

# RSPO Smallholders Task Force

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**Kota Kinabalu, 24 November 2011**

# Outline of the presentation

- Overview where we are
- Outcomes of workshops and challenges in getting independent smallholders certified
- Ways forward on the challenges: what RSPO and its members should do
- New structure smallholders work in RSPO

# Where we are?

- Stand still of Task Force Work until May 2011
- RSPO Smallholder Taskforce Manager was recruited in July 2011
- Capacity building workshops on 14 & 15 November (Jakarta) and 17 & 18 November (Port Dickson, Kuala Lumpur) to define ways forward of the most critical issues
- Smallholder work needs to follow RSPO new structure: Taskforce will be converted into Working Group under Standard and Certification Standing Committee

# 1) Challenges in the organization of Independent Smallholders

- How to develop and implement a good Internal Control System (ICS)
- The RSPO Standard puts most of the burden on the Group Manager (GM) rather than on the individual smallholders
- Various possibilities (i.e. cooperatives, mills, NGOs, businesses, government) were discussed – noting that each model has its own challenges.
- Group Administration instead of Group Manager?

## 2) Challenges in defining conversion rate from FFB to CPO

- OER rate complicated issue.
- Through GreenPalm certificate smallholders can sell directly in the market
- Recommendation to RSPO board is to include fixed OER rate when certificate trading applies.
  - Indonesia workshop suggested 19.5%
  - Malaysia workshop suggested 20%

### 3) Challenges of simplified HCV/SEIA assessment

- Indonesia has developed its own simplified HCV assessment checklist which is currently being used.
- The GIZ project in Thailand has conducted simplified HCV assessments mainly through stakeholder consultation.
- Agreement simplified HCV assessment don't need to be done by independent assessor and that GM could conduct the assessment.

## 4) Challenges in costs for independent smallholders certification

- RSPO membership fees
- training costs
- certification fees
- implementing good management practices
- administrative costs for the GM, documentation, etc.

These costs are expected to be high, but no figures yet available.

## 5) Challenges in funding for independent smallholder certification

Who should take the responsibility of funding the smallholders certification costs?

- RSPO?
  - NGOs?
  - Government?
  - Companies?
  - Mills?
  - Banks?
- Some buyers have expressed interests in buying palm oil coming specifically from smallholders. Are they willing to pay investment costs for certification programme?

# Defining ways forward for the organisation of independent smallholders

## **RSPO should assist in providing capacity building (for Group Managers and members):**

- Development of toolkits, checklists, templates and manuals for potential group managers
- Formulate standard/ template for internal control systems that potential GM can then customize for their own groups
- Develop training manuals including training videos for SH on good management practices
- Conduct training programmes for potential Group Managers
- Formulate Code of Conduct for Group Managers

# Defining ways forward for conversion of FFB to CPO (OER)

- In order to start quickly RSPO should consider a fixed OER rate trading smallholder certificates.
  - The recommended value is 19.5% (from the participants in the Indonesia workshop)
  - 20% (participants from the Malaysian workshop).
- A conversion factor of 6% should be considered from conversion of FFB to PK.
- Complicated discussion: RSPO to develop process/platform to seek consensus on these conversion factors over the coming weeks

# Defining ways forward for simplified HCV Assessment for Smallholders

In order to expedite the simplified HCV assessment:

- RSPO to engage a consultant to look into all available documents and experiences (e.g. Thailand (GIZ), Indonesia's Checklist) and come up with a document for RSPO
- It is recommended that groups that have started (such as Thailand) and did their own type of HCV assessment should be allowed to continue while the formal HCV document is not yet available

# Defining ways forward in addressing the cost factors

- RSPO should consider:
  - Reducing or waiving membership fees for SH groups.
  - Subsidizing the cost of certification
- RSPO to conduct a study on the real cost involved for smallholders to go for certification.
- RSPO to study/formulate financial business plan for potential SH group schemes
- RSPO to study whether independent SH (with certification) can be self-sufficient without external support.

