RSPO

Roundtable on Sustainable Palm Oil

WORKSHOP ON FACILITATING RSPO CERTIFICATION OF INDEPENDENT SMALLHOLDERS

Workshop Report

14 – 15 November 2011 (Jakarta, Indonesia)
17 – 18 November 2011 (Port Dickson, Malaysia)

Workshop on Facilitating RSPO Certification of Independent Smallholders

Workshop Report

TABLE OF CONTENTS

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

BHCVWG	Biodiversity and High Conservation Value Working Group
CPO	Crude palm oil
CSPO	Crude sustainable palm oil
CUC	Control Union Certification
EB	Executive Board
FELDA	Federal Land Development Authority (Malaysia)
FFB	Full fruit bunches
GAP	Good agricultural practices
GIZ	Society for International Cooperation (Germany)
GM	Group Manager
GMP	Good management practices
HCV	High conservation value
ICS	Internal Control System
MPOB	Malaysian Palm Oil Board
NASH	National Association of Smallholders (Malaysia)
NGO	Non-Governmental Organisation
OAE	Office of Agricultural Economics of Thailand
OER	Oil extraction factor
PKE	Palm kernel expeller
PKO	Palm kernel oil
POPSI	Palm Oil Producer Support Initiative
SEIA	Social and environmental impact assessment
SH	Smallholders
SPKS	Palm Oil Farmers Union (Indonesia)
SPOC	Sustainable Palm Oil Cluster
WWF	World Wide Fund for Nature

1. INTRODUCTION

The workshop on "Facilitating RSPO Certification of Independent Smallholders" was held in Jakarta, Indonesia from 14 – 15 November 2011 and in Port Dickson, Malaysia from 17-18 November 2011. The main aim of the workshop was to find ways to facilitate the RSPO certification of independent smallholders (SH) – given that to date no groups of independent smallholders have been certified.

The workshop in Jakarta was attended by about 29 participants from a variety of stakeholder organizations while the one in Port Dickson was attended by about 28 persons. The numbers are not definitive as some participants may have been missed from the attendance lists (Annex I). Both workshops were facilitated by Dr. G. Balamurugan of ERE Consulting Group Sdn. Bhd.

2. THEMES AND PRESENTATIONS

The workshop was focused on four major challenges or gaps in the way of independent smallholders (SH) certification, namely:

- Organising Independent SH and the role of the Group Manager
- Conversion from full fruit bunches (FFB) to crude palm oil (CPO)
- Simplified HCV/SEIA assessment
- Funding for SH certification

There were 9 presentations in Jakarta and 10 presentations in Port Dickson as listed below, with some repeated in both workshops. All presentation slides are compiled in Annex II.

2.1 Overview of RSPO and its Opportunities to Smallholders (Salahuddin Yaacob, RSPO) *Presented in Jakarta and Port Dickson*

The presentation gave a brief history and description of RSPO. The vision of RSPO to transform markets to make sustainable palm oil the norm was highlighted, along with the 3Ps - People, Planet, and Profit. It also expressed the hopes that a significant portion of certification is independent smallholders, and the demand for crude sustainable palm oil (CSPO) will exceed production by the end of 2015.

2.2 Manfaat Ekonomi Dan Keuangan Kepada Petani – Sertifikasi RSPO (Bambang Gianto, PT Hindoli) *Presented in Jakarta*

The presentation showed the differences of plantation conditions before and after certification, such as proper storage for fertilisers and pesticides, and improved living conditions. The benefits of obtaining RSPO certification were listed which included increased yield, improved safety measures and farmers' welfare.

2.3 Tantangan Utama Untuk Sertifikasi Petani Swadaya (Agung Prawoto, Biocert) *Presented in Jakarta*

The main challenges of Independent Smallholders Certification were highlighted in this presentation, and components of Group Certification were further discussed. The structure, capacity, and role of the Group Manager were also presented.

2.4 Organising Independent Smallholders and the Role of the Group Manager (Jonas Dallinger, OAE) *Presented in Jakarta and Port Dickson*

The field experience of the process of organising smallholders in Thailand for Group Certification was shared in this presentation, as well as the current situation of sustainable palm oil production in the country. The project was approached by addressing the needs of the stakeholders involve and providing necessary practical support, such as the farm manuals which simplified Good Agriculture Practices (GAP).

2.5 Resep-resep pembangunan dan pemeliharaan organisasi petani yang kuat (Manseutus Darto, SPKS Indonesia) *Presented in Jakarta and Port Dickson*

The presentation explained the two types of independent SH in Indonesia, followed by issues faced by the SH at present. Some of the issues were the lack of proper land ownership, the lack of capacity and funding. The rules, structure, capacity building programs, and administration of SH grouping were also discussed. The presenter ended with five recommendations to further develop SH and group organisations.

2.6 The Role/Challenges of Group Manager in Organising Independent Smallholders (David Ogg, CUC) *Presented in Jakarta and Port Dickson*

The presentation discussed the group concept, the definition of SH, and the advantages and disadvantages of group certification. The pitfall which was highlighted was the misconception that the Group Manager is an individual, as it is more accurate to perceive it as a Group Administration. The roles and challenges of the Group Administration and RSPO were also presented.

2.7 Faktor Konversi Tandan Buah Segar Menjadi CPO (Asril Darussamin, RILO) *Presented in Jakarta and Port Dickson*

The conversion of FFB to CPO was presented, highlighting the four models of supply chain: Identity Preserved, Segregation, Mass Balance, and Book and Claim. The CPO extraction factor (OER) is influenced the oil palms’ species, the age of the crop, time of harvest, and the plantations’ management. The presentation also had several suggestions of methods to determine a fixed conversion value.

2.8 Lingkup HCV untuk Petani Swadaya (Haryono, WWF-Indonesia) *Presented in Jakarta*

The weaknesses highlighted were the lack of knowledge regarding proper planting procedures and GAP, which leads to environmental deterioration and low yield from the independent SH. WWF is not against the local agriculture industry, however, the development and replantation of areas should be in accordance to requirements. A simplified HCV toolkit was also proposed for the independent SH to identify HCV areas in their plantation.

2.9 Facilitate Programmes and Funding for Certification of Independent Smallholders (Norman Jiwan, Sawit Watch) *Presented in Jakarta*

The presentation listed the direct and indirect costs of certification of SH, such as audit costs and capacity building respectively. Potential funding mechanisms were proposed, like carbon credits and grants from the government or donor institutions. Apart from those, recommendations to RSPO EB to provide financial support for SH certification were also presented.

2.10 POPSI: The Palm Oil Producer Support Initiative (Piers Gillespie, Solidaridad) *Presented in Jakarta*

The POPSI program was set up by Solidaridad for RSPO members to provide technical and organisational support to small farmers and farm workers to apply good practices according to RSPO. Three of the past projects have benefited SH in Sarawak, Ghana, and Latin America.

2.11 What's In It for Smallholders – RSPO Certification (K. Ilangovan, Felda Agricultural Services) *Presented in Port Dickson*

The benefits of certification are in both financial and non-financial forms, such as better market access and higher and sustainable yields due to efficient use of resources respectively. The experiences and results gathered from FELDA were shared, showing the increased knowledge of GAP and improved settlers income.

2.12 Facilitating FFB Trading as a Group (Abdul Aziz, Keresa Plantations) *Presented in Port Dickson*

Keresa Plantations Sdn Bhd, a RSPO certified company, initiated a SH group scheme to obtain certification for its local producer groups. The initiative utilised an estimated cost of RM 900,000 and attained the RSPO Smallholders Certification in November 2010. The scheme included external and internal training, social impact assessments, and a fertiliser assistance scheme for SH.

2.13 GreenPalm – Overview of Book and Claim (Bob Norman, GreenPalm)

Presented in Port Dickson

GreenPalm is a web based trading platform set up to trade certificates of sustainable CPO, crude palm kernel oil (PKO), and palm kernel expeller (PKE). It is only available to RSPO certified producers and the trading processes and benefits were presented. As of present, GreenPalm has traded over 2.8 million certificates and boasts of a membership of over 350 members.

2.14 Simplifying HCV, SEIA, EIA…? (Reza Azmi, Wildasia)

Presented Port Dickson

Five key points of HCV and SEIA assessments were focused on, which were Location, Risk Assessment, Consultation, Good GMP, and Review. These assessments could be simplified by enabling sharing of information and findings, for example through open-source programs and websites.

2.15 HCV, SEIA in Thailand (Jonas Dallinger, OAE) *Presented Port Dickson*

The experience and processes in carrying out HCV and SEIA assessments for SH in Thailand was shared. However, the situation in Thailand differs in other countries (like Indonesia and Malaysia) as the SH mostly expand on agricultural land and more focus is placed on educating farmers of good management practices (GMP).

2.16 Funding for Independent Smallholders Certification (Hj. Wahid Omar, MPOB) *Presented Port Dickson*

The distribution of independent SH in the country varies with over 65,000 in Johor to only 8 in Perlis, and most of the independent SH are over the age of 50 years old with average FFB yield of 15 ton/ha/year. To increase productivity and quality of FFB through certification, the Sustainable Palm Oil Cluster (SPOC) was launched as a cooperative for group activities. Some of the funding sources proposed were grants from the government and MPOB's operation budget (for short term) and long term funding by the cooperative.

3. DISCUSSION POINTS

3.1 Organising Independent Smallholders and the role of the Group Manager

There was an agreement in both workshops that for the independent SH group certification, the RSPO Standard places most of the burden on the Group Manager (GM) rather than on the individual smallholders. This led to the question of who has the capacity or would want to become the GM. Various possibilities were discussed, such as cooperatives, mills, NGOs, businesses, and the government, taking note that each model has its own challenges.

It was generally agreed that the GM need not necessarily be a single individual but rather an organisation made up of several individuals. Given the enormous responsibility of the GM, it is very unlikely that a single individual may be able to manage large groups.

Most of the participants who were smallholders (or those representing smallholders) were of the opinion that the Group Manager should be one of their own e.g. their cooperative. This was mainly out of the notion that their interests will be better protected if they had better control of the Group Manager. Nevertheless, almost all the participants who were smallholders (or those representing smallholders) agreed that they currently do not have the capacity to play the role of GM, hence capacity building is critical.

Smallholder participants at the Port Dickson workshop stated that they believed that cooperatives were the best platform for the group schemes. Cooperatives are registered by the government; have systems and directors (as they are investors of the plantations). Experience in Malaysia has shown that the cost of agrochemicals to growers is less if purchased through cooperatives. The participants also noted that there are also certain advantages if mills or businesses become the GM.

There was a view that in a group scheme, group members need not be within the same locality or be contiguous to one another nor should the size of the groups be restricted. Rather the size of the group and/or its geographical distribution should be a function of the ability of the GM to manage. (For example, the GM could be in Kuala Lumpur while the group members could be in Pahang, Terengganu, Johor, etc. Could NASH, for example, establish just a single group scheme for each state in Malaysia?). RSPO needs to clarify this.

There was appreciation that a robust internal control system (ICS) is crucial to make the scheme viable and to protect the interests of all parties, especially the smallholders. There must be a grievance mechanism within the ICS as well as code of conduct for the GM. As organizing the farmers and getting the internal system in place are expected to consume a lot of time and resources, it was suggested that RSPO could perhaps prepare templates or toolkits for the ICS.

Most of the participants who were smallholders (or those representing smallholders) were concerned about the relationship between the GM and individual SH. On this note, it was noted that some form of contract will need to be drawn up between the GM and the individual SH, - clarifying the roles and responsibilities of each party in the group scheme. Here the participants voiced that RSPO could assist by drawing up templates of contracts and standard terms of engagement.

The participants also acknowledged that there were too many unknowns at the moment with regards to the challenges in organizing independent SH and leading them to RSPO certification. Although lessons learnt from other schemes (KERESA, Thailand GIZ projects) have been useful, other models will have their own set of challenges. Until these models are tested on the ground, we will not understand the problems and issues. Therefore commissioning of pilot projects will be important. Each pilot project should have its own learning objectives and should ideally test out different GM models (cooperative-led, mill-led, NGO-led, etc.).

Work with some group schemes in Thailand, Indonesia and Malaysia has shown that the increase in productivity is the biggest benefits from certification due to the good management practices. Workers wellbeing and safety will improve. Premium for sustainability is only a small percentage of the total benefits. This fact will need to be communicated more effectively to smallholders.

3.2 Conversion from FFB to CPO

The participants were briefed the importance of the FFB to CPO conversion factor, particularly in relation to trading on Green Palm. It must be noted here that many participants had initially found it difficult to differentiate between the concept of virtual OER and the actual OER. If not communicated effectively, this could in future lead to disputes between SH and mills.

The participants noted the various factors influence the OER rate and that this rate will vary from farm to farm, seed type, management practices, etc. Nevertheless, to simply trading, a single average conversion factor would be useful. In situ measurement of OER may be more accurate but time consuming and expensive.

Some participants were of the view that setting a single number would make trading certificates easier. Speaker David Ogg (CUC) suggested using 19.5% as the global conversion factor, Participants from the workshop in Jakarta agreed to this figure although many suggested that a range from 17% – 22% may be better. The meeting in Port Dickson suggested that a figure of 20% (FFB to CPO) and 6% (FFB to PKO) be used globally.

It was also noted that determining this conversion factor should also be based on science rather than just “plucking” figures from the sky – as it may have implications on the buyers of the certificates who have to make accurate claims about the amount of sustainable palm oil that they are using.

