Conference Paper
**Influence of Sustainable Development Goals (SDGs) on interlinkages:
Domestic policy change on palm oil governance**
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Introduction

The Sustainable Development Goals (SDGs) is required to be addressed in an integrated manner (Griggs et al., 2013; Le Blanc, 2015). However, there is little evidence of policy integration occurring at the implementation stage and translated to the domestic level. While previous research on interlinkages across issue areas focused on the challenges of integrating the various multilateral agreements (Chambers, 2008), the SDGs provide a case study on whether a governing through goals approach can be utilised as a tool to increase policy integration across the various goals and targets. This paper analyses this prospect by assessing the influence of the SDGs on domestic policy change on addressing interlinkages.

As one the key drivers of deforestation in Malaysia, palm oil has often been a controversial topic in the quest for sustainable development and biodiversity conservation (Gaveau et al., 2014; Sodhi et al., 2006, 2010). In 2018, the Minister of Primary Industries announced a moratorium on the expansion of oil palm plantation lands, signaling a linkage with biodiversity conservation. By tracing the determinants of the decision-making process, this paper investigates if and how the SDGs influenced this decision.

Section 1 of the paper maps the interlinkages across biodiversity and palm oil in Malaysia. Section 2 outlines the mechanisms SDGs are utilised and under which conditions they are likely to be influential. Towards this end, the research identified a set of mechanisms that elucidate the pathways of how causal influence travels from goal setting to domestic policy. This is supplemented with a set of propositions under which they are likely to be influential. Section 3 discusses the influence of the SDGs by assessing the extent to which they are likely to be influential.

Specifically, it traces the determinants of domestic policy change in implementing interlinkages in a single policy event – halting expansion of oil palm plantations. This allows for an investigation in the issue linkages of biodiversity and oil palm.

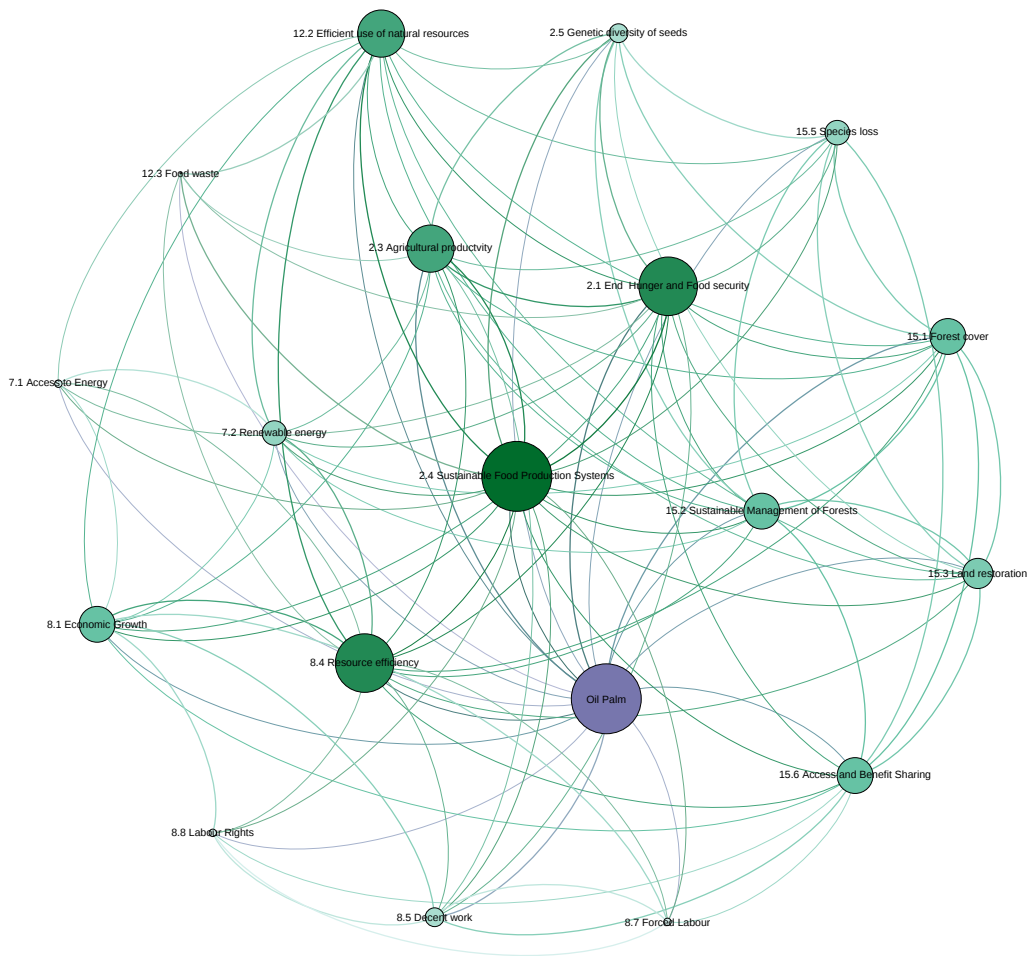**1 Interlinkages of Biodiversity conservation and Palm Oil in Malaysia**

Historically in Malaysia, the agricultural sector has long been a point of conflict with biodiversity through land use change. Beginning from swidden agriculture mainly by the indigenous community, the late 19th to early 20th century colonial period saw the introduction of monoculture beginning from rubber, and later, oil palm plantations. Land use change from rubber increased from 0.4 million hectares in Peninsula Malaysia in 1915 to 1.4 million ha by 1940 (Kathirithamby-Wells, 2005). In more recent times, oil palm plantations, introduced in the 1930s increased rapidly. In 1970-1992, about 19.3 percent of forest were converted to monocultivation, mainly converted to rubber or oil palm plantations (NRE, 2016). More recently, official statistics show an increase in oil palm from 2.03 million ha in 1990 to 5.07 million ha in 2012 (FAO, 2016).

Satellite imagery from Landsat showed an even higher increase from 2.08 million ha in 1990 to 5.38 million ha in 2010 (Gunarso, Hartoyo, Agus, & Killeen, n.d.). Whichever statistics selected, this puts conversion of forests to oil palm plantations as the main driver of deforestation in this period.

