are also other certification-based initiatives aim for sustainable production of commodities including, but not limited to, palm oil, such as the Roundtable on Sustainable Biofuel (RSB) and the Sustainable Agriculture Network (SAN). They're yet being adopted by oil palm-related actors in Indonesia, but interests by the actors to these standards are implied (Daemeter, 2014).

projects of sustainable palm oil and the RSPO by the WWF Indonesia West Kalimantan Programme. The inclusion of actors at the district level, such as growers, especially the smallholders, and related civil society organizations, therefore, were not intensive enough, thus the knowledge transfer process for the people in Melawi were minimum (WWF Indonesia West Kalimantan Programme, 2016; WWF Indonesia West Kalimantan Programme, 2013).

5. Uncovering the legitimization process: The content of key discourses and actors' perception toward the RSPO

This sub-section deciphers discourses on three main issues categorized after going through data mining and the interpretation process on the RSPO's legitimacy and related sources in national and local contexts. For the national context, the discourse data was taken from the time frame of 2002 (the start of the early initiation of the RSPO) until 2015, while for the local context, the data was sourced for a limited time, during three weeks of field work visits (Appendix A). Thus, the actors' perception in the local context presented in this paper was more static in terms of temporal aspects compared to those in the national context, where the actors' perception will be presented in the form of "phases" (Section 6.1).

5.1. Oil palm, the prominent crop for economic growth

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The discourse in the national context

As it has been discussed in earlier sections, oil palm is known as an important contributor to the Indonesian economy and a pivotal economic driver of rural development by the government, however, whether this claim holds true, and how much the crop actually contributes to the rural economy has been debated (Euler, Krishna, Schwarze, Siregar, & Qaim, 2017; Gatto, Wollni, Asnawi, & Qaim, 2017; Gatto, Wollni, & Qaim, 2015; Sayer, Ghazoul, Nelson, & Boedhihartono, 2012; Rist, Feintrenie, & Levang, 2010).

In the narratives illustrating oil palm and its contribution to the national economy, quantitative measurements are often used, e.g. the GDP, foreign exchange value, and taxes. In terms of taxes, the central government does receive a significant amount of revenue from *pajak pertambahan nilai* (value-added tax), *pajak penghasilan* (income tax), *pajak ekspor CPO* (CPO export tax), and *bea keluar CPO* (CPO export custom duty). Direct contribution to local government, both province and district, however, is very limited, where thus far, local governments only receive a small portion through *pajak bumi dan bangunan* (land and building tax) and retributions. The local government's ambition to get a share of revenue from the oil palm related business has

been expressed and attempted in the last few years (Leandha, 2017; Almasdi, 2013; Hukum Online, 2012).

The discourse in the Melawi context

In the local context of Melawi, discourse relating to the prominence of oil palm for the local economy, nonetheless, was solid. In Melawi the discourse circulated among the local government agencies, companies, smallholders, related business players, civil society organizations, and the affected communities has consistently associated oil palm with *development*.

Across these groups of actors, development was linked mainly with economic improvement and material and physical transformation. Local government agencies have described how oil palm induced employment and increased income (Interview No. 6, 8, 9, 10, 11, and 12), and subsequently enabled the participating smallholder to access better quality of basic needs such as housing and education for their children (Interview No. 1, 2, 3, 4, and 5). Interviewees from the affected communities both directly and indirectly engaged in oil palm activities, particularly related the economic improvement with material properties, have expressed that they (the PIR-Trans scheme smallholders) “now have concrete houses, rather than wooden” and that they “are able to buy motorbikes, cars and even trucks” (Interview Nos. 16, 17, 18, and 19).

Territorial cohesion was also said to be a contribution of the presence of oil palm related businesses in the area, in terms of infrastructure for transportation, and economic-generating activities (Interview No. 6, 8, 9, 10, and 12). A former head of a village, who turned to be staff for a newly entered plantation company in Melawi, illustrated how the PT Sinar Dinamika Kapuas 1 plantation has transformed the Belimbing Sub-district, from being a *mere* forest into a lively small town (Interview No.1).