On a slightly different note, participants expressed concern that there have been cases where farmers are not accorded fair treatment by the mills in terms of OER. Mills tends to state much lower OER from the FFB (based on visual inspection) sent in by the farmers – leading to many grouses. RSPO could perhaps look into mechanisms to ensure fair treatment to farmers.

3.3 Simplified HCV/SEIA assessment

The participants were informed that 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. There was general agreement that for the purpose of simplified HCV assessment, there was no need to get an independent assessor and that GM could conduct the assessment.

It was agreed that the Indonesian simplified HCV assessment checklist and the process used in the Thailand GIZ project could be a basis to develop the generic RSPO simplified HCV assessment protocol. It was recommended that a small consultancy is appointed to look at the Indonesian document and GIZ Thai process, as well as other relevant documents to formulate a generic document for simplified HCV/SEIA assessment. RSPO, involving the BHCVWG, is required to have this completed and the document produced by the first quarter of 2012

3.4 Funding for smallholder certification

Both workshops discussed the costs of getting independent SH certified. The cost components include RSPO membership fees, certification fees, training, implementing good management practices, and administrative costs for the GM, documentation, etc. There are also opportunity costs for the farmers (i.e. time spent away from their core farming activities). These costs are high and may likely deter independent SH groups from pursuing RSPO certification.

There are several potential sources of funding. These include 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, micro finance, carbon credit, and direct grants from international donor/institutions. In Malaysia, the government has provided three different grants that could be tapped to help SH gain certification but the uptake has been poor. Better dissemination of information on the availability and the criteria for these funds could help.

There were many suggestions that the RSPO membership fee be waived or reduced for SH groups. Suggestions include 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.

In MPOB's presentation, the estimated cost of preparing SH for RSPO Certification is RM 141,000, with a list of expenses including audit fees and training costs.

NASH requested whether RSPO could provide them with RM 200,000 to kick-start an independent SH group scheme in Bera, Pahang.

The participants were informed that IFC is currently conducting a study on developing financial models to fund SH certification.

It was also noted that there is little knowledge on how much demand is out there for certified SH CPO.

There was a general consensus that 'Charity is not sustainable' thus, in time, SH should be able to sustain themselves financially and not be dependent on external grants and subsidies.

4. WHAT SHOULD RSPO DO?

4.1 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

4.2 Pilot Projects

Given that there 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.

4.3 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 form the Malaysian workshop).
- A conversion factor of 6% should be considered from conversion of FFB to PKO.
- RSPO to develop process/platform to seek consensus on these conversion factors.
- RSPO may need to establish an expert group to deliberate on this subject.

4.4 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.

4.5 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.
- Subsiding 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.

4.6 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.

5. 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 that need to be brought to certification within 3 years" 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, kernel shell, fibre, etc.) be distributed to the SH?

ANNEX I
ATTENDANCE LISTS

Attendance List
RSPO Smallholders Workshop “Memfasilitasi Sertifikasi RSPO untuk Petani Swadaya”
Hotel Santika Premiere, Jakarta
14-15 November 2011

No.	Name	Organisation	Tel/Mobile	Email
1	Bambang Gianto	KUD Mukti Jaya PT. Hindoli/Cargill	081367711818	mukil_jayakud@yahoo.com
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13	Arpani	SPKS Paser Kaltim		
14	Asngaidi	SPKS Sanggau		
15	Moritar	SPKS Sikatim		
16	M. Nasir Sihotang	SPKS Rohul Rinco		
17	Jumadi Manik	SPKS Jambi		
18	Maruli Sitorus	SPKS Labura		
19	Haryono	WWF Indonesia		
20	Asri Jon Yanjung	Setara Jambi		
21	David Ogg	Control Union Certifications		
22	Triganto Fitrigardi	IFC		
23	Amalia Prameswari	WWF Indonesia		
24	Alberni Abas	SPKS Kwansing		
25	Elsa Susanti	Sawit Watch		
26	Agung Prawoto	Biocert		
27	Piers Gillespie	Daemeter/Solidaridad		
28	Laurentius V.B.	PT Smart Tbx		
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Attendance List
RSPO Smallholders Workshop “Facilitating RSPO Certification of Independent Smallholders”
The Regency Tanjung Tuan Beach Resort, Port Dickson
17-18 November 2011

No.	Name	Organisation
1	Abdul Aziz	Keresa Plantations Sdn Bhd
2	Madzaki Ab. Ghani	NASH
3	K. Ilangovan	FELDA Agri.
4	Mat Ali Musa	NASH
5	Lehan B. Sayahan	Pekebun Kecil Kuala Selangor
6	David Ogg	Control Union Certifications
7	Bob Norman	GreenPalm
8	Adib Ab. Rahman	NASH
9	Faiz Abd. Rahman	NASH
10	Asrul Affendi Amirrudin	FELDA Wilayah Jengka
11	Burhan bin Mahadi	Peneroka FELDA Jengka
12	Sabran bin Mohamad Aci	FELDA Jengka 2
13	Dayang Norwana bt. Awang Ali Bema	WWF Malaysia
14	Jonas Dallinger	Office of Agricultural Economics Thailand
15	Paweena Prachasuksanti	GTZ
16	Harry K Yon	MPOB
17	Kertijah Abd Kadir	Nestle Malaysia
18	Stephanie Daniel	MPOB
19	Elsa Susanti	Sawit Watch
20	Mansuetus Darto	SPKS Indonesia
21	Mohd Noryusri bin Mohd Yusof	Smallholder from Seremban
22	Dato’ Hj Aliasak Hj Ambia	NASH President
23	Dato’ Hj Abdullah bin Haji Abas	Cooperative Chairman
24	Dr. Reza Azmi	Wildasia
25	Sandra Seeboldt	Oxfam Novib
26	Zaki Aman	MPOB
27	Nazirah Che Jaafar	MPOB
28	Wahid B. Omar	MPOB
29	G. Balamurugan	ERE
30	Chua Li Ying	ERE

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ANNEX II
PRESENTATION SLIDES

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Workshop
Facilitating RSPO Certification of Independent Smallholders

Overview of RSPO and its opportunities to smallholders

Jakarta

14 – 15 November 2011

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About the RSPO

- Started in 2003 with 7 members
- Formally established in April 2004
- Multi-stakeholder association
- International non-for-profit association
- Palm oil supply chain
- Promotes growth & use of sustainable oil palm products through global standards
- RSPO Principles and Criteria (P&C)

Vision

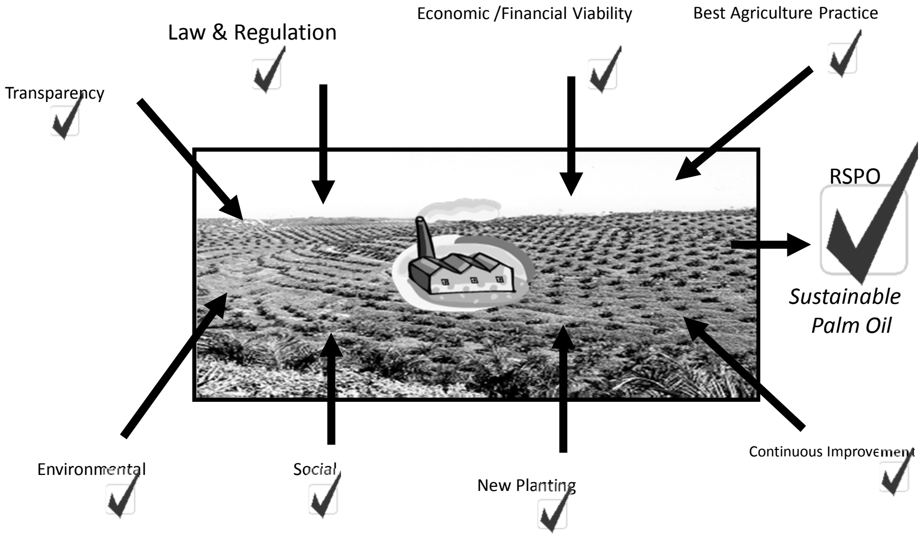
RSPO will transform markets to make sustainable palm oil the norm

What is Sustainable Palm Oil?

RSPO seeks a balance development for the Palm Oil industry that is Legal, Economically Viable, Environmentally Appropriate and Socially Beneficial

Finding the Balance

RSPO P & C



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World palm oil production

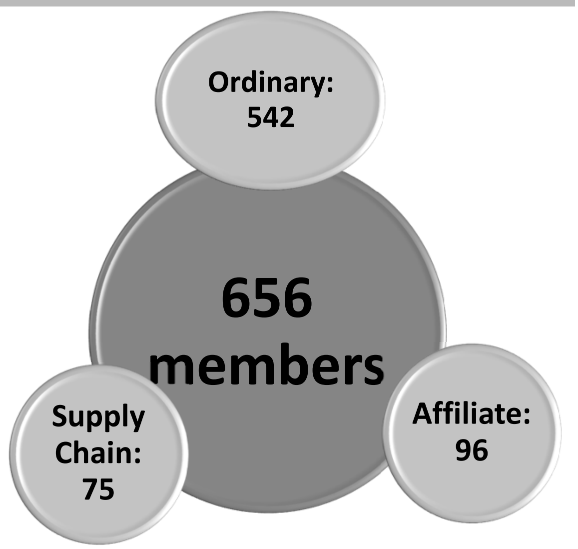
Source: FAO statistic 2011

Figures for year 2009

	Area (ha)	FFB (mt)	CPO (mt)
World	14,921,224	210,326,664	45,083,932
Indonesia	5,000,000	86,000,000	20,550,000
Malaysia	4,002,000	84,842,000	17,564,900
Thailand	510,213	8,162,380	1,310,000

RSPO Membership

- Steadily growing on an annual basis
- Membership allows non certified companies to aspire towards certification goal



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RSPO web

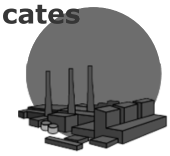
RSPO Certified

TODATE

28 growers & 123 POMs

1.03 mil ha

114 companies, 226 SC certificates



5.2 million mt CSPO

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The Future

- Our wish by end 2015
  - 15 million mt of CSPO is produced annually
  - All grower member has at least one unit certified
  - Significant portion produced by independent smallholders
  - Demand for CSPO exceed the production

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Issues/challenges

- RSPO is not an exclusive club
- About 40% of oil palm plantations are under smallholder
- In some region, this could be as much as 90%
- Smallholders constitute a growing proportion of the palm oil supply base but for them to enter the SPO market successfully there is need for technical, financial and organisational assistance.

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Definition of SH

The RSPO currently defines smallholders as

- Farmers growing oil palm, sometimes along with subsistence production of other crops, where the family provides the majority of labour and the farm provides the principal source of income and where the planted area of oil palm is usually below 50 hectares in size.
- Scheme SH vs independent SH
- Medium grower – A grower who have holdings larger than 50 hectares but who do not own a mill and who thus produce Fresh Fruit Bunches and not crude palm oil.
- Currently only about 70,000 ha of SH plantations are RSPO certified

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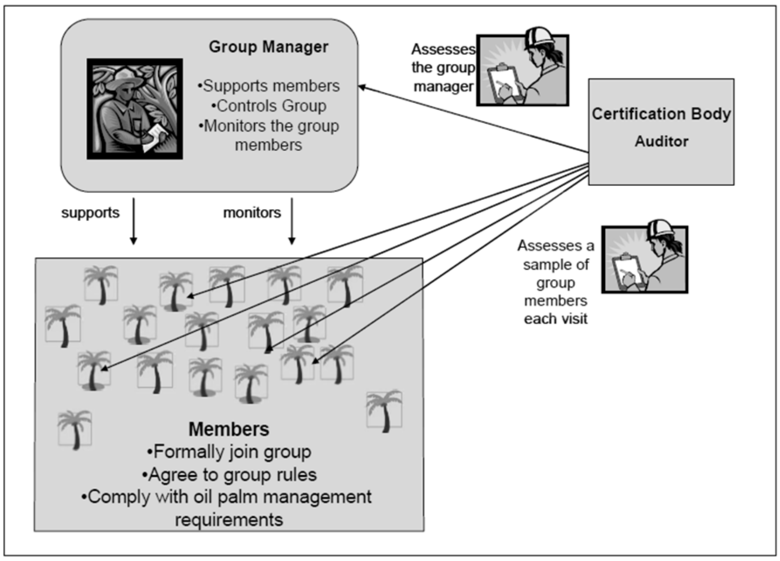
Schematic of SH certification



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Smallholder

- A Task Force on Smallholders was set up by a General Assembly Resolution at the 3rd Roundtable of the RSPO (RT3 - 2005) with a mandate to promote smallholder participation in the RSPO, carry out diagnostic surveys of smallholder situations and views, carry out and document trials of the application of the P&C with smallholders
- The overall aim of the Task Force of Smallholders has been to develop a workable and equitable means by which independent smallholders can get their produce certified so they are not unfairly excluded from the emerging market in RSPO-certified palm oil.

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Standards for SH certification

- Generic Guidance for the Certification of Scheme Smallholders was adopted by the RSPO Board in July 2009.
- RSPO P&C - Guidance for Independent Smallholders under Group Certification, June 2010
- In July 2010, the RSPO Board adopted Generic Guidance for the Certification of Independent Smallholders under Group Certification.
- RSPO Accreditation and Certification Requirements for Group Certification, 26 August 2010

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Opportunities for SH

- With the endorsement of those documents, certification of independent SH is now possible
- SH – comply with June 2010 doc
- Group manager – to comply with July 2010 doc
- CB – comply with August 2010 doc

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Opportunities for SH

- 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

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Missing links

- For SH to enter the SPO market successfully there is need for technical, financial and organisational assistance.
- The RSPO Board has committed the RSPO to set up a fund from which smallholder groups can draw funds to defray the costs of audits.
- The next phase of work is to develop an assistance package to help smallholders.
- Pilot programme as model for SH certification

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Missing links

- Revision to the Certification Systems document and the Supply Chains Certification Systems document may be required by group managers and auditors respectively to ensure the traceability of fresh fruit bunches;
- Revision to the Certification Systems document to explain who and how calculations are made to allow certificates of Sustainable Fresh Fruit Bunches to be converted into trades of SPO. Such a conversion mechanism is required regardless of whether trades are made using ‘book and claim’ or physical system
- Guidance is still required for the 'simplified HCV assessments' and 'simplified' SEIA required of groups prior to their groups developing new plantings exceeding 500 ha. nett for any group in any one year.

