

DRAFT Minutes of Meeting**4thSmallholders Working Group (SHWG) Meeting****Date:** 10th November 2013 (Sunday)**Time:** 9:00am – 5:00pm**Venue:** Benteng Room, SantikaDyandraHotel,Medan, Indonesia**List of attendees:**

No	Name	Initial	SHWG	Organisation	
1	Dr Petra Meekers	PM	Grower ROW	Member/ Co-Leader	New Britain PalmOil
2	Herman Tandinata	HT	Grower (INA)	Member	PT Musim Mas
3	K. Ilangovan	ILANG	Grower (MY)	Member	Felda Malaysia
4	Abdul Aziz ZainalAbidin	AZIZ	Grower (MY)	Member	Keresia Plantations & Mills
5	MariekeLeegwater	ML	Social NGO	Member/ Co-Leader	Solidaridad
6	DarmawanLiswanto	DAR	Env NGO	Member	FFI
7	DayangNorwana	DYG	Env NGO	Member	WWF-Malaysia
8	Dani Rahadian	DARNI	Env NGO	Member	Asosiasi Amanah, Indonesia
9	Perpetua George	PEP	Supply Chain	Member	Unilever
10	TriyantoFitriyardi	TRI	Supply Chain	Member	IFC - Jakarta
11	Ian Orrel	IAN	Smallholder (ROW)	Member	PNG Palm Oil Council
12	Tn.Hj. FaizAbdRahman	FAIZ	Smallholder (MY)	Member	NASH Malaysia
13	Bob Norman	BOB		Expert	GreenPalm
14	Dr Marcus Colchester	MC		Expert	FPP
15	JokoArif	JOKO		Observer	IDH - Indonesia
16	Veronique Bovee	VERON		Observer	SHARP
17	Diana Chalil	DIANA		Observer	Universitas Sumatera Utara
18	Dawn Robinson	DAWN		Observer	Proforest, Latin America
19	PavithraRamani	Pav		Observer	Proforest
20	Mohd.Ngisa	NGISA		Observer	Small holder Malaysia
21	LehanSaien	RAI		Observer	Small holder Malaysia
22	Tn.Hj.Zulkifli	ZUL		Observer	NASH Malaysia
23	Kanisius T	Kan		Observer	SPKS
24	Darius	Dar		Observer	SPKS
25	Tn.Hj.SalahuddinYacob	SY	Secretariat		RSPO Secretariat
26	Julia Majail	JMA	Secretariat		RSPO Secretariat
27	DrInke	Inke	Secretariat		RSPO Secretariat
28	DrAsrilDarussamin	ASRIL	Secretariat		RSPO –RILO Office
29	DesiKusumadewi	DESI	Secretariat		RSPO –RILO Office
30	Imam A. El Marzuki	IMM	Secretariat		RSPO – RILO Office
31	Dr.Simon Lord	SL	Consultant		New Britain PalmOil
32	Dr.Balamurugan	BALA	Consultant		ERE Consultant

No Discussion**1 Welcome and Introduction**

PM opened the meeting with brief reminder on the role of members and observers in the Working Group for this meeting. She then introduced background of the meeting

followed by going through the programme agenda for today. She introduced Dr. Bala and Dr. Simon Lord as the facilitator to the specific discussion on the review of Smallholder document.

2 Confirmation on Previous Minute of Meeting

ML went through the previous minute of meeting.

Dayang Norwana proposed the previous minute to be approved and seconded by Herman Tandinata.

3 Smallholder Program Update from RSPO Secretariat (by Julia Majail)

Refer Annex 1: ppt file on RSPO Secretariat Update, by Julia Majail

Highlights:

- Smallholder Working Group key priorities; Review of Smallholders' key document, FFB trade in E-Trace, Linking & Learning page in RSPO website and Simplified High Conservation Value for Smallholder.
- Smallholders program in RSPO Secretariat's Roadmap shared
- Statistic information on number of Independent Smallholder certified and Schemed Smallholder certified globally

3.1 Discussion

ML: Does the Linking & Learning page which have been shared in the RSPO website helps? Any suggestion to improve the information given?

