

## MINUTES OF MEETING Smallholder Standing Committee (SHSC)

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**Time** : 1700 - 1900 (MYT)

**Date** : Thursday, 23<sup>rd</sup> July 2020

**Venue** : Conference Call

**Attendees:**

Name	Initial	Organisation	Representation Category
1. Marieke Leegwater	ML	Solidaridad	Substantive- SNGO; Chair
2. Hiew Koh Thien	HKT	NY Hiew Holdings Sdn Bhd	Substantive-Smallholder (MY)
3. Maricarmen Lopez Piemental	MP	Oleopalma	Substantive -Smallholder (LatAm)
4. Ian Orrell	IO	Sime Darby (PNG)	Substantive -Smallholder (PNG)
5. Ivan Novrizaldie	IVN	Asian Agri (Indonesia)	Substantive - Grower (INA)
6. Kalindi Lorenzo	KL	Planting Naturals	Substantive - Grower (RoW)
7. Rob Nicholls	RN	Musim Mas	Substantive – Processors & Traders
8. Eleanor Spencer	ES	ZSL	Substantive – ENGO
9. Philippa Walker	PW	WWF	Substantive – ENGO
10. Lee Kuan Chun	KC	Procter & Gamble	Substantive – CGM
11. Johan Verburg	JV	Rabobank	Substantive- Banks & Investors
12. Charles Mate-Kole	CMK	Norpalm Ghana Ltd	Alternate - Oil Palm Grower (RoW)
13. Charles Sackey	CS	TOPP	Alternate – Smallholder (Africa)
14. Rukaiyah Rafiq	RR	Setara Jambi	Alternate - Smallholder (INA)
15. Romain Deveza	RD	WWF	Alternate – ENGO
16. Yunita Widiastuti	YW	Cargill	Alternate – Processor and Trader
17. Mareike Felix	MF	HOFER KG dba ALDI South Group	Alternate - Retailer
18. Ashwin Selvaraj	AS	RSPO Secretariat	
19. Kertijah Abdul Kadir	KAK	RSPO Secretariat	
20. Guntur Cahyo Prabowo	GP	RSPO Secretariat	
21. Krishnabalan Jeyabalan	KJ	RSPO Secretariat	
22. Aaina Karina M Senawi	AKMS	RSPO Secretariat	
23. Nizar Wicaksono	NW	RSPO Secretariat	
24. Bakhtiar Talhah	BT	RSPO Secretariat	

**Absent with apologies:**

Name	Initial	Organisation	Representation Category
1. Ahmadou Cisse	AHC	Solidaridad West Africa	Substantive - Smallholder (Africa)
2. Narno	NAR	FORTASBI (Indonesia)	Substantive - Smallholder (INA)
3. Ingrid Richardson	ING	Unilever	Alternate – CGM
4. David Wigand	DW	HOFER KG dba ALDI SOUTH Group	Substantive – Retailer

**Agenda:**

5:00 – 5:05 pm	1. Introduction <ul style="list-style-type: none"> <li>• RSPO Antitrust laws</li> <li>• RSPO Consensus based decision making</li> <li>• Declaration of Conflict of Interest</li> </ul>
5:05 – 5:15 pm	2. Adoption of minutes(Annex 1) and update on Action points
5:15 – 5:30 pm	3. Governance <ul style="list-style-type: none"> <li>• Updated Terms of Reference for the SHSC(Annex 2)</li> </ul>
5:30 – 6:30 pm	4. Aligning RSSF with SH Strategy <ul style="list-style-type: none"> <li>• Presentation on proposed new fund focus(Annex 3)</li> </ul>
6:30 – 6:50 pm	5. Discussion on minimum pricing and differentiation of claims for IS-Credits
6:50 – 7:00 pm	6. AOB & Next Meeting

**Updates on Action Points from last meeting:**

No.	Action Point	Status
1	KAK/Secretariat to actively reach out to supply chain actors and donors.	Ongoing
2	Secretariat to outreach to government agencies(focus on Africa) to get exemption on income of smallholders from premiums	Not Started. To be discussed with the regional team in Africa
3	Develop a ToR for the independent review and share it with the SHSC	Not started
4	Assess the cost of certification against the new RSPO ISH Standard	Not Started
5	Make a proposal to Market Development Standing committee (MDSC) on differentiation in claims for IS-Credits	Not Started