Within the dominant discourse linking oil palm and development in Melawi, however, it was also mentioned that a subsistent and more traditional means of living, such as the practice of swidden farming and forest's produce gathering, was associated with “poverty”, “backwardness”, and “laziness”. Implied also in the discourses, is that material and physical transformation enabled by the development of oil palm plantations is “modern”. For instance, concrete houses were perceived better, developed, and modern, compared to the traditional *rumah panggung* (stilt houses) which are structured from wood, although in reality such traditional houses are designed to adapt to geographical conditions –large part of Melawi is consisted of peatland (author's informal interview and observation). The shift in the housing material and architecture portrays a longer historical process of economic and landscape transformation in Melawi as a practical result of the perceived ideas of development and

modernity. It demonstrates the paradox of the ideas where the practice of them has forced people to pawn what are available as common pool resources for cash, thus turn them into scarcity, eventually limiting the access to such resources for commercial use, excluding those without adequate purchasing power. *Kayu bulian (Eusideroxylon zwageri)*, an indigenous tree species of Kalimantan, was used as foundation for the traditional houses, but now its availability and accessibility is very limited (author's informal interview and observation).

5.2. Sustainability and sustainable palm oil

The discourse in the national context

Compared to the discourse content of the previous key issue, more, diverse ideas were found among the group of actors in the national context and in the context of Melawi on what constitutes sustainability and sustainable palm oil. At the national level, the discourse on these two notions tended to be divided between one group and others, while there was also a convergence in the narratives found within the group of actors.

In general, each department/ministry at the central government represented a specific scientific tradition or discipline, thus emphasizing on particular dimensions when framing an issue. While constructing the narrative on sustainability and sustainable palm oil, there was an observed united voice across ministries of the Indonesian central government. The Ministry of Agriculture, the Ministry of Trade, as well as the Ministry of Environment neatly wrapped the idea of sustainable palm oil as a generic balance between economy, social, and the environment, while putting forward the vital aspect of sustaining the oil palm for national interests. Business actors, especially oil palm business associations at the national level, such as the *Gabungan Pengusaha Kelapa Sawit Indonesia* (the Indonesian Palm Oil Association/IPOA) or GAPKI and the *Asosiasi Petani Kelapa Sawit Indonesia* (the Indonesian Palm Oil Smallholder Association) or APKASINDO, narrated those notions in line with that of the central government.

CSOs at the national level, on the other hand, were more specific in defining sustainability, whereas, they were rather critical toward the idea of sustainable palm oil. This is related to the core values adhered to as well as the strategy taken by the organizations to achieve such sustainability. Both of which determine how the organizations translate sustainability in the palm oil sector; including whether such notion is possible and deserves to be realized or if is nothing more than a utopia.

The discourse in the Melawi context

In Melawi, knowledge on “sustainability” as a technical term was found to be very limited. Only few groups of actors were able to describe their perception and comprehension about the term

in a forthright manner. They include those who had access to a more intensive arena on sustainability and sustainable palm oil debates at the national and provincial level, such as the regional branch of a transnational CSO and local cross-regional based CSO, namely WWF Indonesia West Kalimantan Programme and FASDA Sawit Lestari (Interview No. 13 & 14).

In reference to the translated term of “keberlanjutan” (“sustainability” in the Indonesian language), sustainable palm oil was again linked to the importance of maintaining oil palm to sustain economic benefits. Aspects of good agricultural practice for a more environmentally friendly and economically efficient production system for palm oil, in this case, was highlighted by oil palm companies, scheme smallholders, the Melawi extension office of forestry and plantation, and the FASDA Sawit Lestari (Interview No, 1, 2, 3, 4, 5, 8, 9, and 14). On the other hand, emphasis and concern about social and environmental aspects of sustainability and sustainable palm oil were shared by the Melawi extension office of environmental agency, the WWF, the FASDA Sawit Lestari, and the local CSO SUAR. It is important to note that all of these actors spoke out about the idea of balancing elements of sustainability in palm oil production was a better option rather than rejecting and resisting the oil palm development in the area. Nonetheless, anxieties were also expressed based on past experience on how palm oil development was followed by social conflicts among community members (Interview no. 16) as well as concerns over possible future conflicts and potential environmental problems from “simultaneous drought and flood”, as a consequence of the current expansion, which was described as a “ticking time bomb” (Interview No. 19).

