



Smallholder Oil Palm Growers In Latin America

A quick introduction

Dawn Robinson, Regional Director: Latin America, Proforest

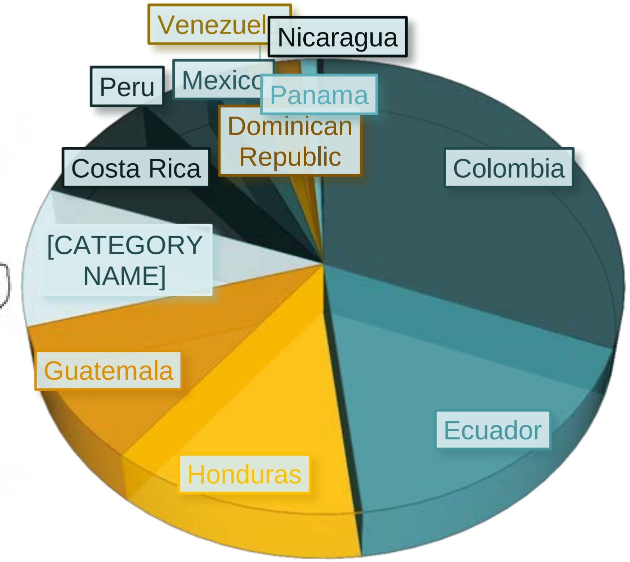
THE proforest INITIATIVE

Content

- Latin America – where?, How much?, which countries?
- Smallholders in each of 5 countries
    - Colombia
    - Ecuador
    - Honduras
    - Brazil
    - Guatemala
- Challenges
- Opportunities

Global Palm Oil Production, 2013

% SHARE OF LATIN AMERICAN PALM OIL PRODUCTION



Country	% share
Colombia	30.9
Ecuador	17.2
Honduras	12.6
Guatemala	9.9
Brazil	9.9
Costa Rica	8.3
Peru	4.2
Mexico	2.4
Venezuela	1.8
Dominican Republic	1.4
Panama	1
Nicaragua	0.4

Colombia

Colombia: 400,000ha planted. 3.3% of Agricultural GDP. Highest yields of Latin America

	Planted Area (est)		Participation	
	ha		%	
	1999	2010	1999	2010
“Aliances”	645	64,023	0	16
0-20 ha	2,908	11,319	3	3
20-200 ha	19,366	52,089	13	13
200ha -1000ha	57,454	132,029	28	33
>1000	67,391	142,553	45	36

“Alliances” - between companies and small/medium growers introduced around 2000

- Govt programme. Initially with donor aid
- Part of a govt strategy for post-conflict stability
- Approx 600 ‘productive units’ = approx. 6000 producers
- Av 8-12 ha, but some much larger

Ecuador

280,000ha under palm
Annual growth 7%
15% Agricultural GDP , 1.8% GDP

Range (ha)	Area (ha)	%	No. of palm growers	%
1 - 10	19800	7%	2940	42%
11 - 20	25457	9%	1470	21%
21 - 50	67885	24%	1680	24%
51 - 100	53743	19%	560	8%
101 - 200	42428	15%	210	3%
201 - 500	25457	9%	70	1%
501 - 1000	14143	5%	17	0%
+ 1000	36771	13%	11	0%
TOTAL	282856	100%	7000	100%

- Over 87% of all growers are smallholders (>50ha)
- 113,142 ha of smallholder palm oil. > 6000 smallholder farmers
- They contribute 40% of planted area
- They are independent: No dependency or association to mills.

Honduras

Range (Ha)	No. Producers	Total (Ha)
1-10 Ha	3,300	16,500
11-20 Ha	2,500	30,000
21-50 Ha	1,000	24,000
51-100 Ha	500	31,500
Total (growers >100ha)	7,300	103,000

- Rapid growth:
  - Production & exports more than doubled 2006 – 2012
  - Approx 150,000ha planted
  - 16% of Agricultural GDP
- **In Honduras, over 95% of the oil palm growers are classed as ‘small’ or ‘medium’ producers.**
  - 66% of producers cultivate less than 10ha
  - 68% of planted area in the hands of 7,300 growers with between 1-10ha.
- Many groups have communal land holdings (eg. 40 cooperative members together manage 250ha)
- Many Cooperatives, Associations of smallholders.
- Some such associations have their own mills, others do not.
- Those not part of social enterprises, almost entirely independent of companies.
- 1000s of independent growers with >10ha and little/no technical support

Brazil

Total production area in Brazil approx. 150,000ha.
Planned increase to 1million ha.