The conflict between biodiversity and the palm oil sector, however, is not framed as a trade-off between biodiversity and food security. This is evident in the fact that the contribution of palm oil to food production is not considered in Malaysia's food security policy, which focuses more on rice and paddy cultivation (Ministry of Agriculture 2015). In fact, some argue that it is in conflict with food security with land use for oil palm plantations preferred over rice cultivation (Bala, Alias, Arshad, Noh, & Hadi, 2014; Tey, 2010). The main narrative is the economic benefits of oil palm as a cash crop. Similarly, the conflict between biodiversity conservation and conversion of forests to oil palm plantations is characterised along the lines of balancing the socioeconomic benefits of the sector with environmental protection. The significance of palm oil to Malaysia can be seen in that it contributes, 5% to 7% of the country's GDP, with an average export revenue between 2012-2017 of RM64.24 billion annually (Nambiappan et al., 2018). Additionally, palm oil is a major provider of employment employing an estimated 500,000 to one million people (Ismail, 2009; Malaysian Palm Oil Council (MPOC), 2010). An accurate figure is difficult to assess as many foreign workers, some unregistered, make up a large proportion of the employment. Nonetheless, it is claimed that it is the second largest sector in terms of employment in Malaysia (Malaysian Palm Oil Council (MPOC), 2010). Oil palm also has multiple uses depending on its uses and products including for food such as for fat oils and non-food uses, such as for medicine. More recently, palm oil has been utilised both within Malaysia and through its exports as a source for biofuels, extending the linkages beyond food production to energy, arguably creating a nexus between food-energy-biodiversity as well as the increasingly common linkage between the food-fuel debate.

The complex interlinkages between the issues of biodiversity and palm oil addresses various goals and targets of the SDGs. It can be summarised into four major policy areas of which are, agriculture (SDG2); decent work (SDG8): biofuels (SDG7); and Sustainable Consumption and Production (SDG12). Through adopting the ICSU Guide for SDG interactions, a discussion was held with experts through a focus group discussion to identify the interlinkages of Oil Palm and the SDGs in the context of Malaysia. The interlinkages can be visualised in Figure 1. It demonstrates that Oil Palm is highly interlinked with the four areas identified above. In terms of Agriculture, Oil Palm is linked in particular with SDG 2.4 on Sustainable Food Production.

Figure 1 Interlinkages of Oil Palm and Biodiversity Targets

Institutional and Policy interlinkages

The biodiversity policy of Malaysia, with the latest iteration as a strategic action plan from 2016-2025 identifies "strengthening agricultural planning and improve practices" as one of its key strategic interventions. Directly related to oil palm, a target to promote and provide incentives to pursue certification such as Malaysian Sustainable Palm Oil (MSPO) or Roundtable on Sustainable Palm Oil (RSPO) was inserted (Action 4.2, NRE 2015). Beyond certification, agricultural practices, in general must ensure that it does not encroach into environmentally sensitive areas (ESAs). The policy instruments to implement these actions are unclear as it is not accompanied by legal requirements. Furthermore, as the policy states, agriculture and forests are constitutionally under the jurisdiction of states. Thus, the implementation mandates rests with the states.

The National Commodities Policy provides the policy direction for the palm oil sector (Ministry of Plantation and Commodities, 2012). While, it recognizes the need for promoting sustainability the main aim is for increasing production. This is done through a combination of increasing productivity and land expansion. In the Third Industrial Master Plan, the policy acknowledges the increasing consumer awareness on environment and sustainable development (MITI). The actions to resolve the linkages were found in two strategies. Firstly, is branding Malaysian palm oil, increasing efforts

in marketing the benefits of palm oil to the world. Secondly, is in supporting best practices in sustainable development through cooperation with the Roundtable on Sustainable Palm Oil (RSPO) and supporting other initiatives. Another recommendation was the establishment of a national biofuel policy, which was subsequently launched in 2006. The main part of the policy was to include 5% blend of processed palm oil (with 95% petroleum diesel), known as B5, and made available throughout the country.

The above policies demonstrate a degree of interaction between the two major policies that govern biodiversity and palm oil in Malaysia. However, the interactions are not sufficient to trigger implementation nor do they provide a clear causal consensus on the importance of the policy linkages. In particular, no 'hard' policy instruments accompany the policies such as legal and regulatory measures. However, on 4 September 2018, the Minister of Primary Industries announced that the government will not allow any more expansion of oil palm plantations in the country with the aim of maintaining Malaysia's forest cover at 50%. This policy agenda marks the strongest yet interaction between linking biodiversity conservation through habitat preservation, with the palm oil sector. The next section traces the motivations behind the policy change and whether the SDGs has had any influence on this reform

2 The mechanisms and conditions under which the SDGs is likely (and not) to be influential
The causal mechanisms framework is adopted to investigate the likelihood in which the SDGs are able to influence policy change to address the interlinkages across biodiversity and palm oil. Seven causal mechanisms are investigated that range from the most direct to the most indirect influence of goal setting. Each causal mechanism identifies the conditions under which influence prevails (unpublished). The mechanisms range from the most direct to the indirect and are designed to be in line with the characteristics of Malaysia, of which is defined in terms of being a small and open economy. It is characterised by its degree of control over the interest rate on its international debt where the price of debt is determined by international markets (Guerron-Quintana, 2013). Malaysia's economy reflects this as well as the notion of being a SOE as an idea that is highlighted and ingrained within its economic planning documents (EPU, 2015; National Economic Advisory Council, 2010). In understanding the conditions under which influence prevails, the propositions allow for investigating when success is most likely. These propositions are inserted to investigate each causal mechanism. They are not exhaustive and may be case specific. Nonetheless, the determinants are generic based on extant theories. Through developing an understanding when success is most likely, prospects for synergetic issue linkages in goal setting becomes more possible. On the other hand, identifying the barriers also provide useful policy implications to address the underlying drivers of domestic policy change.
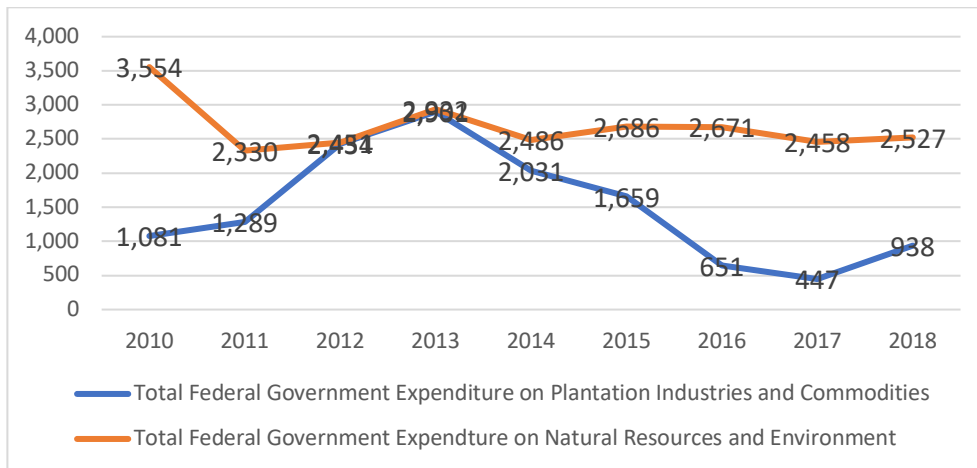
Functional Influence
The functional influence details the most direct influence of the SDGs. In other words, it asks, does the national level policy decision to implement the moratorium on land use changes for oil palm plantation attributable directly to the implementation of the SDGs? In the context of Malaysia, the causal conditions under which this pathway may be triggered is hypothesized to lie in two areas. Firstly, that it does not have deep

conflict in terms of principles, norms and values (shallow); and secondly it has a symmetrical power structure.