# Defining ways forward for funding

- Financial task force should look into different funding mechanisms
- IFC currently designing TOR on funding mechanism
- RSPO EB decision of Monday 21<sup>st</sup> November on the Establishment of Certification Support Fund for Smallholders

# Defining ways forward to marketing and promotion

- RSPO to ensure that market research will be carried to determine if and how demand is really out there for certified SH CPO
- RSPO to embark on promotion campaign to encourage buyers to take up certified SH CPO.
- GreenPalm to set up special category for certified SH CPO

# Defining ways forward: urgency to start

## **Pilot Projects to be set up**

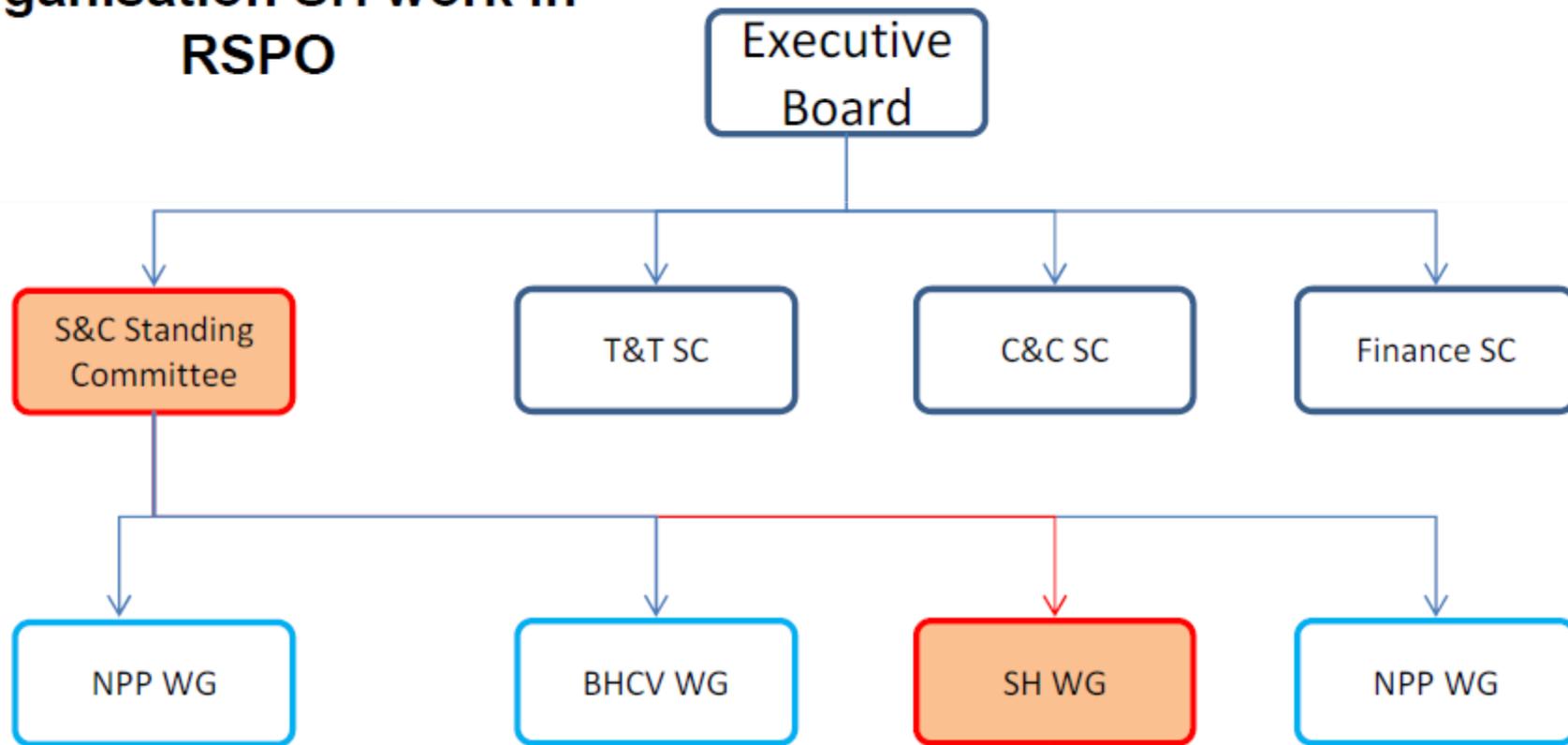
- Establishing pilot projects to test out various GM models (cooperative-led, NGO-led, mill-led)
- RSPO responsible for linking and learning from and between the projects
- As these are pilot projects and entering into relatively uncharted territory and the need to move quickly, these projects should be able to apply for co-funding by RSPO.
- Smallholder Taskforce/Working Group welcomes pilot projects: lets get started!