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Targets

The target for RSPO SH projects are:

- 40% of RSPO grower members with scheme smallholders in the supply base have achieved certification by 2012;
- Smallholder certification needs, expectations and incentives are better understood by other palm oil stakeholders in the RSPO and the findings are disseminated to them;
- Capacity-building needs are identified and generic guidance is developed for scheme managers, group managers, certification bodies and intermediaries (NGOs, governments, trainers) who enable smallholders to become certified;
- A Linking and Learning platform on smallholder issues is in place;
- Best practices in inclusive business models have been analyzed and promoted;

http://rt9.rspo.org/

Thank You!

"RSPO Certification: What benefits are offered to the farmers, the economic and financial?"

Presented by : Bambang Gianto
Chairman of KUD Mukti Jaya
One of cooperatives assisted by PT. Hindoli

Cargill

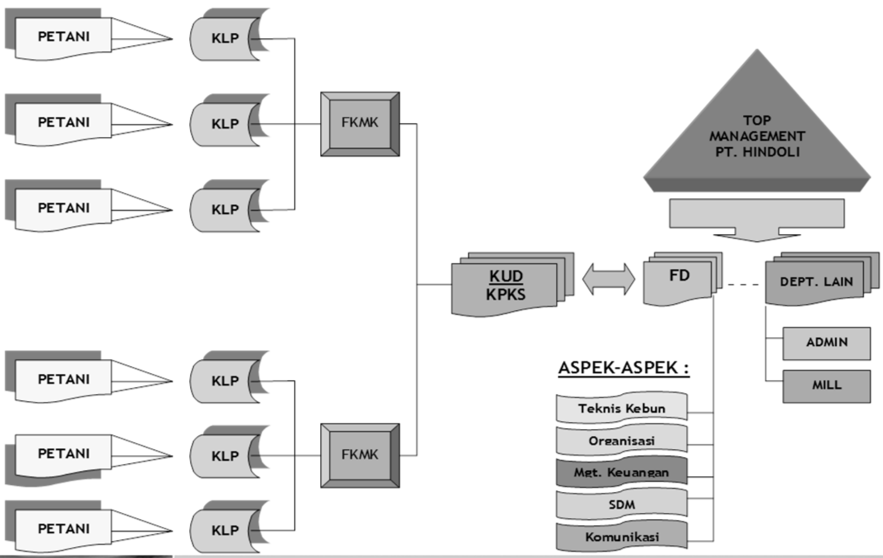
OPENING :

- Plasma coaching has been carried out since Hindoli Cargill firstly ran its business in Sungai Lilin. Hindoli has a special department in charged of coaching Plasma.
- The organization has been running from the level of plasma farmers – the productive – FKMK – Cooperative.
- The success of Hindoli Estates obtain RSPO certificate inspired institutional palm oil farmers to achieve the same recognition for Plasma.

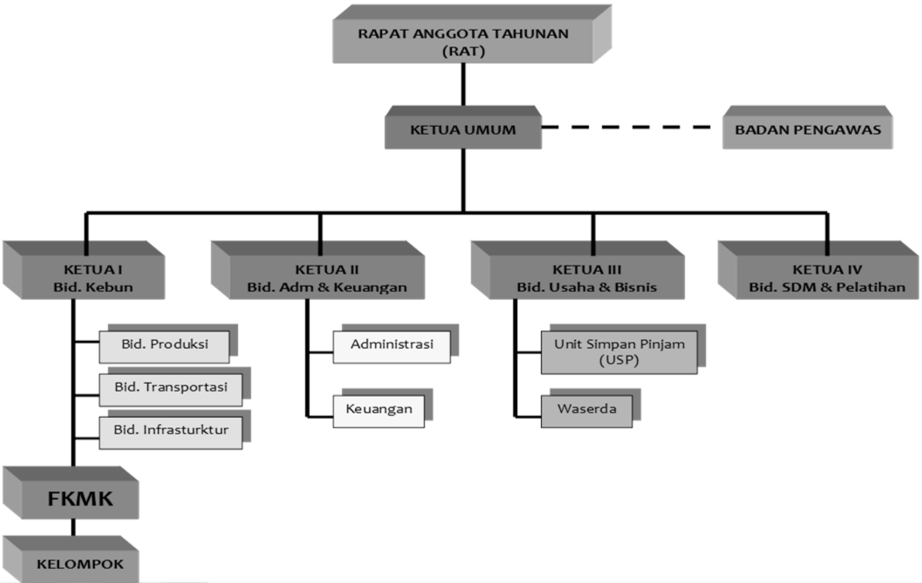
REQUIRED COMMITMENT:

- Hindoli is committed to coach and guide the institutional farmers (farmers, the productive, FKMK and cooperative) sustainably.
- The institutional farmers are committed to adhere the guidelines and technical guidance from Hindoli.

PLASMA DEVELOPMENT SCHEME



PLASMA COOPERATIVE ORGANIZATION STRUCTURE



BEFORE RSPO :

Technically:

Unlimited use of herbicide:
- **Uncontrolled dose.**
- **Inappropriate for target weeds**

Toxins and herbicide are stored in the same place.

BEFORE RSPO :

in finance management:

Funds was spent too much and uncontrolled

In Human resources:

Institutional farmers did not fully carry out their functions and responsibilities.

Application of 8 Principles and 39 Criteria to Achieve Sustainable Palm Oil Production:

1. Commitment to transparency.
2. Compliance with applicable laws and regulations
3. Commitment to economic and financial viability long term
4. Use of appropriate best practices by growers and millers
5. Environmental responsibility and conservation of natural resources and biodiversity.
6. Responsibility to the workers, individuals and communities.
7. Development of new plantations in a responsible manner
8. Commitment to continuous improvement in key areas of activity

PLASMA – in pictures

The first Plasma received RSPO Certification in Indonesia

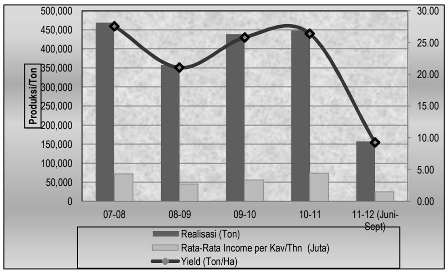
The advantages of RSPO Certification for farmers:

1. Comply with the regulation and law in force
2. Archived information more organized, systematic and transparent to stakeholders.
3. Implement Best Management Practices :
   - Application of T-Box.
   - Up keeping of beneficial plants
   - Applying the natural predators of palm oil pests
4. Increasing production yield / Ha / year.
5. Awareness of the importance of safety at work (using Personal protective equipment)
6. Plasma in a sustainable development, not only one cycle but continues into the stage of rejuvenation
7. Good reputation of outsiders

PLASMA FFB PRODUCTION AND INCOME

RSPO Audit, Charlie in plantation of KUD Sumber barokah A2

FFb production in KUD Mukti jaya C4



DATA OF PLASMA FFB PRODUCTION & INCOME
FY 07/08 until 11/12

FY	07-08	08-09	09-10	10-11	11-12 (Juni-Sept)
Realisasi (Ton)	468,716	357,594	438,367	448,241	157,564
Rata-Rata Income per Kav/Thn (Juta)	72,353	44,757	55,708	73,587	25,045
Yield (Ton/Ha)	27.57	21.03	25.79	26.37	9.27

PLASMA – in pictures

the condition of Herbicide store in KUD Mekar Sari

the condition of fertilizer store in C3 KUD Mukti jaya

Charlie, RSPO Auditor, inspected the condition of Herbicide store KUD barokah jaya A4

the condition of fertilizer store in KUD Sumber Sari D4

PLASMA – In pictures

Plasma Farmers' houses Before and After

<u>Above and below</u>: Farmer's house was made of wood and very small

<u>Above and below</u>: Farmer's house is made of concrete and very comfortable

PLASMA – In pictures

Cooperative Office Buildings

KUD Barokah Jaya A4

KUD Mukti jaya B4, C1 – C5

KUD Sumber Sari D4

KUD Sumber Tani Mandiri D5

PLASMA – In pictures

Plasma Trainings

Sprayer gank KPKS bakti Mulya A7

Leaf Sampling Unit (LSU) training KUD Sumber jaya Lestari A3

Leaf Sampling Unit (LSU) training KUD Sumber jaya Lestari A3

FFB quality training KUD Barokah jaya A4 internal hindoli

PLASMA – In pictures

Estate – Plasma Meetings

Farmer annual meeting in KUD Bersama makmur D1

Inti – plasma Coordination meeting in PT. Hindoli Community center

Farmer annual meeting in KUD Sumber Tani Mandiri D5

Farmer annual meeting in KUD Tani Mandiri Jaya D6

PLASMA – In pictures

Good reputation of outsiders

Mc Donald's Supply Chain executives visited A4 plantation of KUD barokah Jaya

Mc Donald's Supply Chain executives visited office of KUD Mukti Jaya

Unilever visited office of KUD Barokah Jaya

CPO Buyer visited office of KUD Sumber Jaya Lestari

Cargill

PLASMA – In pictures

Reputation building

RADAR PALEMBANG

Petani Plasma Sumsel Terdepan di Dunia

South Sumatera Plasma Farmers of the world's leading

Finansial, Indag & Properti

Pelopor RSPO di Indonesia

Gembleng Petani Selama 20 Tahun

Hemat Biaya sampai 30 Persen

Kalahkan Gaji Manajer

RSPO Pioneer in Indonesia

Cargill

PLASMA – In pictures

The first Premium of RSPO Received by Plasma

Thank you

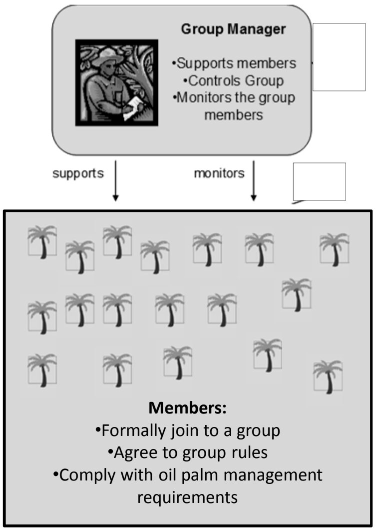
Sertifikasi Petani Swadaya : Tantangan Utama?

Agung Prawoto, BIOCert Indonesia

Latar belakang

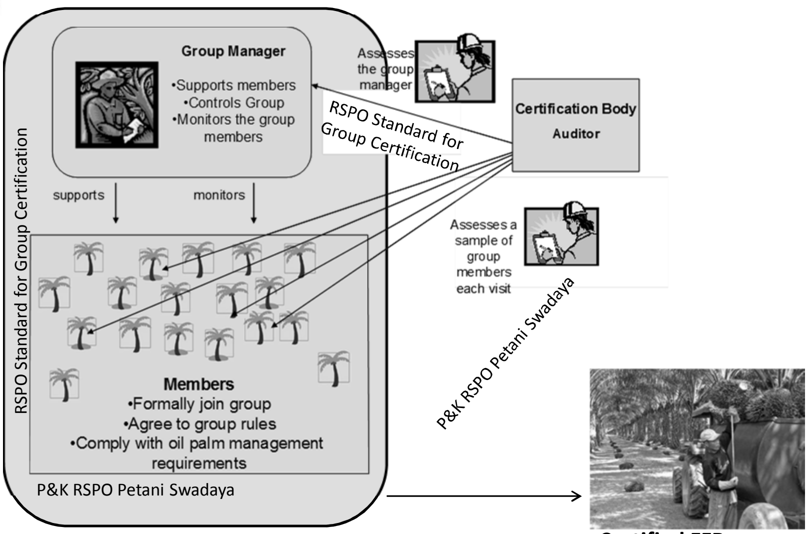
- 37-40% produksi sawit di Indonesia dan Malaysia dikelola oleh petani.
- Memfasilitasi akses sertifikasi bagi petani kecil:
  - ❖ Biaya sertifikasi yang terjangkau
  - ❖ Petani kecil membentuk atau bergabung dengan sebuah organisasi tani untuk sertifikasi kelompok
- Sertifikasi secara berkelompok, bukan perorangan

Komponen
Sertifikasi Kelompok



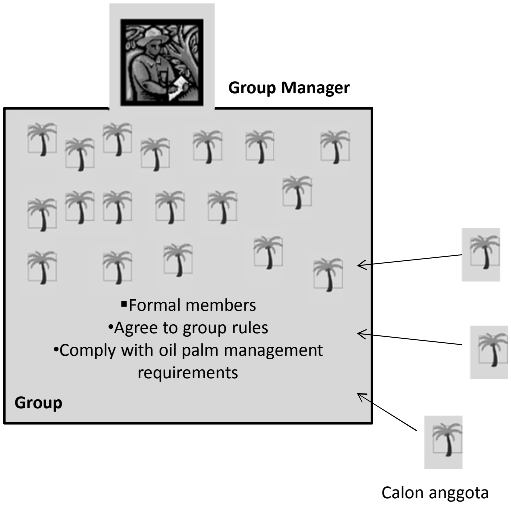
1. Petani berkelompok
2. Kelompok memiliki administrasi terpusat [group manager]
3. Mendokumentasikan kegiatan kelompok
4. Kapasitas group manager untuk mengelola sertifikasi kelompok dan menilai anggota kelompok

