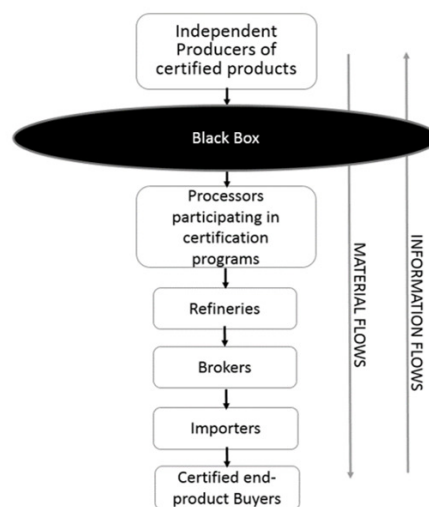


# Breaching the Black Box: the Role of Ramps in the Thai Value Chain

Elena Degli Innocenti  
November 8, 2016

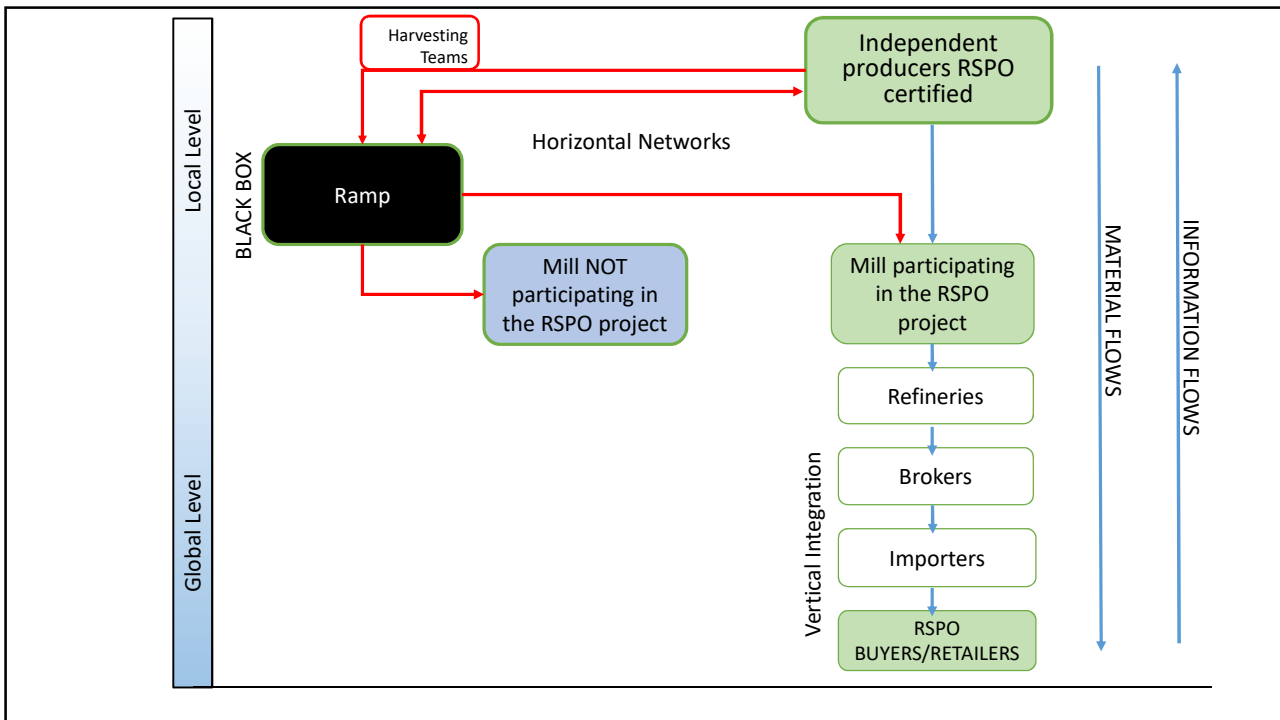


Are there any *black boxes* affecting present and future vertical integration efforts by RSPO in the Thai palm oil sector?



...But what is a ramp?