5.3. RSPO in the discourse

The discourse in the national context

An important feature in the discourse by actors in the national context is the major shift of actors' perception toward the RSPO and its ruling authority over time. The shift could be observed by dividing the temporal course into two periods; the Introduction Period (2004-2008) and the Contestation Period (2008-current) (Figure 3), referring to the Phase I and Phase II, respectively, as NSMD phases toward political legitimacy (Bernstein & Cashore, 2007).

The first period consists of two events. First is the incursion of the sustainability notion in palm oil related discourse in Indonesia, where formerly economic and technical issues, such as the productivity of oil palm and the price of CPO, heavily dominated it. The idea of sustainability was not discussed as much in the mainstream agribusiness and conventional mass media outlets and was mainly distributed by and among civil society organizations. The second is the dissemination and socialization of the RSPO among actors at the national level, such as the palm oil-related business players, both individual companies and business associations, such as the

GAPKI, civil society organizations, and the government. Following this was the early pragmatic and moral evaluation of the RSPO by these actors, which then demonstrated in the conveyance of critics and expectations from these actors. The GAPKI and the Ministry of Agriculture of Indonesia perceived the RSPO certification system as a tool to encounter the “black campaign” from the Europe and to maintain the national competitiveness in the international market. Phrases such as “without certification, Indonesian palm oil won’t sell” and “this is to bridge the consumers demand and the producers” popped up in the media. These actors also expressed their confidence in fulfilling the RSPO certification requirement, asserting that the already applied ISO 9001 series, ISO 14000 series, and SMK3 (the Indonesia labor safety management system based on the OHSAS 18001) was proof that the national oil palm sub-sector would be able to comply with the RSPO’s P&Cs. The Ministry of Agriculture even asserted that they considered adopting the RSPO’s P&Cs into a ministerial decree. During this period, civil society organizations, such as the Forest Peoples Programme (FPP), the Sawit Watch, and the Scale Up, also met their demands for the RSPO to involve smallholders and put more attention to social issues in addition to the environmental issues. This period ended when these expectations turned into stronger contestations and doubts about the RSPO’s authority and their ability to govern sustainable palm oil in Indonesia, then, the divide between supportive and pragmatic-critical parties became strikingly visible.

During the Contestation Period, more organizations, in terms of number, at the national level were involved with the familiarization of sustainable palm oil as a concept as well as the RSPO as an initiative for it. In this period, national government institutions have moved their positions from initially being supportive to be pragmatic-critical. This is in line with the studies by Pramudya, Hospes, & Termeer (2018) and Wijaya & Glasbergen (2016) which demonstrate, respectively, that the shift of the government’s stance towards the RSPO reflected in the micro, meso, and macro level of *interaction* between the national government and the RSPO and in the *response* of the national government towards such a VSS initiative¹⁶.

¹⁶ The micro, meso, macro here refer to the institutional level of interaction. The micro level of interaction refers to the interaction between individuals, in formal occasions. Meso level of interaction is the interaction between arrangements/initiatives (e.g. between RSPO and ISPO). Macro level of interaction is the interaction between arrangements/initiatives with regulatory bodies (e.g. RSPO with the Ministry of Agriculture). The shift in stance by the government is demonstrated in these three types of interactions Pramudya, Hospes, & Termeer (2018).