In terms of principles norms and values, biodiversity conservation and palm oil plantation are in direct conflict as biodiversity aims to preserve natural habitats and forests, while oil palm aims for utilising the land for palm oil production. This is not only obvious from a generic point of view, but can be clearly seen from the policy objectives that govern them. The overall policy statement of the National Policy on Biological Diversity 2016-2025 is to "promote its sustainable use and ensure the fair and equitable sharing of benefits arising from of the utilisation of biological resources" (NRE, 2016). More specifically, it aims that "by 2025, at least 20% of terrestrial areas are conserved through a representative system of protected areas and other effective area-based conservation measures"; and "by 2025, our production forests, agriculture production and fisheries are managed and harvested sustainably" (NRE, 2016). This includes having 50% of all agricultural areas managed sustainably under certification schemes, including Malaysian Sustainable Palm Oil (MSPO) and Roundtable on Sustainable Palm Oil (RSPO)" (NRE, 2016). For oil palm, the National Commodities Policy 2011-2020 aims to increase the production of palm oil through a combination of increasing productivity and area of plantation, with an estimated increase from 4.9 million hectares in 2010 to 5.7 hectares in 2020 in land area (Ministry of Plantation and Commodities, 2012). Nonetheless, there are some synergies whereby one if its 'strategic thrusts' is to develop a sustainable and environmentally-friendly oil palm industry (Ministry of Plantation and Commodities, 2012). However, in essence, the policy objectives demonstrate a deep conflict at the principle and normative level.

In terms of the power structure, the national level consists of a hierarchical authority structure within the government machinery. In this sense, budgets provide a good indication of the differences in terms of capability and authority. In this sense, symmetrical power structures through having similar budgets are likely to be more susceptible to addressing interlinkages across the two different policy areas. In the case of biodiversity and oil palm, the two sectors, measured by their ministries, are not defined by large power symmetries, with the Ministry of Natural Resources and Environment and the Ministry of Plantation Industries and Commodities having comparable budgets (see Figure 2). However, a closer look demonstrates that there are some instances where oil palm is prioritised in terms of budgeting over biodiversity conservation. In the 2018 budget, while the oil palm sector was directly allocated RM200 million for replanting oil palm plantation, no additional allocation was made for biodiversity protection or forests (Government of Malaysia 2017). Nonetheless, in terms of the authority of the ministries involved, there is no obvious power asymmetries across the two ministries that govern biodiversity and oil palm.

Figure 2 Total Federal Government Expenditure by Ministry (Ringgit Malaysia million)

In this sense, while there is a possibility that there may be functional influence due to the symmetrical power structure across the two areas, due to the deep conflict in terms of principles and norms, it is unlikely that the policy decision to undertake a moratorium on expansion of palm oil can be attributed directly to the SDGs.

Institutional influence
Institutional influence is triggered when interlinkages are implemented through a logic of appropriateness (rather than a logic of consequences) (March & Olsen, 1998) as the base of action in the decision making process. In other words, this pathway asks whether the policy decision to implement the moratorium on palm oil expansion was due to the fact that national processes for SDGs implementation triggered the interlinkages across the areas. Focusing at the domestic level, specifically, this pathway traces whether national institutions mandated to implement the SDGs wield normative influence by utilising it to shape norm-building processes through designing procedures, providing arenas for negotiations, framing arguments and creating access for participation (F Biermann & Siebenhüner, 2009). The actors involved, in theory, acquire identities through participation and may form collective identities (Wendt, 1994, 1999).The hypothesis is that issue linkages are more likely to be substantive depending on the extent of participation of actors across issues (horizontally) and vertically, where the political jurisdiction of (inter)linked issues are at the same level of organization.

In the context of Malaysia, the Economic Planning Unit (EPU) acts as a focal point for SDGs implementation. EPU's functions makes it well-placed to coordinate interlinkages as it consists of overall socioeconomic planning and coordination; resource allocation; policy coordination and; facilitator (Economic Planning Unit (EPU), 2020). These functions allow for EPU to coordinate horizontally with line ministries that are responsible for implementation of various issues and policy areas. In the context of this research, EPU liases with the Ministry of Natural Resources and Environment (now Ministry of Environment and Water) on issues related to biodiversity and with the Ministry of Plantation Industries and Commodities (now Ministry of Plantation) in relation to issues on oil palm. Through the five yearly development plans that sets the agenda and resource allocation for government expenditure in the

intermediate term, EPU has, to a certain degree, demonstrated that it has utilised the development plan process to mainstream SDGs. This is demonstrated through the 11th Malaysia Plan Mid-term Review where SDGs are aligned to national development priorities (Ministry of Economic Affairs, 2018). This includes a direct reference to SDGs 15 with a target to increase terrestrial and inland water areas gazzetted as protected areas from 10.8% to 17%.

Coherence occurs where "a rule, standard or validating ritual gathers force if it is seen to be connected to a network of other rules by an underlying general principle" (Franck 1988: 155). This entails not only "horizontal" but also "vertical" coherence which translates across international to national and subnational jurisdictions. As the focal point, EPU participates in international forums on the SDGs including the High Level Political Forum (HLPF). To ensure vertical coherence, it is hypothesized that institutionalisation is more influential when the political jurisdiction of the interlinked issues are at the same level of organisation. Due to there being no underlying general principle for interlinkages, coherence will largely depend on the intersubjective knowledge shared across issue areas and states that are shaped by interactions. For this logic of appropriateness to prevail then, the extent of participation is crucial to form intersubjective understandings and collective identities. Malaysia, as a federal constitutional monarchy, consists of different jurisdictions, obligations and responsibilities divided to the federal or state level as enshrined in the constitution. In terms of institutionalising interlinkages across different areas vertically, it is therefore theorised that it would likely be more successful if the issues are at the same level of organisation. In this case and for SDGs generally, as it is derived internationally with EPU as the focal point, it would then be more likely to have vertical coherence if the political jurisdiction in terms of responsibilities lie at the federal level for both biodiversity and oil palm. In the case biodiversity, natural resources is listed under the Malaysian constitution as a state matter with issues of land, forests, water and fisheries all under the jurisdiction of the state. In terms of oil palm, while agriculture is under the state list, trade, commerce and industry is under the Federal list. This creates a fragmented political jurisdiction for governing palm oil as well as its linkages with biodiversity.

From an institutional influence perspective, this demonstrates that the two issues have political jurisdictions at different levels of organisation, and therefore, it is unlikely that interlinkages can be institutionalised. This is due to the fact that there will be little opportunity for the logic of appropriateness to prevail as not only are the SDGs and the issues are operating at different levels, as an international device, the process of institutionlisation is required to be translated to various levels of organisations. In a federal system, vertical coherence is more challenging, in particular, in the case of Malaysia where states are governed by different political parties which may lend itself to different policy objectives and political alliances. It is therefore unlikely that institutional influence triggered the policy decision to have a moratorium on land expansion for oil palm plantations.