Sertifikasi Kelompok



Certified FFBs

Kesesuaian Standar



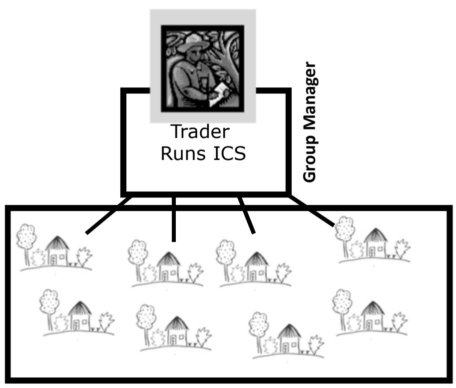
1. Anggota kelompok:
   - ▪Anggota
   - ▪Calon anggota
2. Perjanjian dengan petani
3. Sesuai dengan standar kelompok dan P&K Petani Swadaya

Group Manager

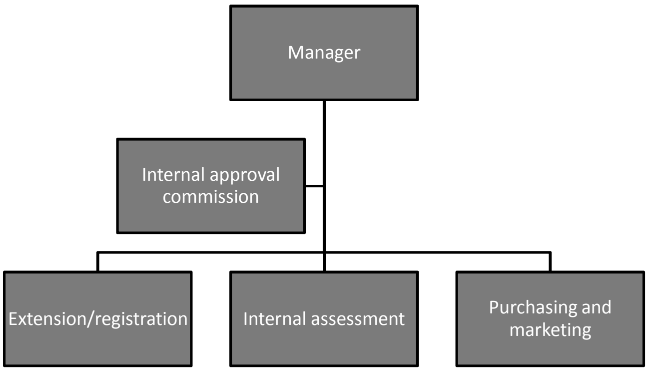
Legal entity

Producer group runs ICS

Individual acting as legal entity



Structure of group manager



Kapasitas Group manager

1. Dapat berkomunikasi dalam bahasa yang dipahami oleh anggota
2. Memiliki pengetahuan :
   - Persyaratan produksi sawit,
   - P&K RSPO
   - Standar sertifikasi kelompok
   - Produsen dan kebijakan kelompok internal.
3. Tidak ada konflik kepentingan
4. Kecukupan sumber daya: manusia, keuangan, sumber lainnya
5. Kapasitas untuk memonitoring dan mengevaluasi seluruh anggota
6. Sistem dokumentasi:
   - Misi dan tujuan,
   - Kebijakan dan prosedur untuk manajemen dan pengambilan keputusan.
   - Kebijakan dan prosedur untuk mengkomunikasi antara group manager dan anggota kelompok.
7. Program pelatihan bagi seluruh anggota

8. Sistem pemasaran bersama [adil & transparan]:
   - Aturan pembelian dan penjualan bersama,
   - Aturan klaim RSPO certified,
   - Penyebaran pasar, informasi harga dan logistik (transportasi ke pabrik).

9. Memastikan total penjualan dan klaim TBS tersertifikasi dari anggota tidak memeiliki total TBS yang disertifikasi.

Tantangan

A. Organisasi tani & Group Manager

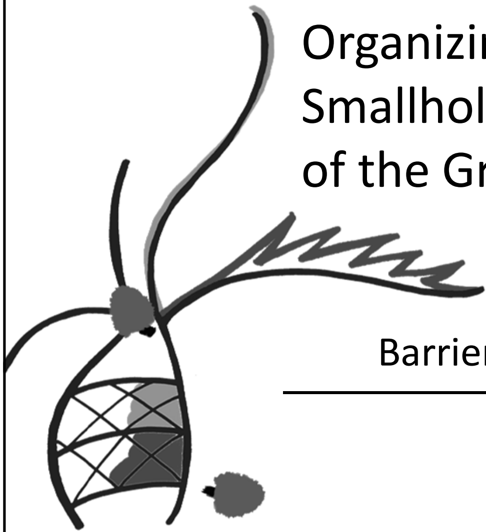
- Soliditas organisasi tani: ex-petani plasma
- Pemasaran bersama: terikat pada tengkulak
- Kapasitas personil menjalankan peran sebagai group manager
- Dokumentasi kelompok
- Catatan produksi petani
- Pembiayaan kegiatan sistem pengawasan internal.

B. Praktek Budidaya yang baik

- Bibit tidak bersertifikat: terutama petani murni swadaya
- Pemupukan yang tidak teratur: tidak ada modal.

C. Pemasaran

- Potensi pencampuran produk: Intermediary dalam rantai pasokan
- Transparansi informasi kualitas dan harga TBS



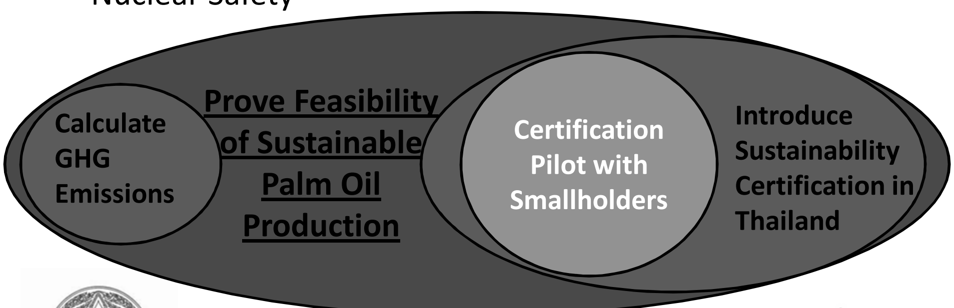
Organizing Independent Smallholders and the Role of the Group Manager

Barriers and Solutions

Jonas Dallinger
CIM Expert
Thai Office of Agricultural Economics
Jonas.Dallinger@cimonline.de

Sustainable Palm Oil Production in TH

- Climate Protection Initiative of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

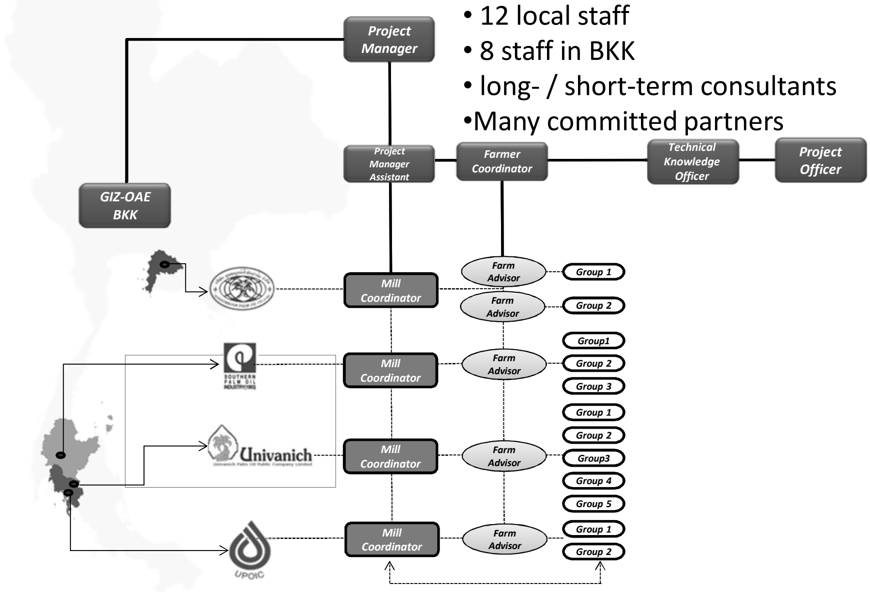


Office of Agricultural Economics

Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

giz

• 4 pilot mills
• up to 1000 farmers
• 12 local staff
• 8 staff in BKK
• long- / short-term consultants
•Many committed partners



Independent Smallholders

- Various types
- Independent – free from any mill / company
- Not structurally bound by contract
- “on their own in complying to RSPO”?
- RSPO Certification System
  - 4.2.3: <u>associated</u> smallholders brought to compliance by mill
- Can only be certified as a group
  - Need to comply to RSPO Standard for Group Certification
  - Need to comply to Principles and Criteria

Organizing Independent SH

- Why would they get organized?
- Organizing famers has done for simpler reasons than management certification
  - Done by governments
  - Private sector – contract farming
  - Self organization / NGOs etc.
- Why would they want to aim for RSPO certification?
- How to create incentives
  - From getting organized
  - From RSPO certification

Creating Incentives

- Nobody willing to pay a premium
- Premiums decreasing (GreenPalm)
  - Remaining for FFB: 0.3 USD / ton (Sep. 2011)
  - FFB price: 140.- USD / ton
  - CPO certificate price decreased another 37% since then
- “Transform Markets” → RSPO as Industry Standard
- Could there be a premium for SMALLHOLDER certificates / CSPO?
- Can “sustainable practice” be incentive?

Productivity Challenge in TH

	2009
FFB yield (t/ha)	16
OER (%)	17
CPO Production (t)	1,387,604
Revenue (USD)*	963,333,565

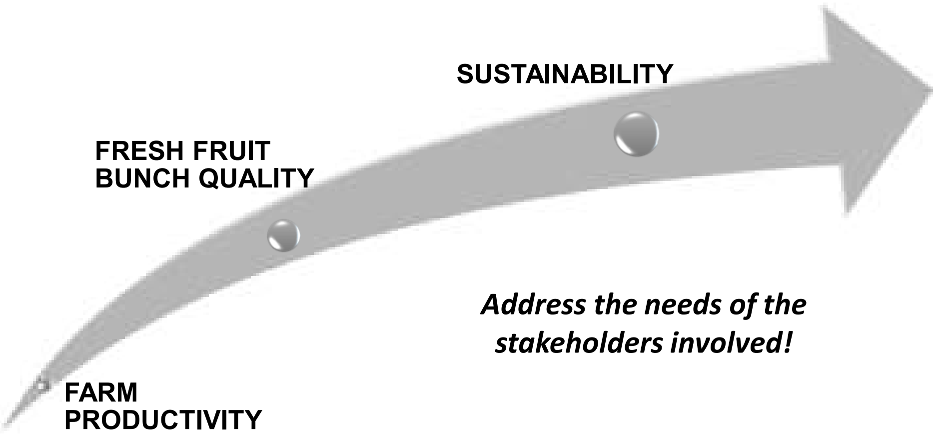
----> Potential to increase CPO production by 36%

----> Or 26% of area grown with oil palm in 2009 spared

----> Lost annual revenue of USD 347,250,000.-

* Based on Ø CPO price 2009 of USD 694.-

Project Approach



Address the needs of the stakeholders involved!

Creating Incentives

Good Practice/Project	Certification
▪ Productivity Challenge ▪ Benefits from Cooperation ▪ Benefits offered by government?	▪ Long-term benefits ▪ Not "easy to sell" ▪ Knowledge intensive ▪ Work intensive