Whereas, response here is referring to the action the government takes from time to time with regard to the governance of sustainable palm oil. These actions include; “leaving it” (the governance of sustainable oil palm) to the market, “recognition of dependencies” (since the market is now asking for labels assuring sustainability in the production processes), “seeking congruence between private

The complete over-turn of the Indonesian national government perception toward the RSPO took place after a spate of events distressing the CPO export to the European market continued, and complaints about the imbalances of power between the Northern and Southern actors within the RSPO organization conveyed by the GAPKI and the APKASINDO. Thus, the RSPO became perceived as incriminating the sector and impotent in saving face for the national export commodity. Nonetheless, sustainable palm oil was still understood as an important requirement to be able to market the commodity to European countries, whilst certification was perceived as a means of guaranteeing sustainability as a new “quality” preferred by the market. What followed was the creation of sustainable palm oil certification *a la* Indonesia, the ISPO, which was framed in the narrative of sovereignty and better applicability in relation to “problem-solution contextuality” as discussed by Schouten & Bitzer (2015).

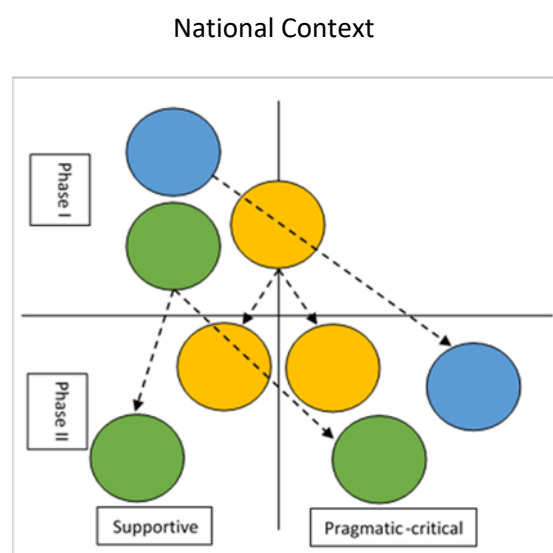


Figure 3. Actors' perception towards the RSPO in the national context

Notes: each color in Figure 3 and 4 indicates group of actors: government (blue), oil palm growers (estate crop companies and smallholders) (green), and civil society organization (yellow).

The dashed arrows in Figure 3 shows the movement of actors' perception toward the RSPO during Phase I and Phase II.

While the national government drastically changed their position, support towards the RSPO rose from multi-national giants in palm oil business operating in the country, such as PT Carrefour Indonesia, PT Cargill Indonesia, and PT Unilever Indonesia, as well as several civil society organizations, such as the Sawit Watch and the Scale Up. Several other civil society

and public regulation”, and “reclaiming southern public authority” with the launch of ISPO (Wijaya & Glasbergen (2016).

organizations chose to be pragmatic-critical toward the RSPO after advancing their evaluation internally, toward the kind of sustainability promoted by the RSPO vis-a-vis the CSOs' owned core values (moral evaluation), concluding that if they had not maintained their values consistently it would in turn damage their own organization's legitimacy (pragmatic evaluation), and externally, to strategically consider the constellation of the overall CSOs at the national level toward the RSPO, thus balancing aggregate critical and supportive stances (Figure 3).

The discourse in the Melawi context

Similar to the distribution of knowledge in terms of sustainability and sustainable palm oil, the distribution of knowledge and recognition about the RSPO as an organization was limited among actors in Melawi. Those familiar with the RSPO were those who had access to the RSPO's programmes, such as the WWF Indonesia West Kalimantan Programme, the FASDA Sawit Lestari, local government agencies engaged in palm oil governance broadly, i.e. the Melawi extension office of forestry and plantation, and oil palm plantation companies. On the contrary, local CSOs such as SUAR, scheme smallholders, and affected communities' members were barely informed or knew little about the presence of the RSPO.