Material influence
Material influence occurs through direct intervention of international and transnational actors via direct funding, education, training assistance and capacity building. This pathway seeks to understand whether the issue linkages are made due largely to the funding or support provided by international organisations and/or transnational

organisations. It includes the executive influence of international bureaucracies such as the United Nations through providing direct assistance (Biermann & Siebenhüner, 2009) as well as other transnational organisations and networks that directly influences domestic policy and reshapes national interests through providing goods or services. Material leverage is gained when money or goods are used to link issues (Keck & Sikkink, 1998).

It is hypothesised that influence will depend on two conditions; firstly, the amount of funding utilised; and secondly, where issues are previously linked material leverage is likely to become more influential. In the case of Malaysia, as it has progressed beyond a low income nation and has a net negative official development assistance inflow (World Bank 2018), the focus turns to the second condition. The focus here is on the "prevailing setting" where it is hypothesised that path dependence plays a crucial role in material influence. In this sense, "institutional history matters" because once policies and institutions have been forged, they have an inertia that requires significant effort to affect future change (Greener, 2005; Powell, 1994).

An analysis undertaken on the historical policy focus on biodiversity and oil palm demonstrates that both issues have been linked previously. However, the linkages are not substantive with little consensus across or clear mechanisms that demonstrate linkages across the different areas. In particular, institutions and policies that govern issues of agriculture and environment are inherited as a legacy of the colonial past. While colonial forestry did recognise the impact of large scale plantations to wildlife, the transformation of agriculture to prioritise plantation and corporate agriculture is a colonial legacy in itself (Kathirithamby-Wells, 2005; Sultan Nazrin Shah 2019). Due to this, the institutions are demarcated between oil palm, biodiversity and environment generally, and even agriculture. This inherited legacy has arguably created a fragmentation across the institution that governs the different issues that have clear conflicts in terms of policy objectives. For example, in more recent times, budget expenditure and industrial plans have focused more on the marketing aspect of palm oil to counter the negative narratives surrounding it as a tactical measure (Ministry of International Trade and Industry, 2005). On the other hand, biodiversity policies have often focused on strengthening agricultural practices through certification and best practices (NRE, 2016). Nonetheless, the mechanisms of implementation lie in the implementing agencies under the different ministries with no clear institutional mechanism for its implementation.

This pathway demonstrates that while the issues have been previously linked, the path dependence in terms of the institutional inertia that has been inherited from Malaysia's colonial legacy has resulted in challenges in terms of policy coherence. In this case, we can expect that efforts by international organisations and/or transnational networks to utilise their material leverage to be only weakly or partially influential as it will require dismantling the institutional inertia that has been developed over decades in governing plantations generally.
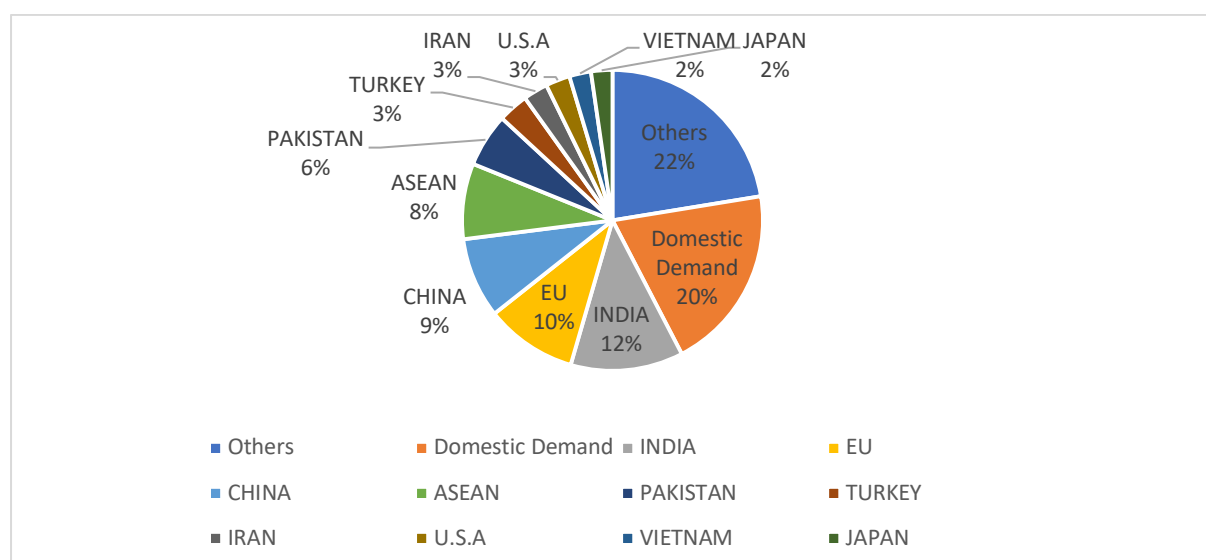
Market influence
This pathway of influence "encompasses processes or tactics that attempt to manipulate, work with or leverage markets to create domestic policy change"

(Bernstein & Cashore, 2012: 593)[1]. It is based on the utilitarian notion where "the cost-benefit calculus of an actor is systematically biased in favor of either the costs or the benefits of a particular course of action" (Underdal 2002: 17). The influence in part is dependent on the character of the actors and a particularly important determinant when a logic of consequences prevails in decision-making. Bernstein and Cashore (2012) highlight three trends along this pathway, namely, boycotting/targeting campaigns, certification schemes and legality verification. All three strategies deploy a coercive approach to manipulate the market. These strategies can be triggered by either consumers or producers. For the case of biodiversity and palm oil, this pathway will investigate whether the palm oil market is leveraged upon by market actors that influences the policy decision to halt palm oil expansion.

The hypothesis is that influence is more likely when the relative dependence on foreign market is high and powerful actors trigger market forces. From a sectoral perspective, an analysis is undertaken on the dependence of palm oil in the export market generally. The larger the market share of certain actors, the more powerful they are and the more influential they are in affecting the decision-making. In the context of Malaysia, the palm oil industry is dependent on the export market with only about 20% utilised for domestic demand (MPOB, 2019) (see Figure 3). While there is a diversity in terms of export destination, large palm oil importers such as India, the EU and China consist of about 30% of the overall exports. Individually, this means that these actors potentially are influential to affect outcomes.

In the context of this case study, it is therefore hypothesised that countries with large imports of palm oil from Malaysia, along with market actors associated with their governments, are powerful actors that can influence the decision-making of palm oil in Malaysia. Specifically, the EU may be influential via this pathway to trigger a response from the government of Malaysia.