Dawn: It helps in providing information on smallholder projects in certain countries.

Bob: Is there any analytic tool used on users/ visitors to the page? That information can help to construct communication programme.

ML: That can be done.

SL: We can use web-traffic for that. There is also tools to see geographic distribution on visitors to the page, and also checking how they get into the page ie; via links, direct url, etc.

Dawn: Who is the target group of the page?

JMA: The idea of L&L page in the website is to provide platform for Smallholders exchange. Target audience is whoever interested to go for smallholder certification or want to know more experience on that matter. The page provides opportunity to learn from those who have done certification.

PM: How does the number of certified smallholders being extracted?

Imam: We extracted it via Salesforce. The data is available in the RSPO website (http://www.rspo.org/en/certified_grower).

Action Point: RSPO Secretariat to check visitors to Linking and Learning site and report to the next meeting. *Action by: RSPO Secretariat*

4 Smallholder Program Update from RILO Office (by Dr Asril Darusamin)

Refer Annex 2: (ppt title)

Highlights:

- Number of FASDA (District Facilitators/ Fasilitator Daerah) – 10 out of 40 staff are active

- Outreach programme initiated, as well as training for trainers
- Pertinent need on mapping distribution of Individual Smallholder within their area – collaborate with university students to help in data collection

4.1 **Discussion**

ML: This looks like a very ambitious and structured approach to be done. What is the budget and timeframe for this?

Asril: There is quite an amount of budget required. We would know once we do the detailed programme.

Dani: We have design a draft on how to map out our smallholders that has capacity to implement RSPO certification. Through that design, can relate to provinces. Need to do rapid observation before deciding on timeline.

PM: FASDA staff as potential trainers for training the group. Are they already being selected?

Asril: I have 15 names of FASDA selected for training. But we may add other from NGOs, and farmers.

PM: I think it is also a topic we need to discuss further today. We first have to revise the new system with criteria for Smallholder which is the document review. I am aware of the direction now and we do aware of the need to improve the capacity in countries with regard to extension this kind of program into other countries (not just Indonesia). We can start in 2014 at least on communicating this in structure to reach more smallholders on the ground.

Asril: Guidance documents that we have now are for trainer, not SH themselves. The Group Manager can do the task – transferring the knowledge to SH.

Action Point: Pak Asril to keep this group posted on the progress of his outreach plan and getting the budget secured. Update for next meeting in April.

Action by: RILO Office.

5 Smallholders Document Review

5.1 **Background to the Process (by Dr. Bala)**

Refer Annex 3: ppt on Smallholder Document Review, by Dr Bala

Highlights:

- Background of the document review work
- Outgrowers are to be included in this process
- Sub-committee were formed to look into simplifying the document
- This meeting is to see the zero draft first – to agree on the concept and scope proposed
- 1st draft by Dec 2013. Review of comments in Jan 2014. Final document will be by end of Feb 2014.

5.2 **Introduction - Define the Problem: taking a step back (by Dr. Simon Lord)**

Refer Annex 4: ppt on Changes is Needed, by Dr Simon Lord

Note: For the purpose of ensuring understanding for non-English speaker, the explanation of the background of this document, was re-presented in Malay by Dr.Bala.

Highlights:

- SL reminded members that the document will be quite radical. There's need to create guidance and checklist for Group Manager and Auditor with the document.
- Justify the need to simplify the existing documents on Smallholder certification
- The appropriate way is to improve smallholders' income, guided by certification standards which then can bring to Responsible Smallholder.
- Problems with the current 10 documents – inconsistencies from one document to another, repetition were not similar between documents, fault lines occurred, does not include outgrowers and there are at least 16 variation (of group categories) within all documents – meaning we are not only looking at Independent SH alone, but also other combination. There could be more than 16 variation of scenario.
- Pre-warned on the challenges to be faced in reviewing the documents.