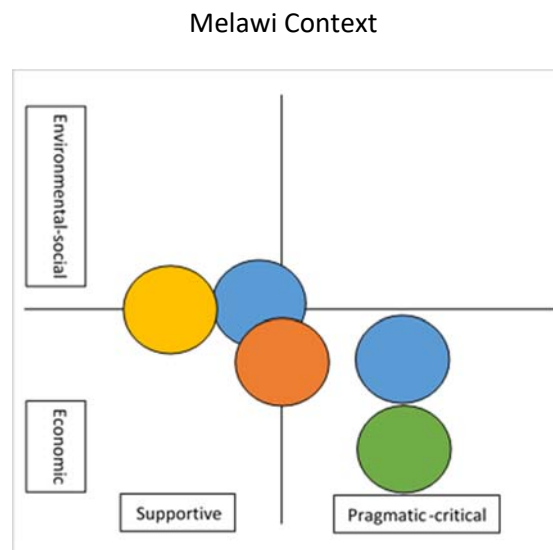


Figure 4. Actors' perceptions towards the RSPO in the national context and in the local context of Melawi

Notes: each color in Figure 3 and 4 indicates the groups of actors: government (blue), oil palm growers (estate crop companies and smallholders) (green), civil society organization (yellow), and affected communities (orange).

Among these actors, perceptions towards such a non-state ruling authority governing a commodity was considered to have potential to boost the local economy but left them divided between “supportive” and “pragmatic-critical”. However, compared to severe criticism towards the RSPO in the discourse about the national context, the degree of conflict in the Melawi context was modest and conveyed in a rather positive manner. Included in the supporting group, with positive expectations, were the Melawi extension office of environmental agency, the SUAR, and the members of affected communities. In this group what was important was an authority’s ability to *effectively* minimize, if not obliterate, the negative externalities of oil palm development. Meanwhile, the latter group, including the Melawi extension office of forestry and plantation and oil palm plantation companies, asserted that “such an initiative is *only* for institutional reinforcement, while the government authority is still in charge of the ‘actual’ work”, and that “the initiative was no different than the other certifications, such as the ISO and the ISPO; and the procedure to fulfill them is important (for market purpose)” (Interview No. 1, 8, and 9).

Finally, in summarizing the content of the discourses from key topics in the Melawi context, it is found that the stances of the actors toward the RSPO corresponded with their tendency and relative emphasis on the economic aspect or the environmental-social aspect of sustainability, as pictured in Figure 3 and Figure 4.

6. The Legitimization of the RSPO in the two contexts

As the socio-political contexts have been elaborated and discourses have been decrypted, there are three findings that have emerged. First, is the lag in the phase of the RSPO toward political legitimacy when comparing the process in the national context of Indonesia to the Melawi context. Second, it is found that the decentralization policy in Indonesia indirectly influenced the legitimization process of the RSPO together with the “voluntariness” of the RSPO itself. Third, it was revealed that there was embedded logic underlying the actors’ narratives in both contexts regarding the RSPO and its legitimacy.

6.1. The phase of the RSPO towards political legitimacy

There are two distinct points whereby the process of legitimization of the RSPO can be differentiated when compared in the two contexts. First, is the distribution of knowledge about the RSPO, where it is found that in the national context the knowledge spread across different groups of relevant actors almost evenly. This is in contrast with the Melawi context, where such knowledge was still exclusive to, and in descending order, in terms of the degree of

comprehension, (1) those part of the initiative (such as the WWF Indonesia West Kalimantan Programme), (2) those being *invited* to further dissemination of the RSPO and sustainable palm oil (the FASDA Sawit Lestari), and (3) those directly related to the certification of palm oil as procedural (Melawi extension office of plantation and forestry and oil palm companies), while other groups of actors were left with minimum or no exposure to such knowledge (the local CSO SUAR and the affected communities).

Second, and as a result from the first point, is the intensity and content of the discourse on how the RSPO's ruling authority was narrated. While the discourse at the national level contained intensive contestation over the RSPO appropriateness and effectiveness, this was not found in the discourse in the local context despite the fact RSPO had been operating for at least a decade in the country at the time of our field research, and have induced in such hot debates in the national context.