Figure 3 Malaysian Palm Oil Export By Destination (tonnes)

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[1] Although this pathway also utilises material leverage, the focus is on indirect approaches to material leverage rather than attempting to directly influence domestic policy processes, for example, through funding

Ideational influence

Influence through ideas and norms occur when normative and causal beliefs across issue-areas changes, which in turn, affects domestic policy change. This pathway is triggered when the diffusion of ideas, norms and information influences either domestic policies directly or via international bureaucracies due to transnational groups. PM Haas (2017) distinguishes between two mechanisms of change – norms, driven by norm entrepreneurs and transnational activist networks (Keck and Sikkink 1998); and causal beliefs, driven by epistemic communities. The influence of these two mechanisms or forces will depend on the political influence of the groups towards collective policymaking (P. M. Haas, 1992). It is hypothesised that the political reach will, at least partially, depend on the opportunities for groups to deliberate on issues. In other words, the more deliberative democracies – where politics involves a greater ratio of communicative action to strategic action (Dryzek & Stevenson, 2011) – the more influential epistemic communities and norm entrepreneurs are in affecting domestic policy change on interlinkages.

In the case study undertaken, Malaysia underwent a historical change of government that was undertaken under the banner of fighting corruption and democracy (citation required). In this sense, there is a possibility that deliberative processes are more prevalent through the institutional reforms (citation needed). However, by undertaking a review of parliamentary debates, there was little evidence of debate across linkages of biodiversity and palm oil and therefore, it is inconclusive whether ideational influence and experts in general would have played a significant part. Furthermore, it is arguable whether the processes are more deliberative after the change of government.
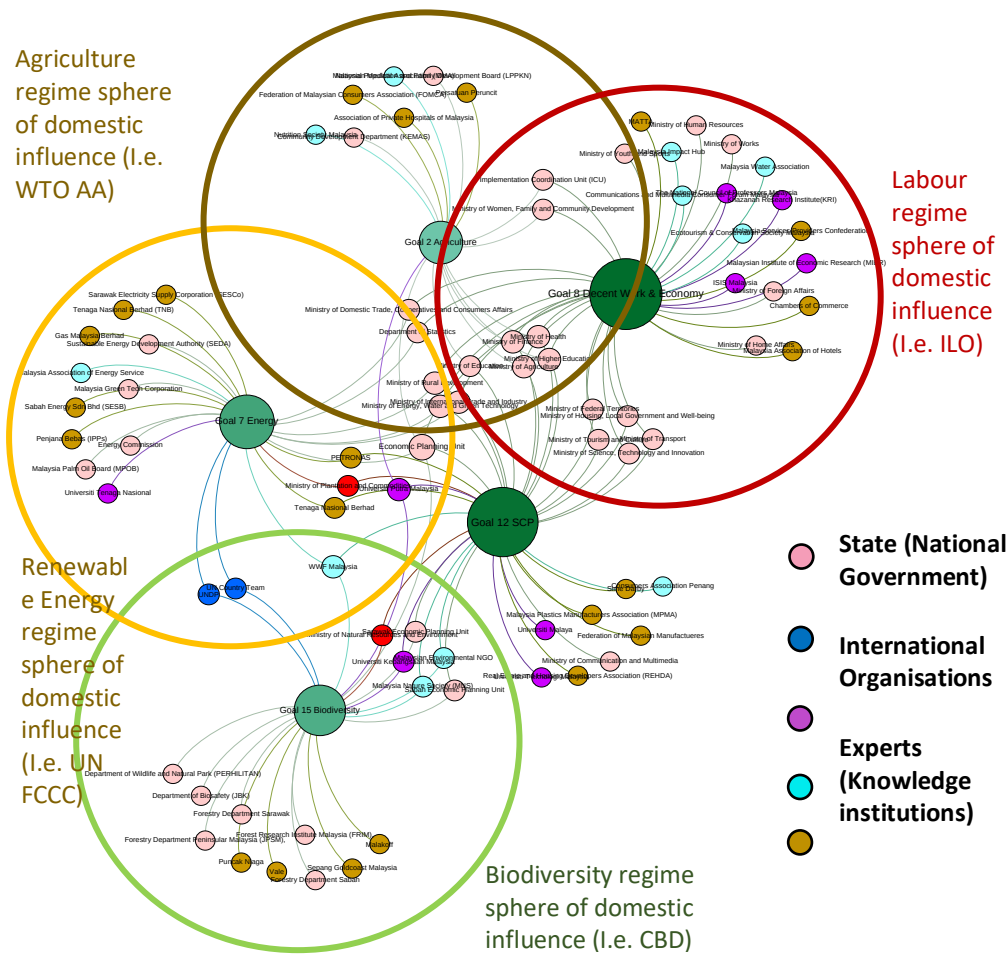
Regime complexity

This pathway is triggered when other regimes promote the SDGs indirectly to influence domestic policy decision. In this case, other institutions within the regime complex (Victor & Raustiala, 2004) address and promote interlinkages of international goals. These rule-based institutions can be seen as intermediaries (Abbott & Snidal, 2009) that intentionally affect issue linkages either to achieve their overlapping functional objectives or due to consensus over knowledge and norms. At the international level, studies have demonstrated that due to regime density, forum shopping takes place where states can select which rules to follow (Alter & Meunier, 2009). Similarly, at the domestic level, we can expect forum shopping to take place. As each forum may consist of different sets of actors, issue linkages are more likely in areas where national implementation structures include different actors across issue-areas and goals. Therefore, the condition under this pathway is likely to be influential depends on the degree of participation of different actors across the different goals, with more possibility for the interlinkages to be institutionalised. We can expect that the higher the participation of cross-level actors, the more likely the issue linkages.

The primary agents under this pathway are rule-based institutions that are not directly a part of the SDGs implementation structure. This includes intermediaries within the wider UN System (i.e. Convention on Biological Diversity) as well as other rule-based trans-national or multilateral institutions that can affect domestic policy processes (i.e. European Union).

For this case study, the national SDGs implementation structure is analysed in terms of its membership. Assuming that the lead agencies (ministries) are domestic agents of regimes at the domestic level (i.e. Ministry of Natural Resources and Environment as the focal point for the Convention on Biological Diversity), multiple membership within the structure will demonstrate more likely cross-fertilization and coherence. The agents are mapped based on their membership to the SDGs domestic implementation structure of which each SDG consist of technical working groups (see Figure 4). In particular, four relevant regimes and the associated goals are investigated of which are biodiversity, agriculture, climate change and labour regimes. Each regime are aligned to specific SDGs. Additionally, sustainable consumption and production was also included. By mapping out the memberships through a visualisation tool, it was found that the highest degree of interaction occurred via the sustainable consumption and production technical working group. This is due to the fact that the issue discussed within this group is for a circular economy concept to be mainstreamed into the palm oil sector. Surprisingly, it also demonstrates there is little other overlap between the two major agents – the Ministry of Natural Resources and Environment and the Ministry of Plantation and Commodities except through the SCP working group. Both ministries are also not included in the agriculture and labour regimes. As a result, we would expect that cross fertilisation only weakly occurs via the SCP route, but not, when discussing biodiversity conservation itself as the "oil palm agents" are not included under the biodiversity working group. Secondly, from the mapping, we can see that non-state actors, in this case, WWF act as an intermediary across SCP, Energy and Biodiversity, demonstrating the role of non-state actors acting as "bridging organisations" (Berkes, 2009). Thirdly, the labour regime, in particular, has the lowest degree of interaction, demonstrating that the social dimension is the least linked issue. Therefore, we can only expect weak influence of regimes in linking biodiversity and oil palm via the SDGs.