6	Draft proposal of the new RSSF mechanism for next meeting	In progress. To be discussed in a separate meeting with SHSC in July
7	AS to share the revised ToR for the SHSC with the members	In Progress. To be discussed and finalised on 23 July 2020
8	SHSC co-chair with the support of the Secretariat will reach out to the other co-chairs and seek approval to implement this proposal	In Progress
9	Secretariat will finalise the ToR for IS-NDTF and send out the call for nominations	Completed. ToR finalized and published on the website
10	Secretariat will finalise the IS-LURI mechanism and socialise it with the members	In Progress
11	Secretariat to initiate the setup of the joint task force to develop the monitoring framework	Not Started

**Discussion:**

No.	Description	Action Points (PIC)	Progress / Remarks
<b>1.0 Welcome and Introduction</b>			
	<p>ML welcomes members of the SHSC to the meeting. AS reminds the members of the following,</p> <ul style="list-style-type: none"> <li>All SHSC members will have to abide by the RSPO Anti trust law</li> <li>SHSC follows a consensus-based decision making as outlined in the ToR</li> <li>Members have to declare Conflict of Interest (CoI) under any items and excuse themselves to remain objective to the discussion.</li> </ul>		
<b>2.0 Adoption of Meeting Minutes</b>			
	AS walked through the Draft meeting minutes of the meeting held on 2 <sup>nd</sup> July 2020, and the meeting minutes were adopted with remarks to correct typos in the names and initials of two SHSC members		

### 3.0 Governance – SH Representation in other Standing committees

AS presented a brief overview of the changes in the Terms of Reference for the SHSC,

- Increase in the number of seats for ENGOs and SNGOs to 2 seats per sector increasing the total number of members to 17
- Alternates can only attend if the Substantive is not present
- SHSC will be chaired by two members, one of whom must be a representative of the grower sector
- A quorum of more than half of the members is required for a meeting and the decisions are taken by consensus.
- All members are bound by the Antitrust Guidelines
- Transparency is very important. All documents and documents are only classified as confidential in exceptional circumstances
- Clear timelines for management of the SHSC (meeting minutes, meeting pack etc.)

PW, KC, HKT proposed that the alternative should be allowed to join the meeting to ensure continuity. IO and RR pointed out that the group is quite big including substantive and alternate and it would be quite difficult to manage the conversations with a group of 34 members. ES suggested if the alternates could attend and participate in discussions but not in decisions. ML proposed to allow alternates to attend but not participate in discussions or decisions. IO proposed a different solution to allow the alternates to send messages via the chat feature in zoom but not speak. ML agreed with the proposal and proposed that the substantive can pick up the chat messages from their alternates (if they are very significant points) to be brought up to the discussion

IVN clarified if substantive can choose their own alternates and if they must be from the same sector. AS confirmed that the substantive can choose their alternate and it must be from the same sector.

ES sought clarification if this needs to be discussed again with other co-chairs. AS informed that we can update the other chairs in the next alignment meeting. ES also sought clarification on how the alternates would participate in physical meetings. AS informed the members that in a physical meeting, only substantives are allowed to participate and substantives can step out and allow the alternates to step in if they need to.

**Decision:** The proposed changes to the ToR were accepted with the following modifications,

- Alternates can attend the SHSC meetings as observers and will be able to share their views via chat for virtual meetings or through their substantives in physical meeting
- SHSC co chairs can be from any sector

1. AS to circulate the revised ToR to SHSC and publish it on the website

## 4.0 Aligning RSSF with SH Strategy

AKMS presented the proposal on the new direction for the RSPO Smallholder Support (RSSF) including an overview of the past performance of the fund. A summary of the presentation,

- As of 30 April 2020, RSPO has committed USD 4.2 million of RSSF projects
- For the financial year July 2020 – June 2021, the RSSF will continue to provide funding for the One-Off audit cost projects
- Current RSSF fund focus is primarily on certification, and the proposed new fund focus covers both Livelihood and Certification projects.
- Operational improvements with a cap for funding for the different regions based on the type of projects, simplification in the decision-making process where secretariat can decide on applications up to a certain amount were also presented
- Based on the projections and input from different regions, proposal for a fund allocation for the July 2021-June 2022 and onwards

### Discussion on the Proposal

The SHSC members collectively agreed that the proposal was very detailed for a discussion at the SHSC meeting. It was agreed that the RSSF governance policy document with all the details will be shared with the SHSC members as a working file for review. Comments will be shared online.

