

RSPO

Roundtable on Sustainable Palm Oil

RSPO Smallholders Task Force

 **RT⁹**
Sabah
2011 Borneo

RSPO Certified
Transforming the market. Together.

Where we are?

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

First independent smallholders to be certified beginning of 2012

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Challenges

- 1) FFB certification (conversion rate and EOR)
- 2) Trading FFB of independent smallholders
- 3) Organizing independent smallholders and the role of Group Manager
- 4) Facilitating the trading of FFB as a group
- 5) Scope of simplified HCV assessment/ SIA/ EIA
- 6) Funding for independent smallholder certification

Opportunities

- Once certified, FFB produced can be sold to the certified market
- Possible \$\$ premium
- Market access of certified palm oil products
- Increase productivity through BMP
- Fair treatment by the market
- Important to demonstrate that SH is able to meet the standard and practice sustainable plantation
- Separate Smallholder production line

1) The organization of Independent Smallholders and the role of the Group Manager

- The RSPO Standard puts most of the burden on the Group Manager (GM) rather than on the individual smallholders
- who should or could or would want to become the GM—Superman needed
- Various possibilities (i.e. cooperatives, mills, NGOs, businesses, government) were discussed – noting that each model has its own challenges.
- Group administration in stead of group manager?

2. Ways forward defined on conversion from FFB to CPO

- OER rate complicated issue.
- Recommendation to RSPO board is to include fixed OER rate when certificate trading applies.
 - Indonesia workshop suggested 19.9 %
 - Malaysia workshop suggested 20 %
- Concern expressed whether RSPO should look into mechanisms concerning OER in order to provide fair treatment of smallholders.

3. 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 independent assessor and that GM could conduct the assessment.

4. Funding for smallholder certification

Possible cost components could include:.

- RSPO membership fees
- training
- 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.

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Funding for smallholder certification

There are several potential sources of funding:

- premium on certified oil,
- smallholder levy,
- government,
- escrow fund and
- outside support including matching grant,
- external funding such as from commercial loans of banks/ international donor,
- internal funding generated from members of RSPO
- micro finance, carbon credit, and direct grants from international donor/institutions

Costs of membership

RSPO membership fee be waived or reduced for independent SH groups.

Suggestions:

- A waiver for the first 5 years or
 - reduced according to a sliding scale (depending on size of group, no. of members, land, etc.). Discount for certification fees may also be necessary.

What Should RSPO do?

1. Capacity building for Group Managers

Given that the RSPO standard put most responsibilities on the GM, it is pertinent that RSPO helps build up the capacity of potential GMs. This includes:

- 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

What Should RSPO do?

2. Pilot Projects

Given that there are many unknowns and untested elements, it will be very useful to establish several pilot projects for independent SH certification. This includes:

- Establishing pilot projects to test out various GM models (cooperative-led, NGO-led, mill-led) to learn about the most effective model
- The learning objectives for each pilot project must be clarified in the beginning
- As these are pilot projects and entering into relatively uncharted territory and the need to move quickly, these projects should be funded by RSPO.

What Should RSPO do?

3. Conversion of FFB to CPO

To simplify matters,

- RSPO should consider using just a single FFB to CPO conversion factor. The recommended value is 19.5% (from the participants in the Indonesia workshop) and 20% (participants from the Malaysian workshop).

- A conversion factor of 6% should be considered from conversion of FFB to PK.

- RSPO to develop process/platform to seek consensus on these conversion factors soon

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What Should RSPO do?

4. 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
- RSPO to form a Task Force / expert group to review outcome. The document to be finalized by 1st quarter of 2012.
- 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

What Should RSPO do?

5. Funding for SH certification

Given that the high costs may be one of the key factors discouraging SH from going for certification, RSPO should consider:

- Reducing or waiving membership fees for SH groups. Options include waiving the fees for the first 5 years or offering discounts based on group size, number of members, etc
- 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 self-sufficient without external support.

What Should RSPO do?

6. Marketing / promotion

In order to encourage independent SH certification, there is need to better promote certified SH CPO. In this regard:

- RSPO to carry out market research to determine 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.
- The possibility of GreenPalm having a special category for certified SH CPO needs to be looked into.

What Should RSPO do?

OTHER MATTERS

Several other matters were also raised during the two workshops but not deliberated in detail. These include:

- A cooperative in Malaysia has over 5000 members and own 6000 ha of land – on the average 1 ha per farmer. However the land title is under the name of the cooperative.