Figure 4 Mapping of Membership in the National SDG Implementation Structure
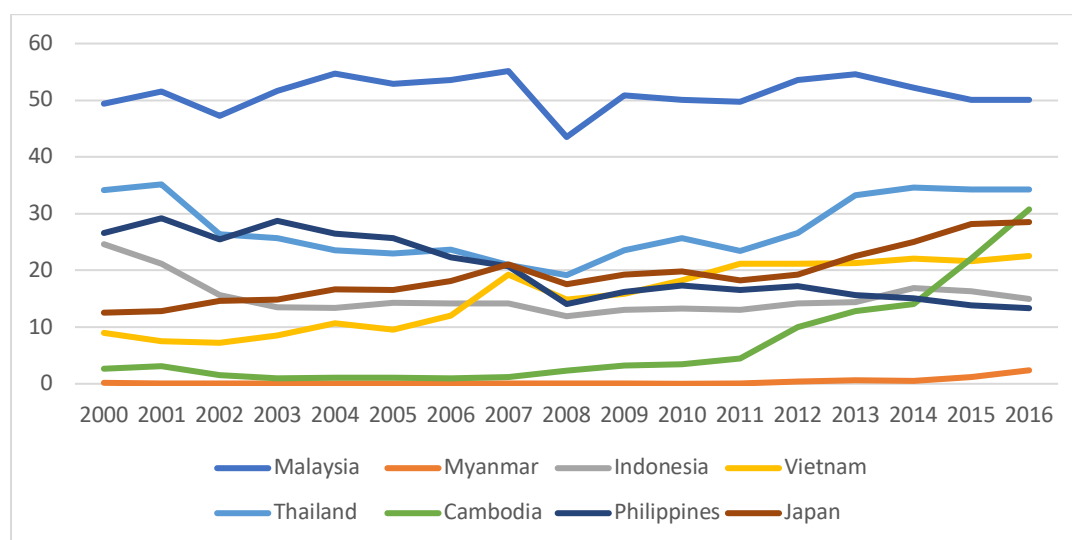
Globalisation

Finally, as an open economy, we can also expect forces of globalisation to influence the domestic policy decision making. Defined as the cluster of technological, economic and political innovation that reduces barriers to economic, political and cultural exchange, globalisation has been linked to policy convergence, whereby policies of nation states grow more similar (Drezner, 2001, 2004). Focusing on economic and financial globalisation, the focus is on capital mobility and its effects to decision-making. While some argue that this can lead to higher standards and regulations (Bernstein & Cashore, 2000), others argue that capital will seek nation states with the highest returns and therefore the lowest regulatory standards and thus drive a race to the bottom (see Drezner 2001). This demonstrates the role of financial institutions as agents can be either synergistic or conflicting in terms of addressing interlinkages depending on their motives. Either way, the condition under which cross border financial institutions are likely to be influential is dependent on the financial depth or the relative size of financial institutions of states, where countries with smaller financial depth are more exposed (Čihák, Demirgüç-Kunt, Feyen, & Levine, 2012). In other words, influence is more likely when the financial depth is small.

In the context of Malaysia, this can be investigated based on the foreign claims of banks to percentage of GDP in the country. As an open economy, Malaysia has a high dependence of borrowing and therefore foreign claims as a percentage of GDP in comparison with its regional peers at around 50% (World Bank Data). Although this is coupled with a robust domestic banking system and diversification among foreign banks (World Bank, 2018), it is dependent on the characteristics of the foreign banks. Therefore, we would expect the relatively high dependence on the global financial institution would result in cross border financial institutions to be relatively influential to either enhance or hinder interlinkages across biodiversity and oil palm.

Figure 5 Foreign claims of Banks to GDP (%)

3 Process tracing of the mechanisms of how the SDGs influence issue linkages across biodiversity and oil palm in Malaysia

Process tracing and causal mapping is undertaken leading up to the decision for a moratorium on land expansion and ultimately cap the country's oil palm plantations area to 6.5 million hectares by 2023. The process tracing is based on focus group discussion and interviews undertaken with expert informants, as well as media reports and literature review of related documents. The mapping is undertaken at two levels; international and domestic level. This also shows the "two-level games" which highlights vertical linkage dynamics and identify whether it is predominantly top-down (international-domestic) or bottom-up (domestic-international) (Putnam, 1988).

At the international level, the main driver of the process is the European Union (EU) resolution to phase out the use of biofuels that contribute to indirect land use change (ILUC) by 203. This would result in the EU, the second biggest importer of palm oil (after India), almost halving its import as 46% is used for biofuels to produce biodiesel (EU 2017). The EUs resolution was undertaken through an amendment to the Renewable Energy Directive (RED) that underwent a trilogue negotiation that required approval from the EU Parliament, EU Council and EU Commission.

RED first entered into force on June 25 2009, setting targets for each Member State on renewable energy use and allowable biofuels. The directive set the target that 10% of energy in transportation should come from renewable energy (EU 2009). This increased EUs imports of palm oil significantly, where from 2000-2017, the EU increased their total use of palm oil by 63% (Bentavoglio et al 2018).

In 2013, a study titled "The impact of EU consumption on deforestation: Comprehensive analysis of the impact of EU consumption on deforestation" was carried by VITO, IIASA and CICERO (EU 2013). The study found that over the period 1990-2008, the EU imported almost 36% of all deforestation embodied in crop and livestock products traded between regions. It attributed 55% of worldwide gross deforestation to land use change to crop production, ruminant livestock production and logging (EU 2013). The main crops that contributed to deforestation include soybeans (19%), maize (11%), oil palm (8%), rice (6%), and sugar cane (5%). Specifically for biofuels oil crops (soybean and oil palm) represented 63% of deforestation embodied traded crop commodities.

In December 2015, the European Sustainable Palm Oil (ESPO), established by the sustainable trade initiative (IDH) supported by the Netherlands, Switzerland and Denmark governments, along with MVO, Dutch Oils and Fats Industry, produced a "Commitment to Support 100% Sustainable Palm Oil in Europe by 2020", signed by eleven organisations, mainly from the private sector. In response, six countries, namely Denmark, France, UK, Germany, Netherlands and Norway signed the agreement, known as the Amsterdam Declaration, stating that "As European countries and as member states of the European Union, we take note and declare ourselves supportive of the private sector-driven 'Commitment to Support 100% Sustainable Palm Oil in Europe', as signed by European national sector organisations engaged with the palm oil supply chain at the Amsterdam Conference on the 'EU and Global Value Chains'" (Amsterdam Declaration 2015).