5.3 Discussion (on Background/ Concept and Approach)

- Dani: I agree that the outgrower should be included. There are two type of independent outgrower; medium and small grower. Capacity between both types is different (for Indonesia case). Medium growers are allowed to have 20ha of land while not for Independent Smallholders. Isn't there will be issue if we leave the Independent Smallholders?
- SL: We are not changing the focus of this group. We want only one document that applies to all, be it Independent Smallholders, Outgrower, Independent Growers, Associated or Schemed Smallholders. The standards still remain the same.
- HT: Referring back to the slide on categories, I have two points: First, there's a gap for those 50 to 500ha. They are not covered here. Secondly, there are mill without estate. This is not included. My point here is the categories is more than 16.
- SL: We have to manage on the transition size (of land area). There are different systems all around the world, in terms of defining grower group with land sizes. We do not want to give standard restricted to certain size of land only. Yes, there could be more than 16 variations.
- Dawn: I assume you have covered definition on what is 'schemed' and 'independent' mean. For the case of Latin America, there is no clarity on what does schemed look like.
- SL: No, I did not actually. One thing that worries me is that many companies who have been certified – does not bring along their associates to be certified as well (within the given period of 3 years). That is actually in breached.
- PM: It is important that all members agree to the approach of document designed, so that review work can proceed. Otherwise, re-designed have to be done again in order to simplify all documents in one reference.
- Pep: It is a good approach. Just wonder on what are the roles/responsibility of manufacturers or other group in this document.
- Ilang: Am looking forward to see process done.
- DAR: Is it about the current documents being too complicated/not easy to understand OR is it difficulty for Smallholder to meet the standard?
- PM: We have decided earlier in our previous meetings, that we will not compromise the standard in order to simplify these documents. This document is a tool to

- enable us to do better way in certification. However, if this tool completed and we think that there are still issues on P&C level, we will refer that to the Executive Board formally.
- ML: We did ask Executive Board if we can lower the standards for Smallholder, but we were told that there should be no change in the standard.
- SL: When you look at the information in the P&C, there are core components eg; cutoff date 2005. These you can't change. I think the key word that we need to keep in mind in this new document is appropriateness. We can make it simpler for Smallholder to comply with P&C because we can word it appropriately for their situation. What they can control and what they can influence. I think the way of the documentation is the caused for this bottleneck. Of course, not just that. This new document will ease a bit on that matter, in interpreting the standards for the Smallholder. So to answer your question, yes, we can make it fit for Smallholder to comply with the standard that is why I am taking these tasks to simplify the existing documents for them.
- Asril: Do we identify which steps that really slow the process of certification. Do we have the information? We can ask Amanah Group on their main problem since they have experience in going through the process. We can focus on that and then shorten our work.
- Aziz: Smallholders always think on how to improve their yield. We work on that, and then we bring certification for them. But as we go along, now they are asking for premium, even though we have given what is possible ie; good rate, extra input for those who do better, etc. One of our way to maintain them including rental scheme on their farm to ensure they don't go away.
- Dani: We need to get all growers. I expect this document will differentiate classes of growers. Each class will have their own strength and weaknesses with regards to compliance the P&C standard.
- TRI: Have we incorporated responses from Smallholder themselves?
- SL: In this WG, we do not do enough background research as to what underline causes to show low certification intake. But even if we do that, the current documents that we have at the moment are unfit for that purpose. The real key function of this Working Group is, once we understand why we have this document, we should then look this for the Smallholder. We should develop the strategy towards improving income of Smallholder.
- Ilang: We managed to get 50,000 smallholders certified. Problem now, some of them, their yield has dropped, even though they maintain doing the same practice according to standard.
- ZUL: In Malaysia, we have Felde and MPOB working with Smallholder. But I think there is no specific body to become champion. Eg; document in English who can translate to Bahasa Malaysia? We in NASH have no budget to do this kind of work. Unfortunately, I have no comments on experience in SH certification because we have not started.
- SL: One thing to get Smallholder certified is to maintain the certification. When we did the pre-analysis in 2012, we found that average of Smallholder who undertook a standard program (eg. Certification standard), their FFB yield has increased to 1.9 tonne/ha. This is good. We need to look at innovation for maintaining the certification, because it meant to be sustainable – why should change the standard if we don't look at what is the problem first. I think there is inefficient SH voice being heard in RSPO in the past, and thus they have been neglected for too long.