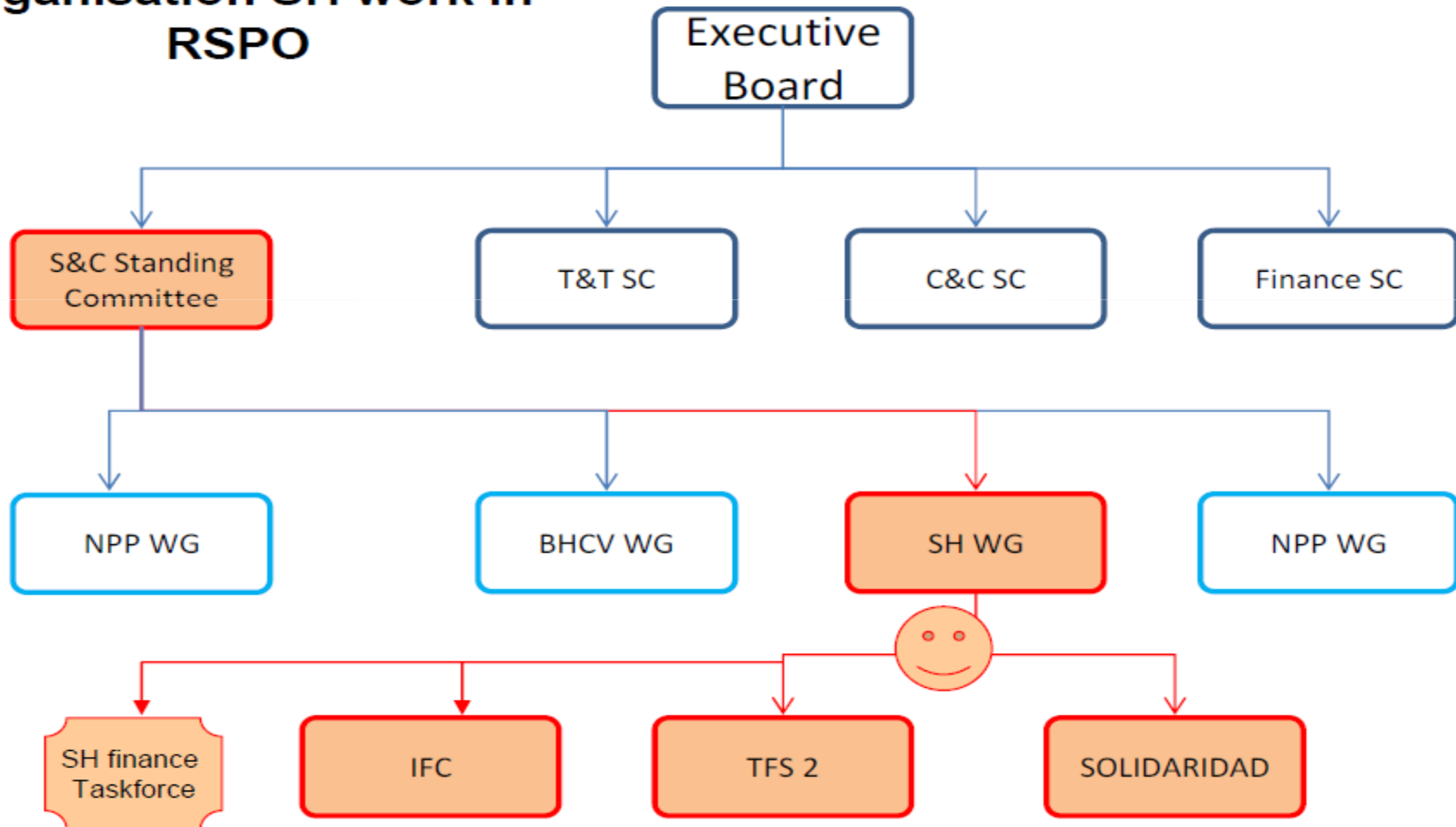
Does it qualify for group certification?

- Clause 4.2.4 which states “all associated smallholders” but needs to be clarified as there are disagreements whether it includes or excludes INDEPENDENTsmallholders.

- How should the non-oil revenue from FFB (empty bunches, biogass, etc) be distributed to the SH?

Proposed smallholders working group

Organisation SH work in RSPO



Launching certification programme for independent smallholders for early 2012

- Thailand
- Indonesia
 - PTPN III
 - SPKS
- Malaysia
 - MPOB
 - KERESA

Others?