Following the above, on 4 April 2017 the Directorate-General for Environment of the European Commission (ENVI), the department responsible for EU policy on the environment prepared a report on Palm Oil and Deforestation of Rainforest and tabled it as a motion to the Members of European Parliament (MEP) that recommended halting tropical deforestation (EU 2017). This resulted in a European Parliament resolution on palm oil and deforestation of rainforests (2016/2222(INI)). The text adopted strong links to the SDGs with the first line reading "having regard to the 2015-2030 United Nations Sustainable Development Goals (SDGs)", and in article B, directly relating to oil palm in stating that "whereas the EU was instrumental in setting the Sustainable Development Goals that are closely linked to the issue of palm oil (SDGs 2, 3, 6, 14, 16, 17 and, in particular, 12, 13 and 15)" (European Parliament 2017). Along with mentioning other international commitments such as the Paris Climate Agreement and Convention on Biological Diversity (CBD), the rationale of international agreements, and particularly, most strongly, the SDGs as the rationale behind the resolution demonstrates the tactical use of SDGs and the linkages across palm oil and biodiversity.

On 17 January 2018, as a consequence of the processes above, and as part of the recommendation in the resolution on Palm Oil and Deforestation, the EU Parliament voted to amend the EU Renewable Energy Directorate II where "the contribution from

biofuels and bioliquids produced from palm oil shall be 0 % from 2021". As a trilogue process, through further negotiations, which ultimately resulted in the European Union (EU) resolution to phase out the use of biofuels that contribute to indirect land use change (ILUC) by 2030 on June 2018. The key change here is that palm oil is not singled out but elevated the importance of ILUC. Whether this is a pretext to a palm oil ban or covers wider ILUC will depend on the method of implementation.

At the domestic level, Malaysia (as well as Indonesia subsequently), announced halting the conversion of forests to oil palm plantations on 4 September 2018. The stated rationale was a commitment "to maintain at least 50 per cent of the land as forest cover, so we won't allow any expansion of these oil palm plantations" (Media Report). In relation to the SDGs, the commitment was part of Malaysia's strategy to "Green the world" in articulating Malaysia's position on sustainable development during the first United Nations Conference on Environment and Development (Mahathir 1992). The Agenda 2030 reaffirms previous conferences and agreements including the Rio Declaration on Environment and Development and through this reaffirmation, arguably, Malaysia's commitment is influenced by previous outcomes as a linkage established by the SDGs. More directly, the Malaysian government sees the banning of palm oil as a trade barrier. In another reference to the SDGs, and evoking the linkages across them, the Minister of Primary Industries criticised the European Union (EU) for impeding Malaysia from achieving UN Sustainable Development Goals (SDGs) by not recognsing the efforts Malaysia has made towards sustainable palm oil that provides socioeconomic benefits to, mostly, rural populations. Malaysia also reiterated its aim for all palm oil plantations to be certified under the Malaysia Sustainable Palm Oil certification by 2019.
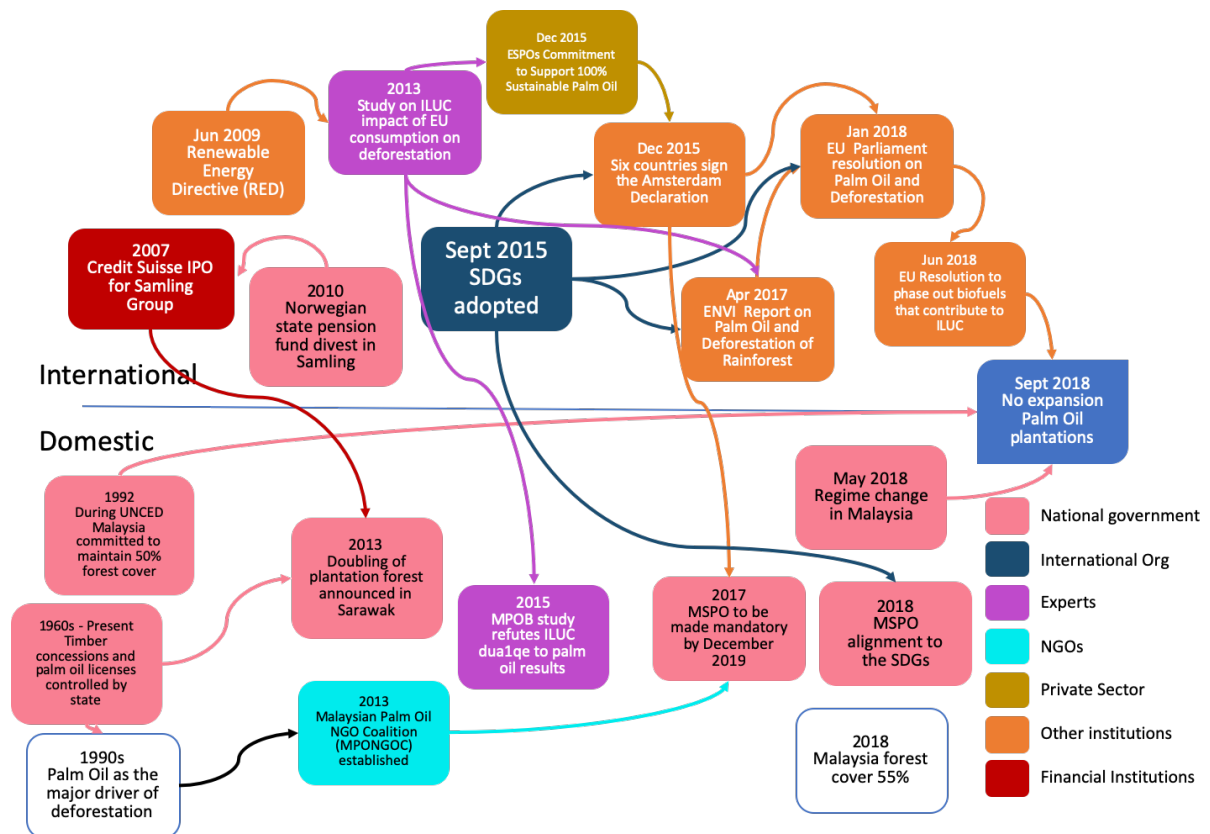
Nonetheless, the main pathway was triggered through market influence. The EU decision was rebuked by palm oil producing countries, with Malaysia (29%) and Indonesia (53%) producing more than 80% of global output of palm oil. The EU is a powerful actor as it is the second biggest importer of Malaysian palm oil and the biggest for biofuel. This demonstrates that market forces were the key mechanism to tactically linking halting deforestation due to oil palm plantations.