- Ilang: In our experience, we don't really see that kind of yield improvement. It is not that we don't do things in the standards. We do. All the while we follow the same GAP.
- HT: In the July meeting, we have agreed to have only one document. It is a good platform already. We admit that we have not look at the zero draft yet – and we may not be able to finish today, but what important is that we give our feedback.
- SY: I thought that we are all convinced on the benefits getting certification.
- Bob: The independent group in Thailand – I did a quick small tour there recently. I was keen to see how the group continues on the certification. I realize maintaining that was challenging. Based on our exchange of information, they experienced increase in yield, decrease in fertilizer costs and input costs. So as a group, they have benefitted. The premium that they received, they didn't distribute it to members of the group, but use that for their surveillance costs, which I thought is good way to continue on the certification. It is a very clever way to utilize the premium from the traded FFB.
- Bala: Let's get on track now. There are issue and problem with regards to Smallholder certification. But we need to focus on this document first, now.
- Hj.Faiz: The key thing is improving individual income – not group.
- Diana: Smallholder needs to have additional guidance tool in order to understand the standard. Also on how to access documents.

4.4 Presentation on Principle 1 of the Proposed RSPO P&C Group Certification Standard (by Dr. Simon Lord)

Refer Annex 5a and 5b: Document on Proposed Draft of RSPO P&C Group Certification Standard

4.4.1 Highlighted points:

- Preamble stated in the document is very important to read in order to understand how and why this document comes about. It is wholly based and counter-checked on the P&C 2013 standard.
- Principle 1 is all about Group Entity and its management. The word 'shall' implicate that the said activity/requirement **MUST** be done, based on the P&C. Auditors always look at objective evidence not subjective – we should always remember that.
- Principle 2 is about Internal Control System (ICS).
- SL then briefed through each criterion in Principle 1 of the new document:
 - 1.1.2 Group Manager can be any unit, a person, a group, a sub-committee or a company. No limit, as long it is legal and has participation of its member.
 - 1.1.3 this legalized the whole process of creating the Group Entity
 - 1.1.4 listed what are all the resources needed for a Group Manager (GM) as recognized earlier
 - 1.1.5 Importance on appropriate policies documented, displayed and owned by the GM and its member – in local language.
 - 1.1.6 and 1.1.7 is to ensure efficient and effective communication approach between Group Manager and its member.
 - 1.1.8 Business plan only need to be simple for the group entity. Basically saying what's the target and how to get it, plus considering other essential matters, including improving Fresh Fruit Bunch yields.

- In general, Principle 1, 3, 4 and 8 of the RSPO P&C is covered in this Principle 1.

4.4.2 Discussion on the proposed Principle 1 of the Revised Draft

- Ilang: Although combined (from all 10 existing documents), there must be changes done accordingly. Can you highlight which are they? It may be easier to narrow down which modification done.
- SL: New elements are inserted, such as what is expected from the Group and the Group Manager. Explanation on the unit of certification is expressed specially on why the burden on ensuring certification goes to Group Manager. We have put very simply on the requirement needed. It is not fundamental change until we are going for individual requirements. I would say that this document puts in all the policy you need in the certification process – in a logical flow.
- Asril: For Group Certification, auditor's reference will be the RSPO standard?
- SL: The texts in red are for the reader's benefit to know which P&C the text is referred to. It should not appear in the final document.
- ML: When I familiarized myself with Smallholder documents, I realized I was confused with the amount of documents available last time. This new document represents all. This document combines the certification system and the P&C standard – all in one.
- Dawn: Most of the content is not new. It is more important to see or add what are new eg; combining rules for certifying with P&C. That's where we need to go.
- ML: The scope of the document needs to be clarified; Who does it apply to? The title of this document does not represent the scope of this document need to be clarified. Is this applied for Individual Smallholder, Schemed Smallholder or Outgrowers? Are we addressing this difference in this document?
- SL: I thought there must be only one document. This is that one document. The title of this document maybe not appropriate yet enough. It can be changed.
- SY: The element of FFB yield is actually already covered in Principle 4. It is not new for this document. Secondly, under Section 4 on demonstrations on compliance of individual member, all this are about checking the Group Manager but not the individual member (ICS).
- SL: That is covered in Principle 2 of this document. Principle 1 is all about the group entity.
- Asril: If we go through the Group Certification standard, it uses unit Manager and member. For Group Manager, this can be standard, when they check member, they refer back to P&C.
- SL: Currently, the process is looking at whether the Group Manager as the Internal Control System – is checking the system, but still the P&C is absorbed in this document. My point is, standards will be the same.
- Asril: Then that will mean we need to change the Group Certification system because of the two differences (ie. Group Manager and member).
- SL: This will replace the old system. But you do state an important point – how are we going to manage the transition.
- Dawn: The Group Manager needs some things to say to member on what they need to do. Have to have all a two separate reference i.e. for GM (what is he/she checking on) or group member (what are they check against to).
- SL: In the previous documents, that was being done. What are the individual requirements in terms of P&C. This is points that we need to look into.