## Ramps are embedded actors

### Farmers

- Proximity of ramps
- Easy FFB price update
- Ramps are service providers



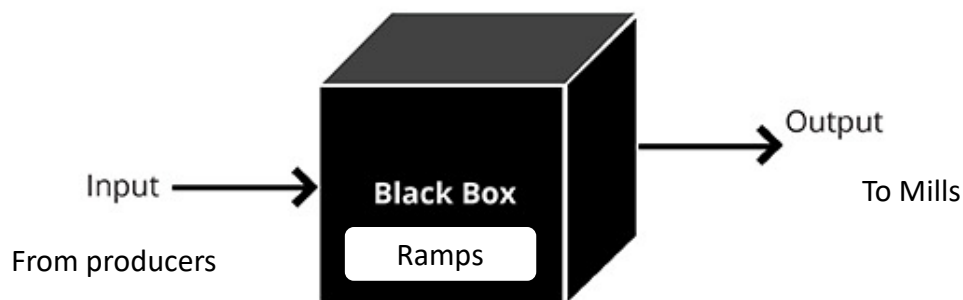
## Ramps are embedded actors

### Mills

- Crushing mills not working in full capacity
- No obligation for producers to sell to mills
- Ramps have good negotiation power
- Short vs long term relationships
- Risks for traceability of certified product



## BLACK BOX TESTING APPROACH

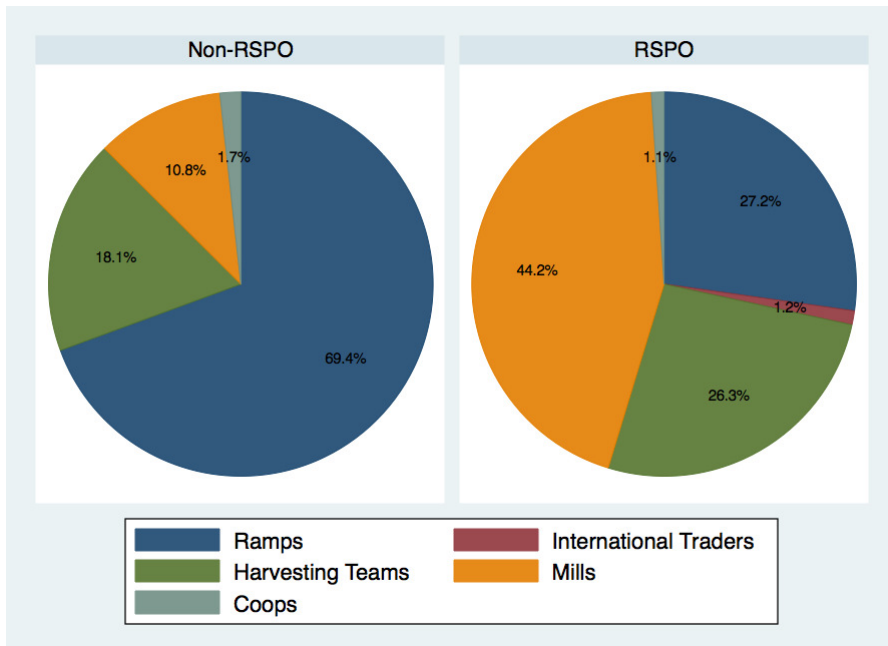


How is this relevant for RSPO?

Black box testing is used to test an application's functionality knowing about the input and expected output but not about the program which helps the application reach the desired output.

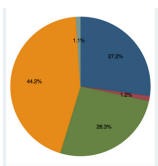


## Does RSPO reduce the use of ramps?



## Does RSPO reduce the use of ramps?

- Yes, but is not all RSPO effect:
  - RSPO group has a higher level of education
  - higher expenditure in phone credit and
  - higher average salary for other source of income
- Better means to reach mills, get higher price, bypass ramps?



Even so, more than half of RSPO certified FFB is still filtered through ramps, either directly (27%), or indirectly (26%) by harvesting teams



## Main Conclusions (1/2)

- Challenges for long-term market relationships
- Mills need ramps to reach bulk of PO
- Farmers need ramps as an accessible and near market outlet
- Are ramps rent seekers?
- But they are also powerful and socially well-embedded actors that facilitate market access and provide services



## Main Conclusions (2/2)

- RSPO: engage ramps or try to side-line them from RSPO certified production?
- If ramps are not engaged nor eradicated, the *black box* is maintained
- Ramps engagement = better traceability and integration of PO chain
- Thailand: If the RSPO wants to increase its adoption rate, there is a necessity for new governance arrangements involving ramps
- Globally: understanding and addressing the role of black boxes is the only way to link marginal and remote producers to global value chains





Thank you for your attention!

**“Breaching the Black Box:  
the Role of Ramps in the Thai Value Chain”**

Contact information:

[Elena.degliinnocenti@wur.nl](mailto:Elena.degliinnocenti@wur.nl)

[Elena.degli.innocenti@gmail.com](mailto:Elena.degli.innocenti@gmail.com)



*This research is performed under the SUSPENSE program of Wageningen University. For more information, please visit <http://www.wageningenur.nl/en/Research-Results/Projects-and-programmes/Suspense.htm>*