However, it also demonstrated that the decision emerged from interactions with various forces at international and domestic levels. By undertaking a causal mapping (Figure 6) we can visualise the various agents, forces and incidents that interacted with one another that ultimately resulted in the policy decision for a moratorium on oil palm expansion. As demonstrated above, the EU played a significant role as a rule making institution. The EUs decision was made through a confluence of inputs from various processes and agents. This includes from the private sector lobbyists, such as documented under the Amsterdam Declaration, of which consisted of corporate partners. This partly became a basis for European Sustainable Palm Oil (ESPO), of which catalyzed a more stricter "ban on palm oil". It was backed up by a report produced by academics and experts (study on ILUC impact of EU consumption on deforestation) (European Union, 2013), commissioned by the Committee on the Environment, Public Health and Food Safety (ENVI Report on Palm Oil and Deforestation of Forest) ((European Parliament, 2017). It originated from the EU Renewable Energy Directive which sought, amongst others, from member states decision to transition to biofuels. Market actors and the EU utilised their market power to tactically coerce resposnes from palm oil producing countries. However, to add

legitimacy to the EU decision, various other processes including expert input and norm building through "awareness-raising" via advertisements were also used.

These processes also interacted with the domestic level in various ways. Malaysia's commitment to maintain forest in perpetuity during the first Rio Earth summit was reemphasised. Various piecemeal responses such as ensuring sustainable palm oil certification via MSPO was initiated as a reaction to the European Sustainable Palm Oil requirements. The availability of credit from international banks such as credit Suisse, and the divestment Norwegian investment fund (Straumann, 2014) applied pressure to domestic companies to move towards sustainable palm oil. Interviews in relation to SDGs highlighted that there were financial institutions that required oil palm companies to align to SDGs with even stricter standards than certification schemes. Finally, a political regime change in Malaysia preceded the government decision to halt palm oil expansion though it is difficult to attribute the decision on this change.

Figure 6 Causal Mapping of Agents and Processes that led to the decision for No expansion of Oil Palm Plantations

The influence of goals as a means for governing interlinkages

The process of policy reform, as traced above, demonstrated that the decision-making process has to be understood under the context of a regime complex (Raustiala and Victor 2004). Various actors and institutions with different stakes are involved in the process, including governments, private sector and epistemic communities. A combination of expert advice to enlighten policymakers on the causal linkages combined with various tactical lobbying from industries and governments were utilised. The question remains, how influential is the SDGs in governing and addressing interlinkages across issue areas?

In the context of this paper, the influence of the SDGs then can be traced by analysing which mechanisms are used by the agents to implement the SDGs. Broadly speaking, no direct mechanisms were utilised whereby the decision did not derive from implementing the SDGs itself (functional influence). For domestic implementation in Malaysia, it was not born out of a direct "means of implementation" as prescribed by the SDGs nor through increasing understanding (cognitive) or deliberate institutional mechanisms. As discussed in the previous section, while the main mechanism utilised is through market influence, the SDGs were used to further legitimise the agents' actions. It was explicitly mentioned in the Amsterdam Declaration as well as the EU Parliament Resolution to ban palm oil (European Parliament, 2017). On the other hand, this tactical use of SDGs also occurred in the domestic setting. The Minister of Primary Industries rebuked that the EUs decision was against the spirit of SDGs as it would result in loss of employment (media report – to be cited). Broadly, it demonstrates that it is likely that the SDGs is utilised more indirectly rather than directly to implement interlinkages.

Perhaps more interestingly, despite the indirect nature of its usage, it's additionality and generally utility lies in its ubiquity and its wide acceptance as the global development agenda. In this sense, it is used by multiple agents for their own motivations, which can result into an emergent outcome, such as the decision to stop oil palm expansion. This demonstrates that it may act as an accelerator in the process of change and transition to complement existing and other processes, institutions and regimes. Understanding SDGs under this complex landscape and real world application will further assist understanding the use and conditions under which SDGs are influential.

To what extent, though, do the interlinkages succeed in creating a sustained and impactful domestic policy change? PM Haas and Stevens (2017) revisited the theory of issue linkages by EB Haas (E. B. Haas, 1980) and applied it to analysing the prospects for issue linkages in international goals. They highlighted two political processes[2] that drive agenda choice, substantive linkage, which occurs through social learning, and tactical linkage, which occurs through logrolling (E. B. Haas, 2008; P. M. Haas & Stevens, 2017). The prospects for issue linkage are argued to be substantive when it generates social learning across policy communities. This is achieved by the convergence of both normative consensus (through norm entrepreneurs and transnational networks) and consensus on causal ideas (through epistemic community and independent international organisations). Absence of either consensus on causal ideas or norms will result in incremental tactical linkages.

In the case study analysed, there was no consensus either normatively or on causal ideas. The Malaysian Palm Oil Board, and largely speaking, Malaysian based scientists, rejected the case and methodology for indirect land use change where studies demonstrate that exports contribute insignificantly towards direct and indirect land use change in Malaysia (Utit, 2015). Normatively, interviews highlighted that campaigns such as protecting orangutans are misguided as, for example, Peninsular

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[2] EB Haas (1980) also included a third path for persuasion on issue linkages – fragmented linkages, which referred to linkages to maintain cohesion of a coalition due to an overriding social goal despite no consensus on knowledge or norms. This is not included as part of the analysis and is considered to be close

Malaysia does not even have a population of orangutans. More importantly, the key focus is on sustainable palm oil rather than banning palm oil as the sustainability of plantations differ widely. This demonstrates that the extent of linkages were not substantive in this case, as neither scientific nor normative consensus was achieved.

As identified in the process tracing, the SDGs is more likely to be utilised tactically. As an outcome, from an interlinkages perspective, this would most likely lead to a piecemeal approach to addressing the issue linkages across biodiversity and oil palm with little causal consensus and minimal social learning generated. Nonetheless, concrete examples such as the decision of MSPO to align itself to the SDGs as a response to the requirement from ESPO and the EU generally demonstrated piecemeal progress towards linkages.

Conclusion

The research demonstrated the complex nature of governance and implementation of issue-coupling involving various actors and processes in the real world. Under certain conditions, interlinkages are likely to be addressed. SDGs, as a goals based mechanism for international cooperation is influential when it is deployed and mobilized in various processes and structures. Its influence is heightened when it is coupled with rules, negotiations, and agents that promote SDGs. However, devoid of rules to enforce implementation, it is more likely to be utilised indirectly rather than directly. To understand its influence, specific conditions would result in higher likelihood of interlinkages being addressed. While this paper provided propositions for each mechanism, it is not exhaustive and requires further investigation. The conditions are also likely to be contextual based on the prevailing domestic setting. For example, has the change of political regime resulted in a policy window? While this may be the case, it is difficult to attribute it to the decision-making process. Nonetheless, it is worthwhile to note that Malaysia, as a small and open economy, is defined by its relationship with external market forces. The case study demonstrated how the tactical use of SDGs by certain actors under this condition can influence decision making at the domestic sector. Finally, the additionality of the SDGs lies in its ubiquity, as it is mainstreamed as the global development agenda, as well as its legitimacy, being adopted through a wide and global consultation process. Its influence is therefore dependent on its utilisation of, and motivation by, various agents and the conditions of the domestic prevailing setting. In the absence of an underlying principle, or Grund norm as proposed by some (Young, Underdal, Kanie, & Kim, 2017), it will require a large process to build substantive consensus of which has not been achieved in this case study.

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