- ML: In 2.1.3 point 3: do we really want to leave this for the Group Manager to do?
- SL: The Group Manager will need to check what the standards for individual smallholders are. The checklist is not available here yet, it should be prepared first.
- Dani: If the Group Manager is a mill, or a company, the group can be certified. If the Group Manager is a farmer or the group themselves, this is going to be different.
- SL: I get that this document need more to be clear. The check-list for Group Manager (which is not here yet) will compliment this document (as they are based on P&C 2013).
- ML: Thank you everybody. Your feedback is very important in order to improve this document.

4.4.3 Cont'd presentation on Principle 2 of the RSPO P&C Group Certification Standard (by Dr. Simon)

Highlights:

- 2.1.1 relate to 2.1.3 and 2.1.8
- 2.1.2 is about having an audit list
- 2.1.3 implicit the requirement for Group Manager for the members i.e. listing what are the expectance for each individual to have. It is taking into account on some area to focus with category – normal, abnormal and emergency.
- 2.1.5 because this is beyond control for the individual member, fragile soil are not within control
- 2.1.6 need to determine for Smallholder what is needed for an Environmental Impact Assessment to be done
- 2.1.7 Issues on EMP – because no boundaries for Individual Smallholder, so this will be by Group Manager.
- 2.1.8 all these areas need to be given in trainings to each Group Manager – a training programme syllabus.
- 2.1.9 not meant to be too prescriptive for Smallholder, but to ensure that they understand the core element of Internal Control System.
- 2.1.10 appropriate form of communication tools to ensure member supplied with the documents
- 2.1.11 ensure policy & procedure are communicated
- 2.1.12 formal training program should be available but the training need not to be formally done; it can be verbal and informal.
- 2.1.14 applicable to the scale of operation for members
- 2.1.15 waste management plan – important, but not necessarily for hazardous. This is more particularly for chemical-use containers.
- 2.1.19 as an entity, documentation or log book is important to have.
- 2.2.1, 2.2.2 and 2.2.3 whereby this criterion is wrt to income improvement. Only GM can monitor this as a group.
- 2.2.5 this has to happen, otherwise no FFB in the RSPO certification system.
- 2.3 and 2.3.1 are listing reference documents to ensure responsible new planting. Issue on carbon stock is complicated, but this can be simplify.