- Biofuel & food oil driven

Smallholders:
Currently 1,435 farmers: planned 2,735

- Approx 2-10ha each (median 8ha)
- Approx 12,000 ha ?

Recently driven by government.
Smallholders fully supported companies:

- Technical assistance
- Seedlings
- Loans by government programme
- Low interest rates and pay-back times.

Guatemala

- Smallholder production in Guatemala is not significant.
- 1 single project promoted by govt in 2008-9
- 200 'micro' producers. (2ha +upward)
- Managing 2000ha
- Private/public partnership.
  - Govt subsidy for all plantation establishment
  - Company to manage and train for improved yields

Overall

- Heterogeneity. Impossible to generalize about Smallholders in Latin America: huge variation between countries:
  - Significance of smallholders
  - Degree of connectedness to processors
  - Incentives from government

Drivers and solutions will need to be country specific, but some common challenges & opportunities exist…

Challenges for Smallholders

Compliance:

- Informality in labour issues:
- GAPs – especially among independent producers.
- Need more technical assistance
  - Intermediaries / poor organization inhibit this
- Organization / Models for certification
- Plenty of new planting since 2010 : often by smallholders
- Documentation
- Group or Landscape level issues: eg. HCV

Other:

- Role of intermediaries (eg. Honduras)
- Limited regional capacity on RSPO requirements and implementing issues (eg. HCV), FPIC.
- Expectation of premiums
- Low yields

Challenges: RSPO Systems

- Smallholder definitions not suitable for many Lat Am countries
  - Contracts, relationship mill/smallholders, communal holdings, cooperatives with mills
- RSPO policies defined without reference to Latin American models / experience
  - Not just for smallholder issues
  - Do they work? HCV, compensation, 3 year rule, new plantings, FPIC
  - Sense of injustice, frustration – affects credibility
- Therefore very difficult to know how to apply policies
  - Eg. Who can/can't use group certification; Who needs to be certified within 3 years; CoC/marketing for groups
  - Any rules about how to manage scheme smallholders ? They can now use Group certification, but are they still under mill responsibility: (so 3 year rule applies)?
  - Intermediaries: how do they fit? Eg. in re. traceability/CoC
- Poor or zero RSPO response to queries from the region
  - Companies looking at other palm oil certification options eg. SAN

Challenges RSPO Systems: Contd.

- Documents often unclear, difficult to ascertain rules.
    - Need to check consistency & impact on existing guidance as policies change
    - Documents in simple, clear language
    - Translations vary from document to document
    - Need documents in Portuguese for Brazil

Opportunities

- Smallholders are very significant in many Latin American countries
- Opportunity for lessons learned:
    - Latin America – RSPO,
    - Within Regions (eg. in Latin America) and btwn Regions (S.E.Asia-Latin America-Africa)
- Opportunity to collaborate in Latin America with SAN?
    - Strong auditor base, Strong presence in the region.
    - Strong expertise on smallholder standard compliance /certification
- Latin America needs to hear from RSPO and vice versa!

THE proforest INITIATIVE

Thank you. Gracias. Obrigada

With thanks to:

Edegar de Oliveiras Rosas, Proforest, Brazil

Andres Castro, Fedepalma, Colombia

Victor Iscoa, SAG, Honduras

Susana Siekavizza, Grepalma, Guatemala

Fransisco Naranjo, Ancupa, Ecuador

Bella Sosa, Proforest, Honduras

Alejandra Rueda Solidaridad, Colombia

Felipe Guererro, Grupo Daabon, Colombia

Mayteza Zelaya, Consultora, Nicaragua