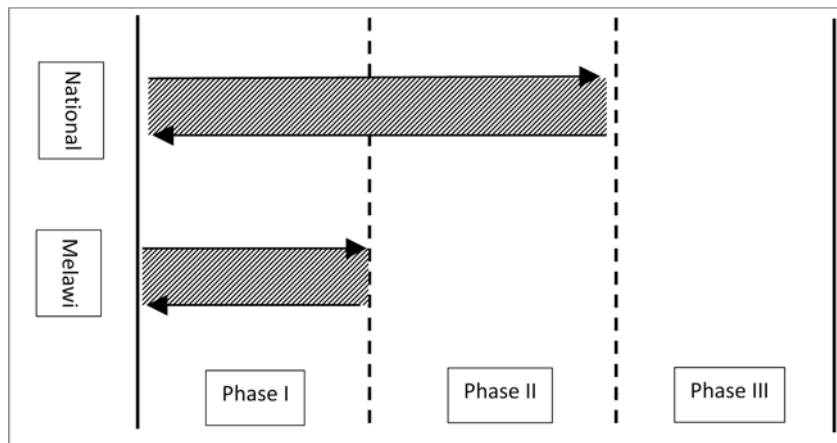


Figure 5. Gap in the phase towards political legitimacy of the RSPO: national context and Melawi context compared (based on Bernstein & Cashore, 2007)

Note: The arrows used in the figure are used to illustrate that the process towards achieving political legitimacy is very dynamic in that it can move back and forth (in terms of progression) within phase and from one phase to another.

Referring to Bernstein & Cashore (2007), what has been taking place between the two contexts is the lag of the phase of the RSPO toward political legitimacy (Figure 5). In the national context, while the process had progressed from Phase I (initiation phase) to Phase II (gathering wider support and contestation phase), the legitimization process of the RSPO in the Melawi context was found to have been lagged behind.

6.2. Legitimacy of the RSPO and the decentralization policy

We argue that the observed lag in RSPO legitimization process is the sum of the discussed decentralization policy and spatial-temporal trajectory of oil palm development in Indonesia, as well as the *voluntariness* of the RSPO itself. While the implication of decentralization on the legitimacy of the RSPO is not found in national context, and does not directly influence the legitimization process of the RSPO in the Melawi context, it does contribute to the spatial-temporal contextuality of oil palm expansion in Melawi, whereby situating Melawi in a relatively minor position in terms of the area of existing oil palm plantation and the critical degree of socio-environmental damage it caused as compared to, for instance, its parent district Sintang or its neighboring district Sanggau. Consequently, Melawi was not in the top list of the RSPO's supporters to be invited or involved in its sustainable palm oil project, at least during the time our field research was conducted.

A VSS initiative, such as the RSPO, depends strongly on the active participation of its supporters in spreading the idea of the initiative and in supporting the implementation of its rules. Once the condition of active participation is fulfilled, as was found in the national context, sequentially this also induced debates from parties who are critical of the initiative. Rather than diminishing the legitimacy of the RSPO, this contrarily advances the legitimization process, whereby the familiarization of the initiative and the diffusion process were to take place, the RSPO is further connected with the notion of sustainable palm oil. Meanwhile, in the case where active participation from supporters is absent or remains minimum, as was found in Melawi, the legitimization process takes place very slowly or even stagnates.

6.3. Legitimization of the RSPO and the embedded logic

The third finding is the underlying logic behind the discourses. While being wrapped up in different kinds of narratives by various actors in each context, we have found that the market logic and the development logic are hegemonic and heavily embedded. The RSPO is a type of initiative which strategy is to co-opt the market, thus attempting to transform it into a *sustainable market*. However, what the RSPO is facing is not only the practical sphere but also the ideological sphere. In the legitimization process of the RSPO, the process of co-optation and re-cooptation has been taking place, particularly with the idea of sustainability and sustainable palm oil. Having the discourse entangled, the interaction of embedded market logic and development logic with the idea of sustainability brought in by the RSPO demonstrates how the meaning and practice of sustainability and sustainable palm oil have been contextualized. This explains why sustainable palm oil certifications have been seen as a marketing strategy or a tool to either enhance or constraint competitiveness by the government and the business players in

the national context as well as in the Melawi context. This also explains why sustainable palm oil certifications have always been seen as a progressing effort, thus shall not contradict with, (economic) development, in its very specific definition and pathway.