4.4.4 Discussion on Document Review Draft

- PEP: From Unilever or manufacturer point of view, it makes it easier for us to see the overall perspective. In terms of documentation, I think there issue could be on how to ensure content consistencies with many Group Managers later i.e. in doing group certification.
- Dani: No indicator stated in this document, if this to be applied in NI. For new planting, mostly candidate farmer who open land for palm oil, not able to join Group yet. How can the non-member who will open up new planting since end cut off date is 2005. How is the destiny for new farmer who open up land after 2005?
- DYG: Role of Group Manager is good. I concur Pep's concern on consistency for Group Manager. I hope to see more guidance inside. In case for mill, what if Group Manager is farmer themselves – hopefully the guidance will guide them.
- Aziz: I look forward to see the final document.
- DAR: Indicator applied for whole area as a group or individual member. Can we verify up to member?
- Ian: It is a framework concept. Am optimistic about this. Just a caution; we start this with simple documents, then complex and now to simple again. We don't want to make things lesser.
- HT: It became clearer to me. This is a one-stop document. Let's set timeline. But like the concern on those lesser than 2 hectare oil palm, there should be narrower indicator for them.
- SL: Consistency wise that is why the Group Manager role is particularly spell out here. Bearing in mind, this will be defined in a form of checklist for them. For NI indicator, I have emitted indicator that are not relevant. I will make sure where the National Interpretation indicator should be. On the cut-off point, that is the Executive Board decision, but it is our job to lobby on that. On non-member issue, RSPO cannot control them. It is difficult to control those outside from the group. I agree that more guidance should be in to streamline into a one-stop document. To do pilot phase, our problem is time. Of course we need time to test this out. Let's build a review date after we start this. We choose the wording which suitable to use – for National Interpretation reference. I would prefer a group view rather than individual. The idea today is not about going through the document but to get your consent on the concept of this document.
- Bala: We expect the first draft by end of the year 31 Dec 2013. All members should have a copy of this document.
- Dawn: It is good that we can have this one document. This will be challenging. If the Group Manager is a mill, this can be done. But if Group Manager is farmer, it will be difficult. Maybe having a counter-check system among Group Manager and member to support each other can help.
- PM: Valuable comments given. We have a lot of work to do. End of Dec will have first draft. This is the first shape towards the model given.
- Dani: I don't see major minor indicators findings here.
- SL: That will be the last thing to be included i.e. stating which indicator is a major or minor. Actually, it's the job of the sub-committee with the consultant.
- PAV: With regard to NI, to what extent that this document has in setting indicators? Extent of flexibility.
- PM: It is limited to none. We are stuck with criteria as it is. Am not saying it is not further discussed. We can recommend to EB – factor that blocks us. It is possible, but it has to come with issue and solution to let them understand.

4.4.5 PM then asked the SHWG members to decide by show of hand whether to approve the concept of the new document and proceed to complete it.

Decision:

11 votes for YES, and one vote for NO

(Note: Observers and Staff of Secretariat were not counted in for the voting process)

Action Point: Dr Simon will come up with the next draft by end of December 2013, taking into account all the inputs/comments from the discussion today.

Next consultation process with SHWG members will be in January/February 2014.

Action by: Dr Simon, Dr Bala.

5. Updates Presentation

5.1 RSPO Smallholders Support Fund (RSSF) (by Julia Majail)

Refer Annex 6: ppt on RSSF, by J Majail

5.1.1 Discussion:

Ilang: Is this fund for Independent Smallholder and not for Schemed Smallholders?

JMA: It is opened for Schemed Smallholders as well.

PM: How many people have applied for this?

JMA: We have 5 applications in total, up to July.

Diana: Does any requirement needed after receiving the fund – to secure sustainability?

JMA: The element of sustainability is important for fund approval i.e. how sustainable is the project after the fund (RSSF) ended. There are many elements the Panel is looking at to assess how sustainable the project is. For example, engagement with working partners including mills, co-funder, smallholders organization etc.

BOB: 5 applications, with one approved. Are we happy with only 5 applications? Funds are huge. How to improve the number of application? Can we then make it easier for them?

JMA: I think Smallholders do know about availability of this fund, but capacity to apply/submit proposal is seemingly still the main hurdles to smallholders. Hence, we encourage organizations who work closely with smallholders to apply for this fund.

PM: Objective of funding is certification. It could be that certification is not their interest. We need to look at what is needed versus our current objective. We (this Working Group) need to strategically look into this – is this really going to solve the problem. Yes, we can see low interest, but remember this is about certification. Application submitted is usually out of certification context. We are aware on this, and definitely we need to tackle this in 2014.