The discussion continued further on the key considerations in the proposal that would have to be presented to the BoG and Finance committee. One of the main topics that was discussed was the proposed change in the fund focus of the RSSF to support Livelihood and Certification.

HKT suggested that the RSSF should invest in long term goals related to capacity building (tools, models and systems) that would help RSPO scale up the smallholder going for certification, instead of providing one-off grants for certification projects as the ISH standard provides incentives for certification. KC sought clarification if the special projects fund is still available. AS clarified that the special projects fund is not related to the RSSF and the status is not known and requires clarification from the BoG.

ML asked for cost estimations for smallholder groups going eligibility and HKT indicated that the costs are not too significant before getting certified for eligibility. AS also clarified that groups that are preparing

	<p>for Eligibility stage of the audit could seek support under the Livelihood fund (eg. Group formation, establishment of internal management and training).</p> <p>PW and ML indicated that the RSPO ISH Standard still requires are also a lot of funding based on the estimations they had done for their projects and proposed to retain the certification scope of the fund. HKT responded clarifying that there are a lot of sustainable financing mechanisms available to seek funding and RSPO funding should be used for capacity building.</p> <p>HKT proposed to use the fund for Objective 3 of the strategy to drive demand as the certification will have a business case if there is demand. PW responded that the business case is theoretical, and we should perhaps support Certification 2 and ensure there is a business case through real examples and re-assess the scope of the fund in time.</p> <p>MP suggested that the funding for Livelihood should be opened up for partner organizations to provide capacity building on the ground for groups as a step up to certification. MP also agreed with the idea to retain the Certification projects as the implementation of the standard is still expensive. RN echoed the comments from MP and agreed that we must look at long term investments but it's a journey and the groups will still require the financial support from RSPO in the early years.</p> <p>KC reminded the members that the although the standard is simplified and has incentives at all stages, the group still needs to go through 3 audits during the 3 years. Since the standard is new and has not been tested on the ground, KC suggested that we should continue to support Certification objective and re-assess the scope of the fund once the standard is put into practice.</p> <p>Based on the discussion, ML proposed to the SHSC members that the RSSF should continue to support both Livelihood and Certification projects with the inclusion of funding for innovation projects. It was also agreed to move forward with the proposed allocation for the RSSF for the July 2021 onwards and work on a long-term strategy of fund over time.</p>	<p>2. AS to share the draft governance policy as a working file with the SHSC members for feedback</p>	
<p><b>5.0 Discussion on minimum pricing and differentiation of claims for IS-Credits</b></p>			
	<p>Due to the time limitation in the meeting, AS gave a very brief overview of the market for IS Credits. The key highlights were,</p> <ul style="list-style-type: none"> <li>• Credit prices are on a downward trend in general</li> <li>• Average prices of credits are not sufficient for the ISH groups to</li> </ul>		

	<p>recover the costs of certification and it takes several years for them to break even</p> <ul style="list-style-type: none"> <li>• Reduction in cost of certification with the introduction of simplified tools, increasing the market value of the credits and a more proactive outreach to the market</li> </ul> <p>ML and AS updated the SHSC that the topic was discussed at the Market Development Standing Committee (MDSC) and it was agreed that a sub-group will be setup with the MDSC to discuss these strategic issues.</p>		
<p><b>6.0 Closing and AOB</b></p>			
	<p>There were no topics discussed as AOB and it was agreed that the agenda points 4 and 5 will be discussed again in the next meeting set for the 24<sup>th</sup> of September at 5pm KL time</p>		

*End of minutes*