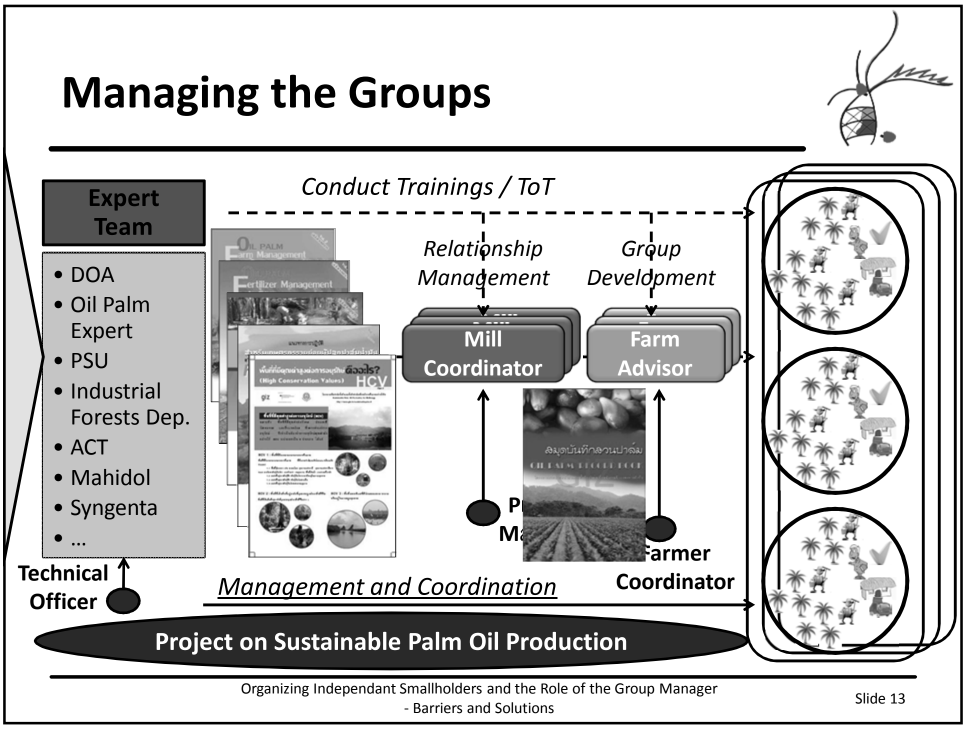
The Group Manager

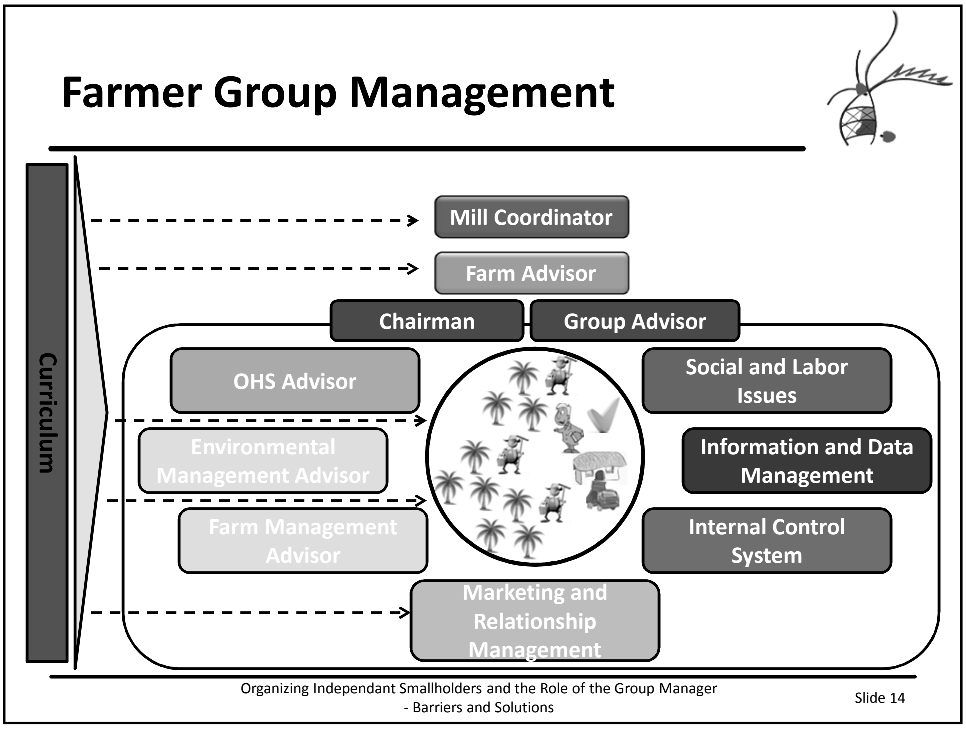
- Support prospective members
- Ensure compliance of members
- Provide trainings
- Provide/compile information
- Follow RSPO Group Certification Standard
- Establish ICS
- Policies and Procedures
- Plans
- Assessments
- Mapping / GIS

- Comply with P&C
- Respond with CAR
- Respond to group decisions
- Continuous improvement

The Group Manager

Social Sciences	Science	Agronomy	Law	Management
• SIA • Community relations • HCV	• Biology • Ecology • Soil Science • Environment • EIA • HCV • OHS	• GAP • Extension Service • IPM	• Human rights • Labor rights • National legislation • International conventions • Mediation	• Standard Operating Procedures • Business Plan • Continuous improvement • ICS • Organization


Managing the Groups
Conduct Trainings / ToT
Expert Team
• DOA
• Oil Palm Expert
• PSU
• Industrial Forests Dep.
• ACT
• Mahidol
• Syngenta
• …
Relationship Management
Group Development
Mill Coordinator
Farm Advisor
HCV
Farmer Coordinator
Technical Officer
Management and Coordination
Project on Sustainable Palm Oil Production
Organizing Independant Smallholders and the Role of the Group Manager - Barriers and Solutions
Slide 13

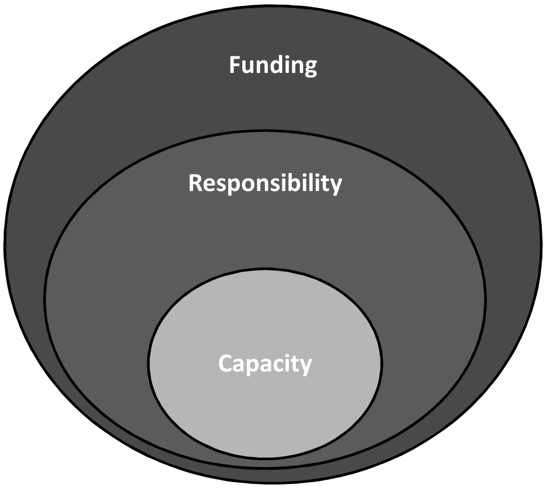

Farmer Group Management
Curriculum
Mill Coordinator
Farm Advisor
Chairman
Group Advisor
OHS Advisor
Environmental Management Advisor
Farm Management Advisor
Marketing and Relationship Management
Social and Labor Issues
Information and Data Management
Internal Control System
Organizing Independant Smallholders and the Role of the Group Manager - Barriers and Solutions
Slide 14

Farm Manuals

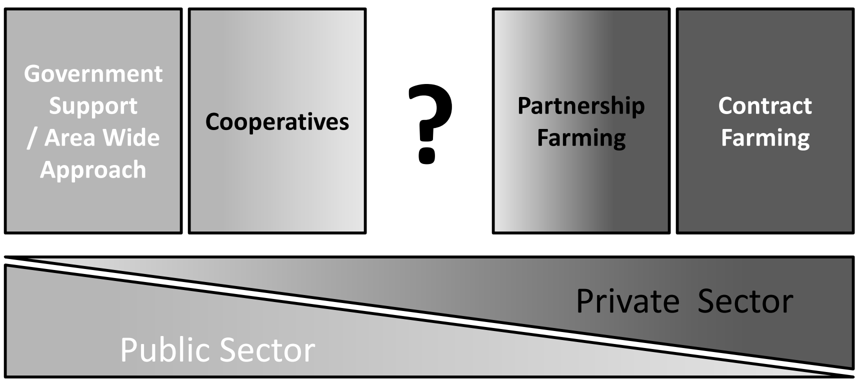
Necessary Practical Support

- Guideline for simplified group certification manual
  - how to prepare procedures, work instructions., etc.
- Standard Checklist for smallholders assessment
  - RSPO P&C
  - Group Certification Standard
- Guidelines for group set-up
  - Group structure, distribution of responsibilities
- Facilitate set up local Certification Body and Accreditation

Challenges



Possible Approaches



Next Steps for RSPO?

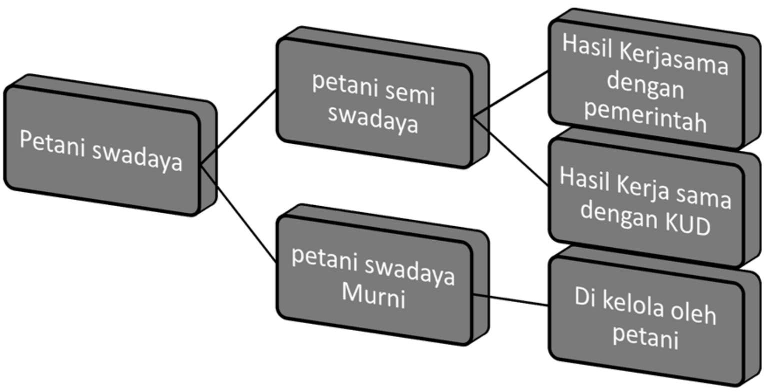
- Adjust RSPO Certification System to integrate Independent Smallholders
  - Clarify / adjust on 4.2.3
  - Open up CSPO market for smallholders
- Create Incentives
  - by initiating projects / provide funding
- Work out possible long term approaches
  - Take responsibility?
  - Impose responsibility?
  - Cooperation? / Co-regulation?

Resep-Resep pembangunan dan pemeliharaan organisasi petani Yang Kuat

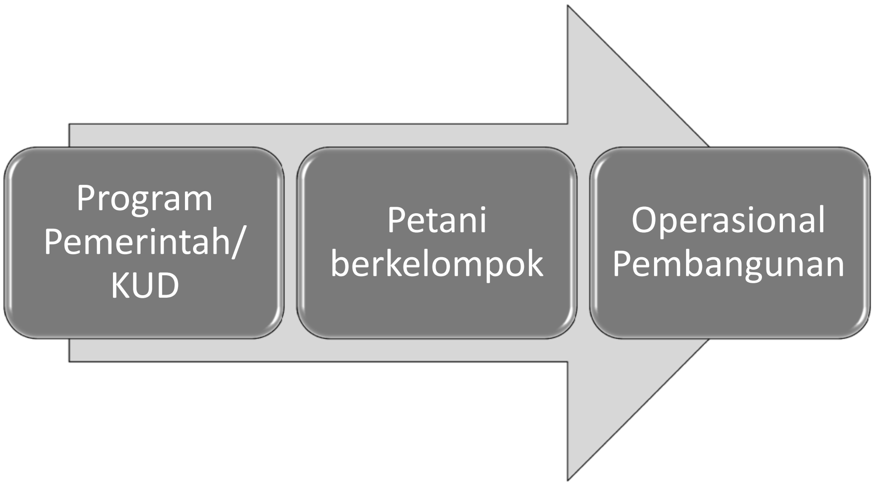
Mansuetus Darto

Koordinator SPKS

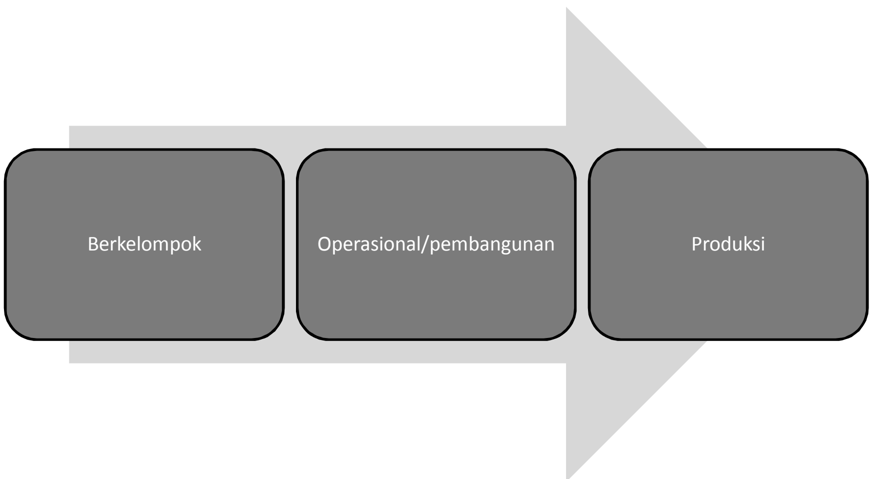
Mengenali Petani Swadaya Ind.



Petani semi swadaya



Swadaya Murni (berkelompok)



Swadaya murni (berserakan)

Akibat lahan sempit dan terdapat sedikit petani yang memiliki lahan dalam satu desa dalam satu hamparan

Operasional Pembangunan

Produksi

Proses Produksi Petani semi swadaya

Petani swadaya

- Dokumen pembibitan
- Tehnis budidaya yang tepat
- Memiliki luasan yang optimal
- Dibantu Pemerintah dan KUD

Pabrik – KUD

- Melakukan pengecekatan lokasi
- Pemasaran TBS

Swadaya Murni

- Tidak memiliki dokumen pembibitan
- Asal benih tidak jelas
- Hasil pengelolaan sendiri
- Hars Memili DO Buah (surat pengantar Buah)

Petani swadaya

Tengkulak

- Memiliki DO Buah (surat Pengantar Buah)

Melihat petani swadaya secara ideal

Perintisan

- Rencana kerja operasional
- Kejelasan Status lahan (usaha legal)
- Berkelompok
- Pembukaan Lahan

Pembangunan

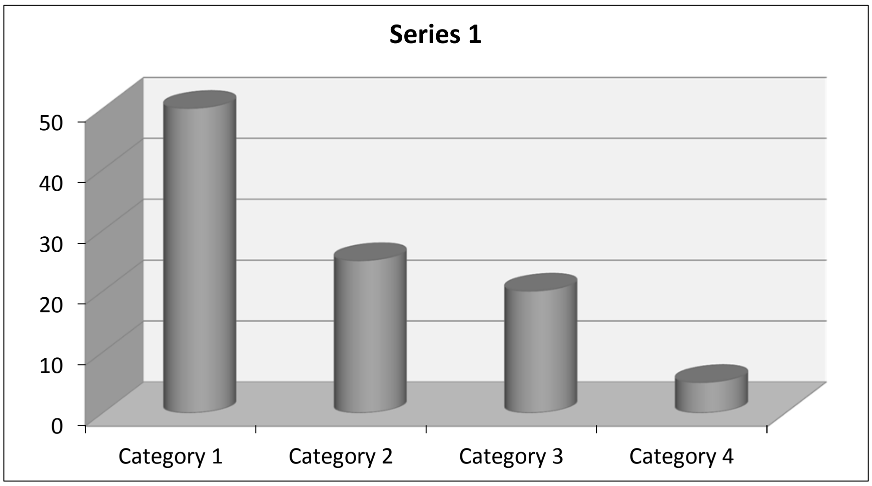
- Membangun kebun
- Modal yang cukup
- Kapasitas petani (manajemen kebun kelapa sawit)
- Memiliki manajemen operasional yang profesional
- Menggunakan bibit bersertifikat
- Jalan produksi dan jalan panen