SY: We focus on a low hanging fruit (smallholders ready to be certified) but they are not many yet available. Our KPI in RSPO is to produce more CSPO. Anyone can submit application but must aim for that. I must stressed here that you may see that big figure spent for certification, but I hope you don't get the impression that is the figure for you to get certified. If Smallholders are well organized, they can be certified easily.

DAWN: It would help to know in terms of size and awareness on the availability of these funds especially in Latin America. Also what language to submit.

- JMA: English is the language used. Bahasa Indonesia is also applicable. For other language, translation is needed.
- DAWN: Maybe for translation cost, it would be good if it is included in the fund.
- JMA: We will take note on that.
- ASRIL: Average education is low for farmers. They may not meet the standard to write application. Language maybe a problem.
- BOB: What is the target number of application?
- JMA: No target set. It's based on the amount of fund available.
- ML: It is the role of members on this SHWG to socialize about this – not just rely on the outreach programme. But if you follow from beginning, this is already a progress.
- DAR: Outreach is good. But also use invitation to target Smallholder group to apply.
- SY: Perhaps we need to organize more roadshow, covering certain area. Also, documents to be translated in different language.

5.2 Investing in Palm Oil Smallholders: Increasing yield, traceability & sustainability on the supply chain by IDH (by Joko Arif)

Refer Annex 7: ppt on Investing in Palm Oil Smallholders, by Joko Arif (IDH)

5.2.1 Discussion

- PM: As SHWG, how far are you organizing your supply chain? What is the first approach? Will it be in micro-credit or commercial loan?
- JOKO: We are moving to North Sumatera. Prototype in the mill will be ready by next year. 2000-5000 smallholders to be engaged. The first approach is rehabilitation, but we create baseline information on the ground first. We have identified at least 2000-3000 hectare that immediately need to be replanted – this will be based on micro-credit scheme for replacement, and planting and loan for rehabilitation.
- DYG: Does this initiative involve other countries.
- JOKO: Indonesia is the first. We are also looking at Malaysia. We contact KLK, Sime Darby and WildAsia on this.
- Diana: You said it is a multi-stakeholders engagement. You will sign contract with them?
- JOKO: Yes, we are going to create contracts to engage smallholders in this project.

5.3 Smallholder Acceleration REDD+ Program by SHARP (by Veronique Bovee)

Refer Annex 8: ppt on Smallholder Acceleration REDD+ Program, by Veronique Bovee (SHARP)

5.3.1 Discussion

- DANI: What were the companies respond when you ask them to help? Is there a way for incentive for new planting for Individual SH – since they were asked to identify High Conservation Value? This is externalities that should be paid. Are there any ways to deal with that process?
- VERON: We start in May, so we don't have anything tangible yet. We are still studying on this. We do have idea on incentives, but have not done any yet. We do convening the issue, find key issues, provide solution and ask company to try it out. We have the document as tools for solution based on Latin America, which may not suitable for Asia.
- PM: Do you have link with companies already?

- VERON: Yes, we do. They ask us to find way to help.
- PEP: Talking about quality control for smallholder on palm oil, Unilever require traceability now in CSPO. Other aspects are human right and protection of biodiversity. These three elements are important to include in ensuring credibility on the production.
- JMA: On the invitation by SHARP to collaborate with RSPO, definitely there is room for more discussion on this.

5.4 IFC Indonesia Palm Oil Program by IFC (by Triyanto Fitriyardi)

Refer Annex 9: ppt on IFC Indonesia Palm Oil Program, by Triyanto Fitriyardi (IFC)