7. Conclusion

This paper attempts to examine how the legitimization process of a VSS initiative is affected by a specific socio-political context, involving local and lay/affected actors in the process. Incorporating the aspects of socio-political context and including the discourses of lay actors, business actors and government actors at local level in the analysis sheds a light on (1) how the gaps in the legitimization process may exist between the national and the local contexts within a country due to socio-political elements shaping the local reality and (2) what is entailed in the legitimization processes is excerpted from the discourse of the actors in the two contexts.

This paper modestly contributes to the current scholarship of legitimacy in global sustainability governance in two ways. In relation to the first finding, the socio-political context, in combination with the voluntariness of the RSPO as a VSS initiative, is a *factor* explaining how the difference in the two contexts has occurred, as well as a *background* for local elements, such as the local actors and institutions, to interact with the RSPO. Beyond such processes and related to the second finding, there are also further implications, especially for the comprehension of the limitations and consequences of the legitimization of such an initiative. As was found in the discourse of the national and local actors, the legitimization of the RSPO involves a process of co-optation and re-cooptation of sustainability in the strongly embedded market logic and developmental paradigm. The variable, then, is the degree of advancement in terms of discourse content and contestation over the RSPO's appropriateness. In the case studied, this took place in rather partial manner, thus the gap in the content of the discourse is observed when comparing between processes in the national context of Indonesia and in Melawi context.

Finally, this paper is an initial effort to research the legitimization of a VSS initiative, how it takes place *on the ground*, and what it entails. Melawi District as a case study represents regions which spatial-temporal oil palm expansions are relatively less-developed and which socio-environmental impacts are less critical or less visible. However, it is only a partial part of the puzzle in comparison to the bigger picture of Indonesia. Further study, thus, is to draw on this research and to examine how the voluntariness of the initiative might create the potential *prioritization* in the implementation and legitimization processes of a sustainable palm oil governance, in what kind of process, and for what consequences.

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Appendix A. List of Interviewees

No.	Category	Institution
1	Estate plantation	Budiono Widodo Plantation
2	Estate plantation	PT Sinar Dinamika Kapuas 1 (Lyman Agro group)
3	Estate plantation	PT Sinar Dinamika Kapuas 1 (Lyman Agro group)
4	Estate plantation	PT Sinar Dinamika Kapuas 1 (Lyman Agro group)
5	Smallholder grower	Scheme smallholder cooperatives (PT Sinar Dinamika Kapuas 1)
6	District government	<i>DPRD Melawi</i> (People's regional representative council of Melawi)
7	District government	<i>BLH Melawi</i> (Melawi district extension office of environmental agency)
8	District government	<i>Dinas Pertanian dan Kehutanan Kabupaten Melawi</i> (Melawi district extension office of forestry and plantation)
9	District government	<i>Dinas Pertanian dan Kehutanan Kabupaten Melawi</i> (Melawi district extension office of forestry and plantation)
10	District government	<i>Bappeda Melawi</i> (Melawi Regional Development Planning Office)
11	District government	<i>Bappeda Melawi</i> (Melawi Regional Development Planning Office)
12	District government	<i>Bappeda Melawi</i> (Melawi Regional Development Planning Office)
13	Trans-national civil society organization (CSO)	World Wide Fund for Nature (WWF) West Kalimantan Programme
14	Cross-regional (province) CSO	Forum Fasilitator Daerah Sawit Lestari Sintang (FASDA Sawit Lestari)
15	Local (district) CSO	SUAR
16	Affected community	Contractor company for oil palm plantation land clearing
17	Affected community	<i>Tokoh masyarakat</i> (community leader)
18	Affected community	<i>Tokoh masyarakat</i> (community leader)
19	Affected community	<i>Tokoh masyarakat</i> (community leader)

Notes. Interview number is used as well as quoting reference throughout the paper. Interview was conducted during field work in Melawi District, West Kalimantan from February 15, 2015 to March 6, 2015.