Produksi

- Akses pasar
- Manajemen Pemanenan
- Pengangkutan TBS

Pemeliharaan

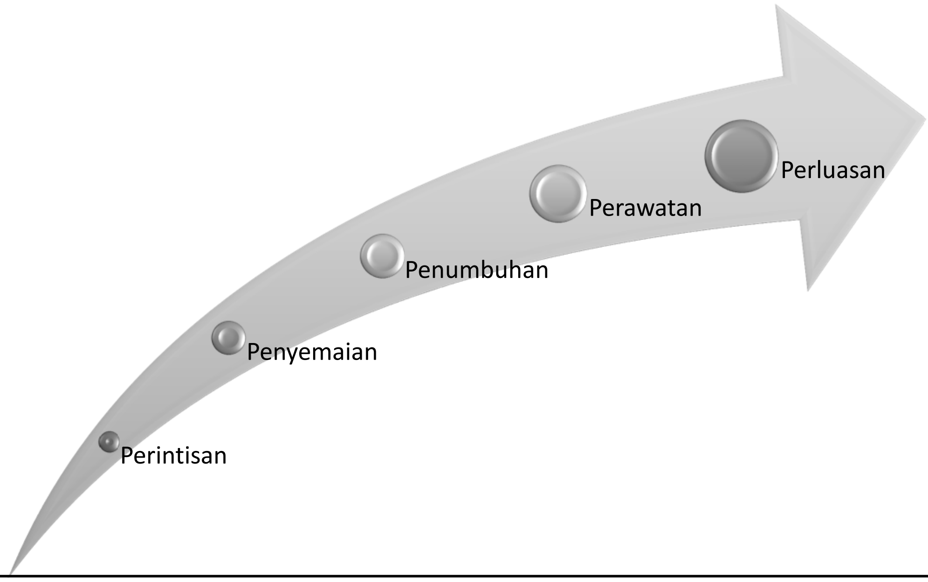
- Pupuk dan pestisida
- Asistensi team tehnis
- Pemeliharaan yang intensif (monitoring kebun)



Persoalan real

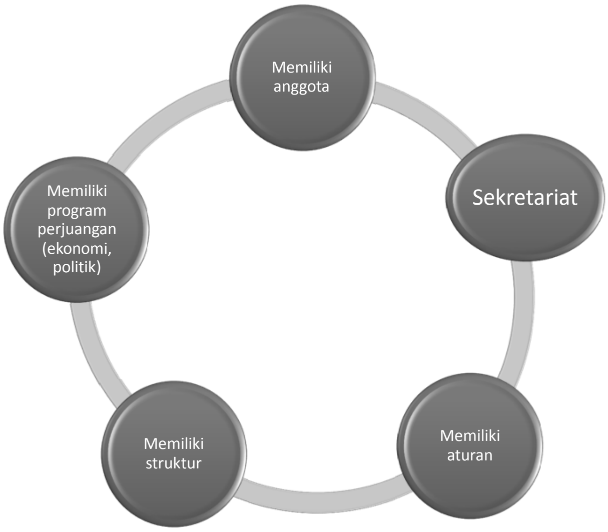
- Modal yang tidak cukup dan petani belum dapat difasilitasi oleh BANK
- Untuk memperoleh sertifikat atau dokumen pembibitan, harus membeli di atas 500
- Distribusi pupuk yang panjang, Pupuk langka, Pupuk Mahal, belum ada pengawasan peredaran
- Lemahnya Kapasitas pengelolaan kebun
- Kelompok tidak memiliki manajemen organisasi kebun dan advokasi (pengendalian hama tanaman, konsolidasi dll)
- Sebagian kecil Tidak memiliki sertifikat Tanah
- Harga TBS yang rendah
- Infrastruktur Jalan kebun yang rusak, pengangkutan tidak efisien

Alur Praktek (pohon) Pengorganisasian

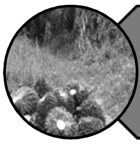


- ***perintisan,*** merupakan kerja untuk membuka jalan dengan melihat dan menjajagi potensi yang ada (masalah dan basis massanya); ***(2) penyemaian,*** merupakan kerja menaburkan ide dan gagasan soal pentingnya kaum tani bersatu dengan membangun organisasi sebagai peralatan perjuangannya; ***(3) penumbuhan,*** merupakan pekerjaan dalam mengakumulasikan penaburan ide dan gagasan kedalam satuan – satuan basis organisasi, membangun rangka – rangka organisasi (struktur) dan menumbuhkan tulang punggung (aktivis massa dan kader – kader) ***;(4) perawatan,*** merupakan pekerjaan untuk menyiapkan terjaminnya organisasi akan bisa bertahan dalam situasi apapun, dan***;(5) pengembangan,*** dengan berprinsip luas maka pekerjaan pada tahap ini dengan memperluas keanggotaan (tanpa mengenal suku, agama dan golongan) dan memperluas jangkauan organisasi (menembus batas – batas teretorial). Perlu kita tekankan, karena cara berfikir kita dialektik (bukan linier dan formalis) maka tahapan – tahapan pekerjaan ini juga dijalankan secara dialektit berdasarkan realitas kongkrit lapangannya.

Melihat kelompok Yang Ideal



Anggota



Petani kelapa sawit

Memiliki kartu anggota

Patuh pada aturan organisasi/Aktif

Aturan

- Hak dan kewajiban
- Jadwal Pergantian Pengurus, Struktur
- Visi-misi

Struktur

- Model Struktur (sentral/kolektif)
- Memiliki Tulang Punggung Organisasi
- Berasal dari Anggota

Program Perjuangan

- Program Maksimum/ Program Minimum
- Memiliki kurikulum pendidikan/ Pelatihan
- Memiliki Guru Keliling

Sekretariat

- Memiliki manajemen sekretariat
- Media konsolidasi Politik kelompok
- Administrasi

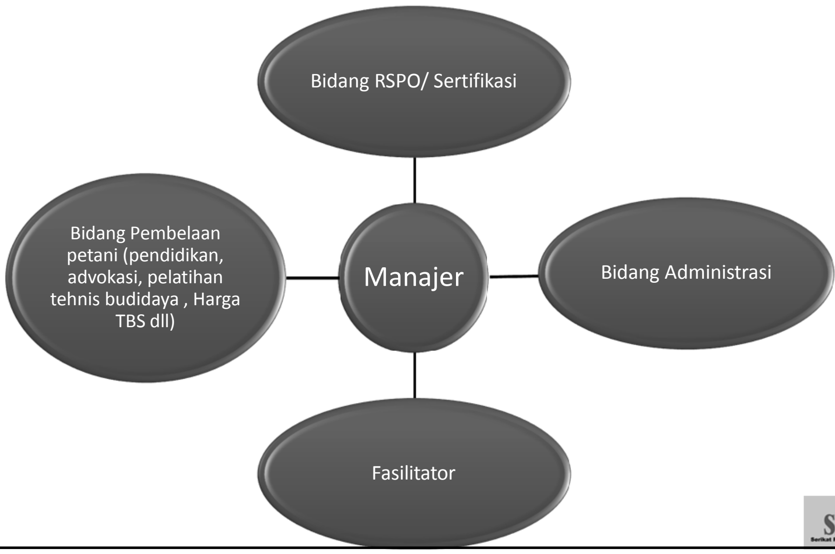
Catatan rekomendasi

1. Penting melakukan penataan Ulang tentang Keorganisasian Kelompok dan melakukan pendidikan keorganisasian pada tulang pungung Organisasi.
2. Organisasi kelompok harus mampu menjawab kebutuhan lain selain kebutuhan sertifikasi kelompok, sehingga struktur dan program perjuangan sangat penting berpandu pada kebutuhan dan tuntutan anggota (pupuk, replanting, kemampuan tehnis, penggusuran lahan)

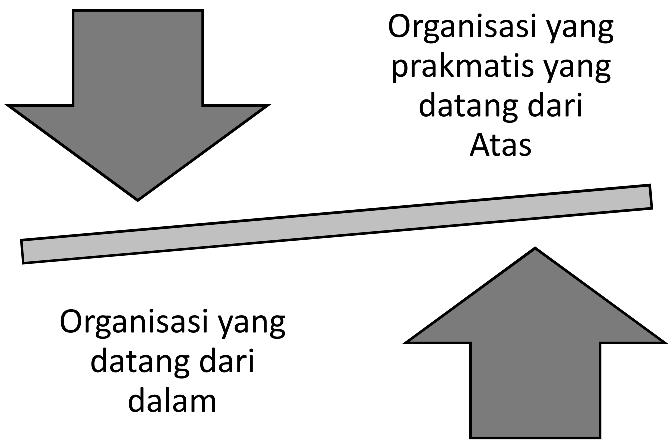
Kesimpulan 3. Secara terus menerus melakukan pelatihan dan pembinaan kepada petani kelapa sawit melalui pelatihan GAP

Kesimpulan 4. Penting berjaring dengan pemerintah sebagai bagian dari proses pengorganisasian dengan diseminasi informasi, hingga pelibatan lembaga pendukung lain (lembaga pembibitan, Pupuk, pabrik, tengkulak dan BANK)

Kesimpulan 5, Struktur organisasi kelompok independen adalah menjawab keadaan dan masa depan petani mandiri



Penutup


Organisasi yang prakmatis yang datang dari Atas
Organisasi yang datang dari dalam

The role/challenges of Group Manager in organizing independent smallholders.

David Ogg FICFor.

FSC and PEFC group scheme experience. Group manager:

- **FSC FM/COC group schemes.**
- 1998. UK. 110,000ha. (10% of the private sector).
- 2001. France. 12,500 ha.
- 2005. Ireland. 8,000ha.
- *Range from 0.5ha to 7,500ha.*
- **COC schemes.**
- 2002. FSC. Europe. 600 members. (50% of all UK timber production through the group!)
- 2004. PEFC for Europe. 150 + members.
- 2005. FSC for one association in NL. 52 members.

Experience post group schemes.

- 2006: Became a fully accredited certification body and joined Control Union Certifications.
- **Main Audits RSPO groups:**
- Felda. Scheme and independent smallholders.
- Pt Rea Kaltim scheme small holders.
- MusimMas. Scheme smallholders.
- **Pre-audits of Groups:**
- Ivory Coast. 4 x Independent small holders in co-operatives plus independent POM.
- Colombia. Independent small holders.

Nothing complicated about groups!

- Pit falls to avoid:
- Not understanding the basic concept of a group.
- Thinking that a group manager is an individual person.
- ***It is better to think of it as Group administration.***
- Being too prescriptive.
- Not understanding the role of the CB.
- Restricting group membership.

The group concept.

- To make certification available in a pragmatic and affordable way to an organised group of producers with similar production systems.
- The ***group administration*** ensures all group members manage in accordance with the appropriate standard.
- The CB audits and certifies the group administration and samples a number of group members.
- The costs are shared.

What is a group?

- The term “group” is used to cover any organisation that has a number of independent members that have agreed to join that group and are therefore bound by the rules of that group.
- Group of Independent smallholders.
- Group of Scheme smallholders.
- Group of independent growers.
- Co-Operatives.
- Associations.

RSPO Smallholder definition.

- ***Scheme smallholders:***
- *Farmers growing oil palm. (With other crops).*
- *Family provides the majority of labour and the farm provides the principal source of income.*
- *Area of oil palm is usually below 50 hectares.*
- *Maybe part of a contiguous block of oil palm of many thousands of ha managed – effectively – as one single plantation.*

Independent smallholders.

- Very varied in their situations.
- Often wholly independent and unattached are of oil palm that is just another crop.
- Oil palm area can vary from <1ha to ‘000’s ha.
- Freedom to choose how to use their lands, which crops to plant and how to manage.
- Self-organized, self-managed and self-financed.
- Not contractually bound to any particular mill or any particular association.

Advantages and disadvantages.

Advantages.

- Reduced cost of certification.
- Adoption of agricultural best practice.
- Adoption of sustainability best practice.
- Co-ordinated Integrated Pest Management.
- Marketing strength.
- Central bulk purchasing of fertilisers and herbicides.
- Training and education.

Disadvantages.

- Perceived loss of independence.
- Reliance on the group manager to retain the certification on behalf of all members.
- If the group loses its certified status, then all members also lose their certification.

The unit of certification.

- The Group Administration and group members.
- Must include all managed land of group members. (Note: Definition required. Does this cover just oil palm? Should the wording be changed?).
- Group membership criteria must ***NOT*** be limited in any way by the RSPO!
- Individual managers may limit group membership.
- Certification bodies stratify the membership for audit purposes.

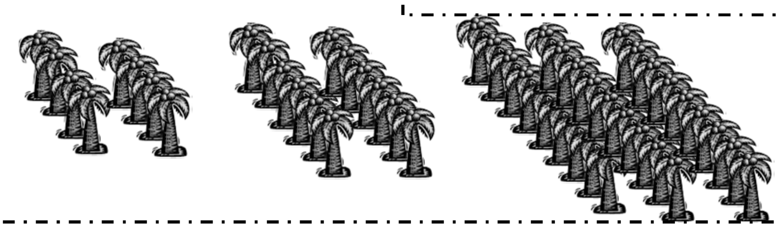
A group schematic.

Group administration.
Writes the group rules.
Ensures members comply.
Audits all members.
Central data bases.
Training.

Certification body.
Stratifies group members.
Prepares a risk assessment.
Audits the group management systems.
Audits a sample of the members.
Certificate awarded to group manager.

Group members.
Formally join the group.
Agree to comply with group rules.

Stratification and sampling of group members. Size. Location. Group management systems. New members.



The Group Administration.

- Anyone may become an individual group manager:
- Individual entrepreneur.
- Village chief.
- Smallholder.
- Oil palm company manager.
- However, it may be a combination of individuals or even organisations: hence ***Group Administration.***
- However, the group manager / administration must demonstrate to the CB that there is a robust internal control system in place and implemented.

Responsibilities.