5.4.1 Discussion

- DANI: I think what is missing on data collection, is the organization of the farmer. In Indonesia, there are two types of organization, the economic entity which is the cooperative and the farmers association. It is necessary to strengthen the capacity of entity – on access to market, credit and agronomic knowledge. To bring them to certification, the Group Manager is also another entity to be strengthened. So, I think these three elements are important to be empowered on the capacity of independent smallholder.
- TRI: Thank you for highlighting that. We identified 6 cooperatives and 9 farmer groups which consist of 5000 farmers. There will be group manager who will manage the farmer group or cooperative. It something similar like plasma structure.
- ML: How is the financing for smallholder?
- TRI: This is a 5-year project. We have hired consultants to support the programme. Monitoring and communication support is also sourced. We will partner with local bank and mill.
- PM: Is this about micro-finance or commercial loan?
- TRI: I will let the team decide on that.
- MC: It is an interesting structure. What happening is Independent Smallholder are becoming as Schemed Smallholder. I wonder if you have thought about the next step with the new incoming National Interpretation – you may revisit on Independent Smallholder or Schemed smallholder – what you seem to have is like an intermediate category emerging.
- TRI: Good point. As Independent Smallholders, they can sell their fruit anywhere, but they will not get CSPO price. If they have loan in the bank, they still need to find ways to pay the loan – selling their fruits. If they take the loan, they should be responsible to pay their loan. So we provide them the option to decide.

5.5 Simplified Guidance on HCV for Smallholders

PM explained that the Conservation International (CI) have prepared this document and presented to the Working Group during the meeting in Jakarta. The document then goes to the BHCV WG as well, for review on HCV toolkit assessment and to provide input on the technicality part of it. It was send back to CI and several questions came back on the document. The situation is that, Adam had reviewed it again and has sent an updated version. Overall it is a good work. It creates a simplified way of doing HCV assessment without compromising the standard. It gives a tool to identify HCV 1-6 within landscape setting, with very practical approach in terms of questionnaire for a Schemed Manager to work through.

The situation at the moment is, we discuss about this document technically, but we have

not finished our document review. So, we first need to take it back again, and verify with the standard that we are developing. This is to make sure that the linking is correctly done. So where there is a reference to the toolkit, there should be no technical errors in there. We agree that we can circulate it as draft but not as finalized approval document yet.

5.5.1 Discussion

DAWN: Has it been in HCV Resource Network?

ML: No, but Adam Keats is in the HCV network.

DANI: In the smallholder context, the Group Manager has the responsibility to look into this especially in the New Planting Procedure. We are aware that this has not been addressed yet as the document is difficult to get (no access and knowledge how to do it).

ML: That is exactly one of the aspects that need to be looked into in this document. Until the document is finalized – Group Manager can use the simplified checklist.

PM: The above issue relates to cut-off date and current standard – we have to address that first, which is why the draft still needs to be reviewed.

ML: We agree here that this document will be circulated, and all members should give feedback and comment like what Dani raised.

ASRIL: Issue of non-member in the group to be certified are not tackled here.

ML: We discussed that in July. We put this in KIV. Would you be interested to provide problem statement and proposal for solution so that this issue will be included (as comment to the document) and be followed up.

ASRIL: Okay.

DAWN: In Latin America, this issue is huge as to RSPO requirement. We need to ensure that the Smallholder element included in the Compensation TaskForce. SHWG should be in the TaskForce.

Action Point: To prepare problem statement regarding the issue. Dawn Robinson agrees to provide relevant scenario as in Latin America. SHARP will also provide their inputs.

Action by: RSPO Secretariat/Dawn Robinson/Veronique Bovee

6. Closing, Adjournment of Meeting

No AOB matters raised by members. Next SHWG meeting proposed in April 2014. The next meeting will look into the new document prepared by Dr Simon Lord.

Meeting was adjourned at 5.30pm.

Annexes:

- Annex 1: Smallholders Program Update from RSPO Secretariat (Julia Majail)
- Annex 2: Smallholder Program Update from RILO-Office (DrAsrilDarusamin)
- Annex 3: ppt on Background on Document Review (Dr.Bala)
- Annex 4: ppt on Document Review Background and Concept (Dr.Simon Lord)
- Annex 5: Proposed Draft Version 0 (RSPO P&C Group Certification Standard)
- Annex 6: RSSF ppt (Julia Majail)
- Annex 7: Investing in Palm Oil Smallholders: Increasing yield, traceability & sustainability on the supply chain by IDH (JokoArif)
- Annex 8: Smallholder Acceleration REDD+ Programme by SHARP (Veronique Bovee)
- Annex 9: IFC Indonesia Palm Oil Programme by IFC (Triyanto Fitriyardi)