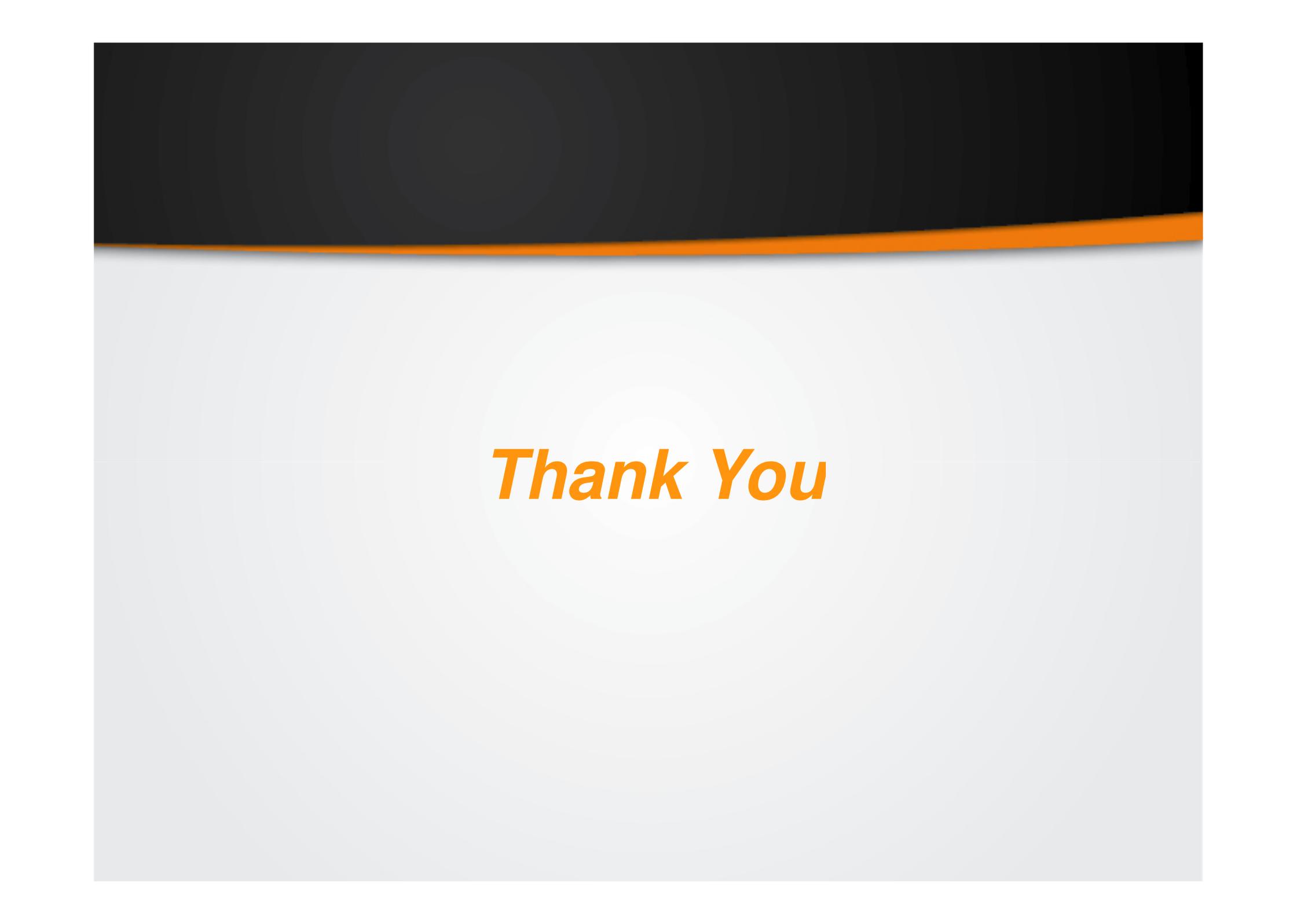
## Other matters to be resolved:

- Clause 4.2.4 which states “all associated smallholders” but needs to be clarified as there are disagreements whether it includes or excludes independent smallholders.
- How should the non-oil revenue from FFB (empty bunches, biogas, etc) be distributed to the SH?

# Proposed smallholders working group

## Organisation SH work in RSPO





***Thank You***