Group administration

- Rules of the group.
- Internal Control System. ICS.
- Objectives of the group.
- Membership requirements.
- Expulsion procedures.
- Auditing procedures.
- Training.
- Central data bases.
- All CB costs.
- All members comply with the applicable standard(s).

Group member

- Sign agreement to comply with group rules.
- Manage in accordance with the standard.
- Provide information to group manager.
- Close out NCs.
- Allow CB to audit them as part of a sample.

Applicable standards.

- RSPO Accreditation and Certification Requirements for Group Certification. 26 August 2010.
- RSPO Standard for Group Certification 26 August 2010.
- RSPO Guidance for Independent Smallholders under Group Certification. 19th June 2010.
- RSPO Certification Systems 26 June 2007.
- RSPO Supply Chain Certification Systems. November 2009.
- RSPO Principles and Criteria for Sustainable Palm Oil Production October 2007.
- RSPO National Interpretations of RSPO Principles and Criteria.

CUC documents.

- 20.0 Procedures relating to RSPO group certification.
- 20.1 RSPO Group standard and explanation.
- 20.2 RSPO Group Scheme application form.
- 20.3 RSPO Group scheme offer.
- 20.3.1 RSPO Group scheme with the rules for partial certification.
- 20.4 RSPO Group checklist. (For auditing the group manager and the ICS).
- 20.5 RSPO Group members' checklist.
- 20.6 RSPO Group scheme system plan. (Group Manager's self-assessment template).
- 20.7. RSPO Group rules. (Guidance document for group managers).
- 21.1 RSPO Group scheme public summary.

FFB production.

- All the FFB from all managed land (or estates) of group members shall be produced to RSPO certifiable standards.
- *FFB from the individual members of the group are (Maybe?) traded as a group and not individually.*
- ***Proposal: OER. 19.5%. Allowing groups to sell GreenPalm certificates. (Indicative $5 per tonne). FFB then sold as non certified to POM.***

The role/challenges of Group Administration

- To have a clear set of group rules.
- To define the objectives of the group.
- To define the membership criteria.
- To maintain a central data base of members.
- To maintain financial records as required in the rules and to achieve the objectives.
- To offer awareness training.
- To make available best management practices.
- To co-ordinate group management practices depending upon scale.

The role/challenges of the RSPO.

- To understand that the "Group Administration" must not be restricted by prescriptive and unnecessary limitations.
- To allow groups to be as big (or as small) as the group administration can manage.
- To accept that groups can define their own parameters, objectives and rules and that these are audited by the certification body.
- To understand the role of the certification bodies in stratifying and auditing group members.
- To recognise that Independent POMs need to be audited against the applicable RSPO P&Cs.

Thank you.

David Ogg FICFor

FAKTOR KONVERSI
TANDAN BUAH SEGAR MENJADI CPO

ASRIL DARUSSAMIN
INDONESIAN NATIONAL WORKING GROUP (INA-SWG)

MODEL RANTAI PASOK

1. IDENTITY PRESERVED
2. SEGREGATION
3. MASS BALANCE
4. BOOK AND CLAIM

Disajikan oleh

ASRIL DARUSSAMIN

AD

- **SKEMA RANTAI PASOK MINYAK SAWIT *(Lamp. 1)***

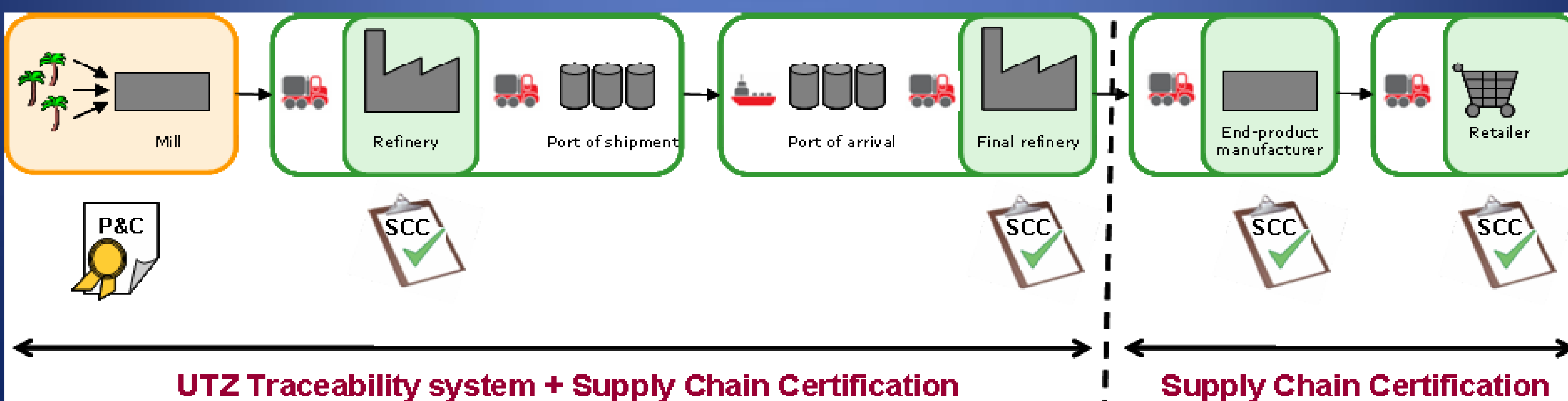
Tahapan dan sistim sertifikasi:

Perkebunan – PKS ⟹ Standar Prinsip dan Kriteria untuk Produksi Minyak Sawit Berkelanjutan

AD

Refinery,
Fabrik Produk Akhir
Pengecer

Supply Chain Certification (SCC)

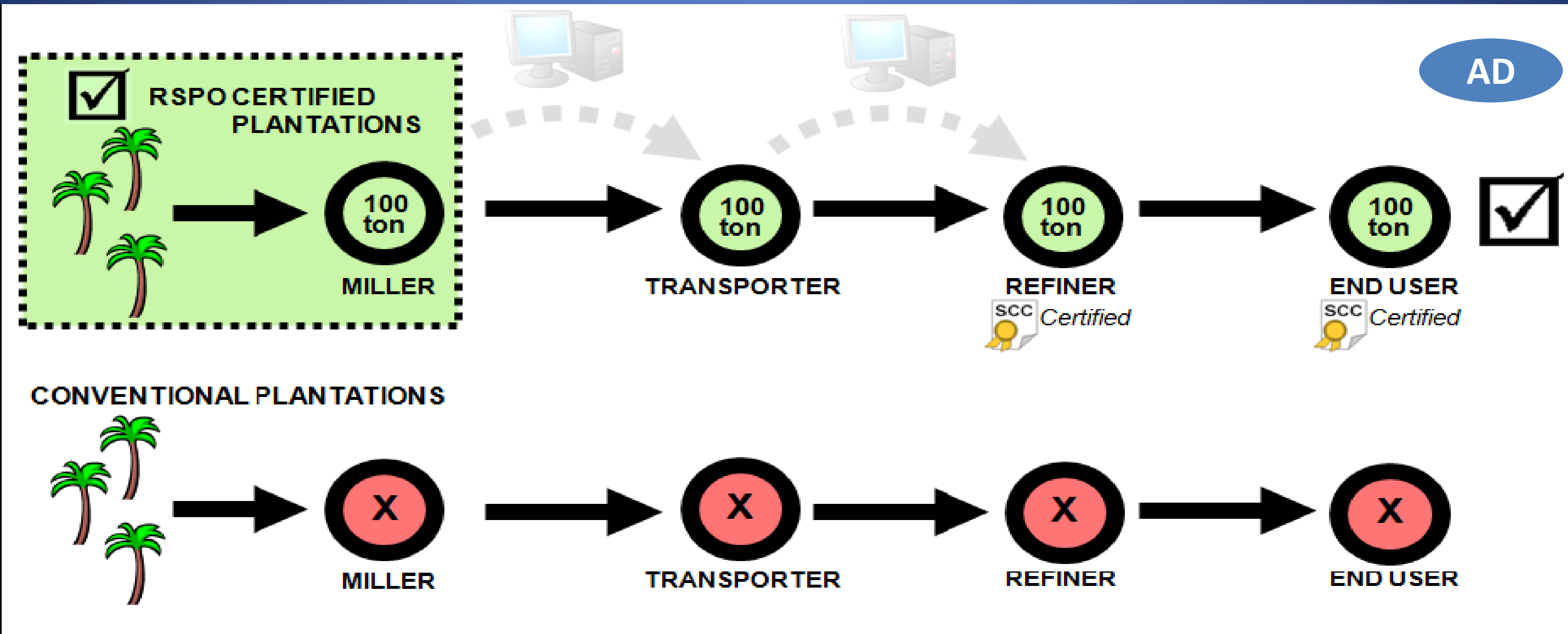


- **Identity Preserved** *(Lamp. 2)*

  - menjamin CSPO dan turunannya sampai ke pengguna akhir terpisah dari non-CSPO dan CSPO lainnya (Segregation, Mass Balance, Book & Claim)

  - penelusuran balik (traceability) disepanjang rantai pasok dapat dilakukan sampai ke perkebunan.

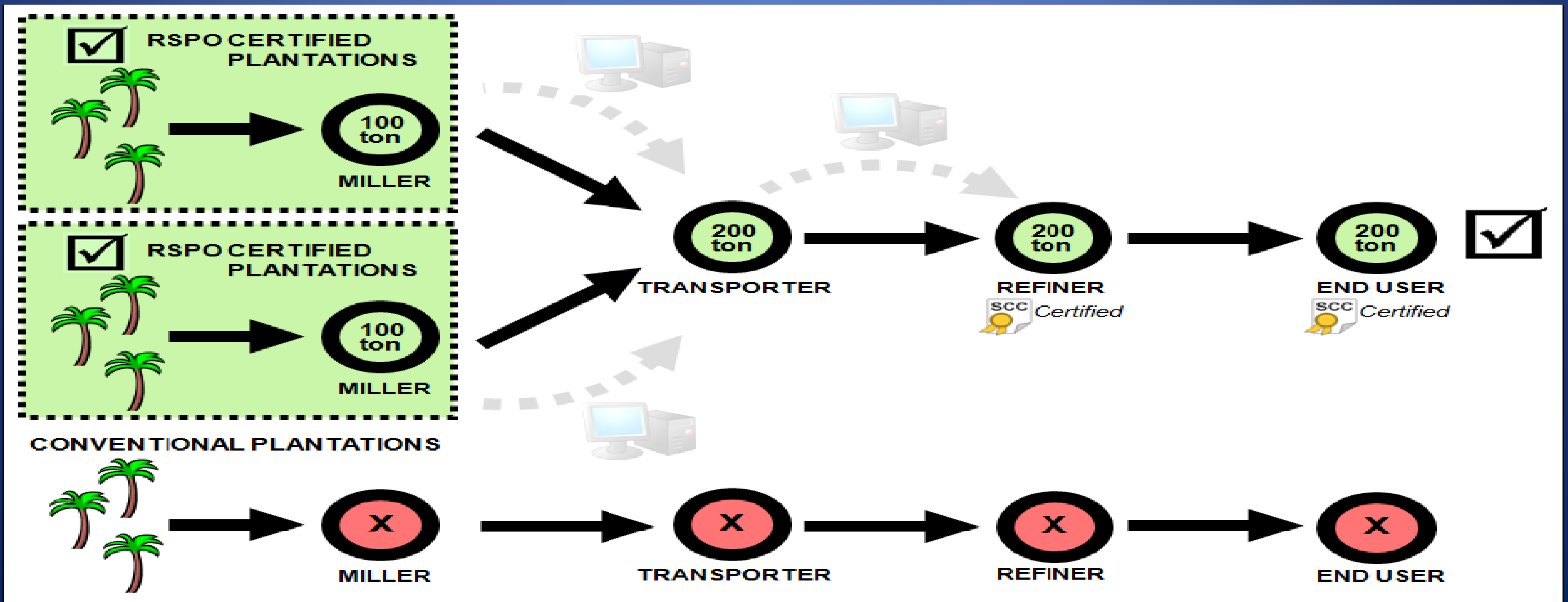
  - Klaim: *"Contains only RSPO Certified Sustainable Palm Oil"*



- **SEGREGATION** *(Lamp. 3)*

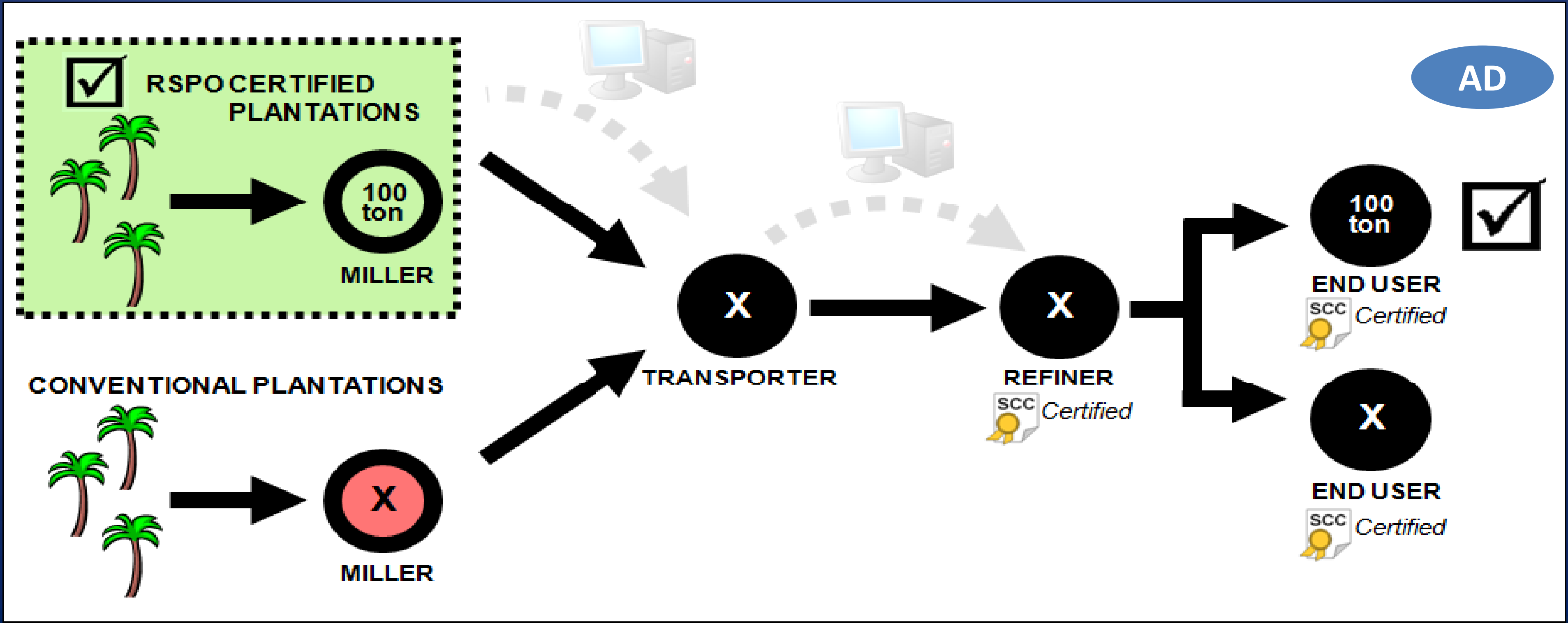
AD

- menjamin CSPO dan turunannya sampai ke pengguna akhir terpisah dari non-CSPO dan CSPO lainnya (Mass Balance, Book & Claim). Dapat dicampur dengan CSPO kebun lain.
- penelusuran balik (traceability) dapat dilakukan hanya sampai PKS.
- Klaim: *"Contains only RSPO Certified Sustainable Palm Oil"*



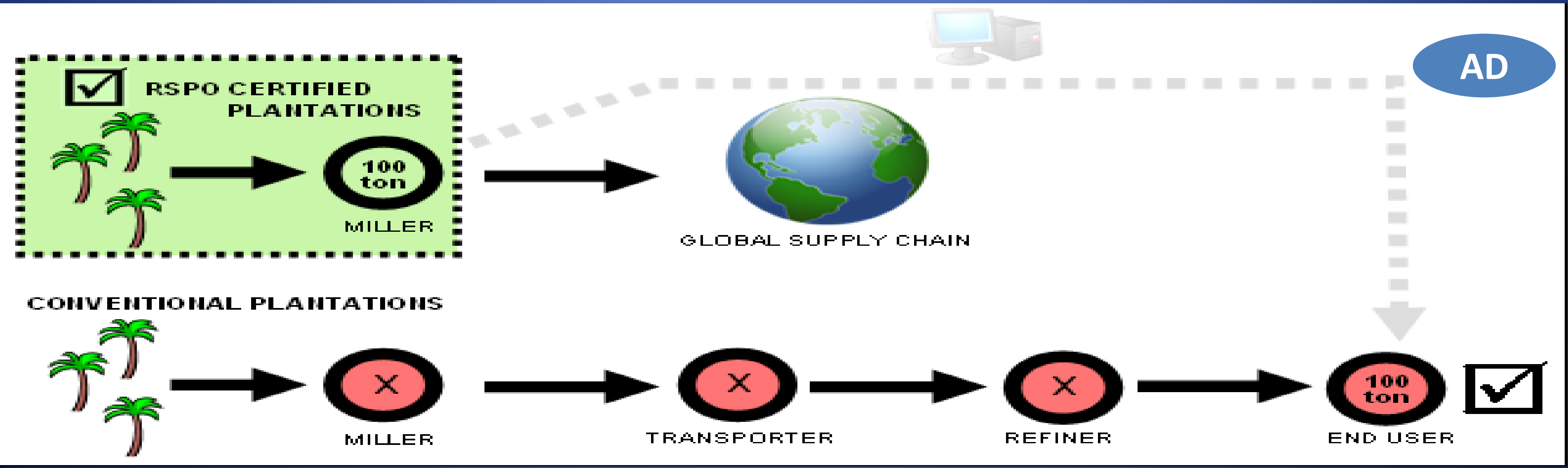
- **MASS BALANCE (Lamp. 4)**

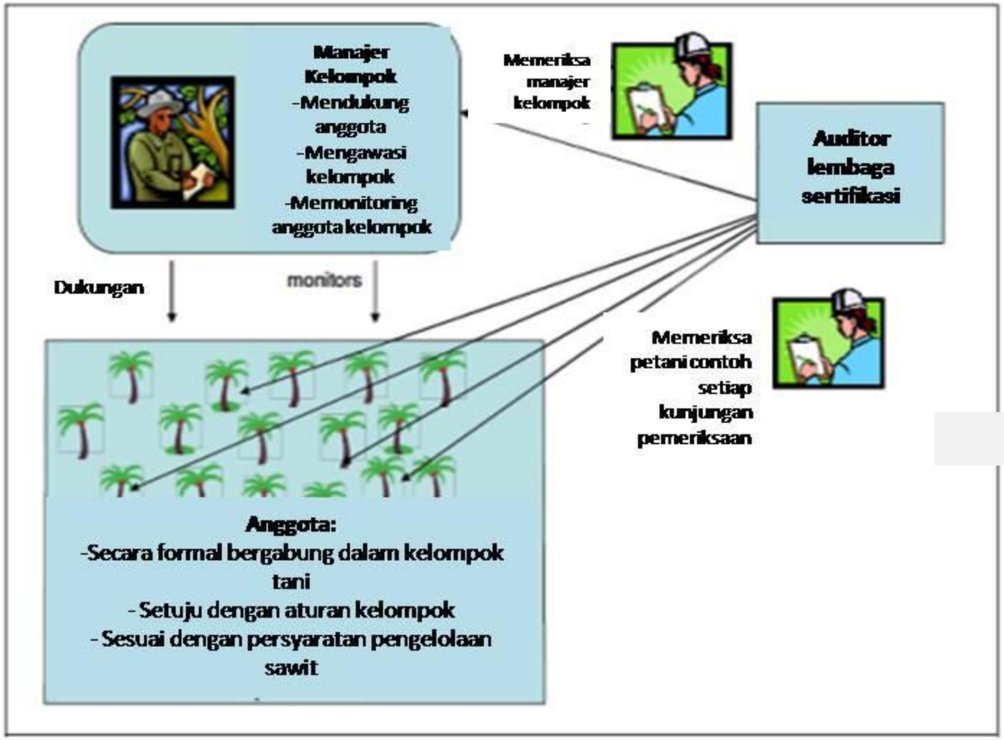
  - perdagangan/perjalanan CSPO dimonitor secara admistratif disepanjang rantai pasok. CSPO tercampur dengan non-CSPO dengan jumlah keseluruhan terdaftar (UTZ CERTIFIED). Total CSPO sampai ke pengguna akhir sesuai dengan volume CSPO yang diproduksi.
  - Klaim: *"Supports the production of RSPO Certified Sustainable Palm Oil"*



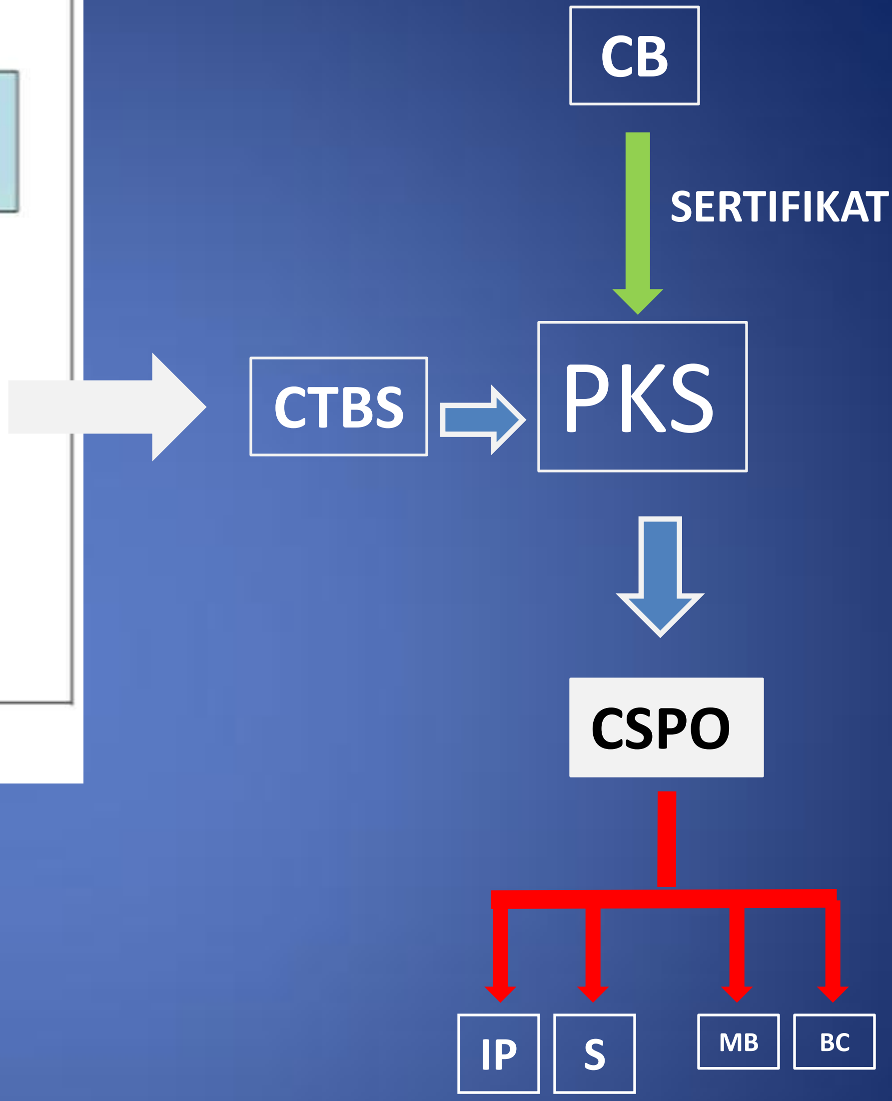
- **BOOK AND CLAIM** ***(Lamp. 5)***

  - CSPO diperdagangkan melalui sertifikat produk (elektronik). Satu sertifikat eq. dengan 1 ton CSPO.
  - pengguna akhir membeli minyak sawit pada suplier minyak sawit terdekat sejumlah sertifikat yang dibeli.
  - PKS yang bersertifikat RSPO menjual minyak sawit ke pasar maksimum sebesar kapasitas PKS.
  - penelusuran balik (traceability) dapat dilakukan hanya sampai PKS penghasil CSPO tanpa melibatkan seluruh rantai pasok
  - Klaim: "Supports *the production of RSPO Certified Sustainable Palm Oil"*





Gambar 1: Struktur Sertifikasi Kelompok



AD

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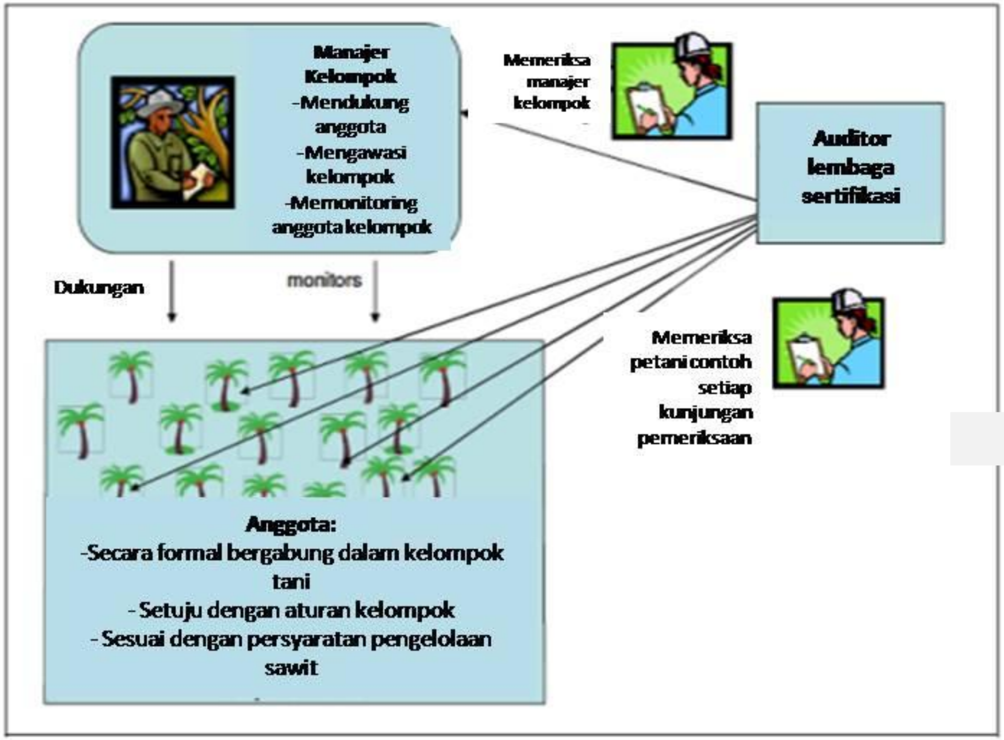
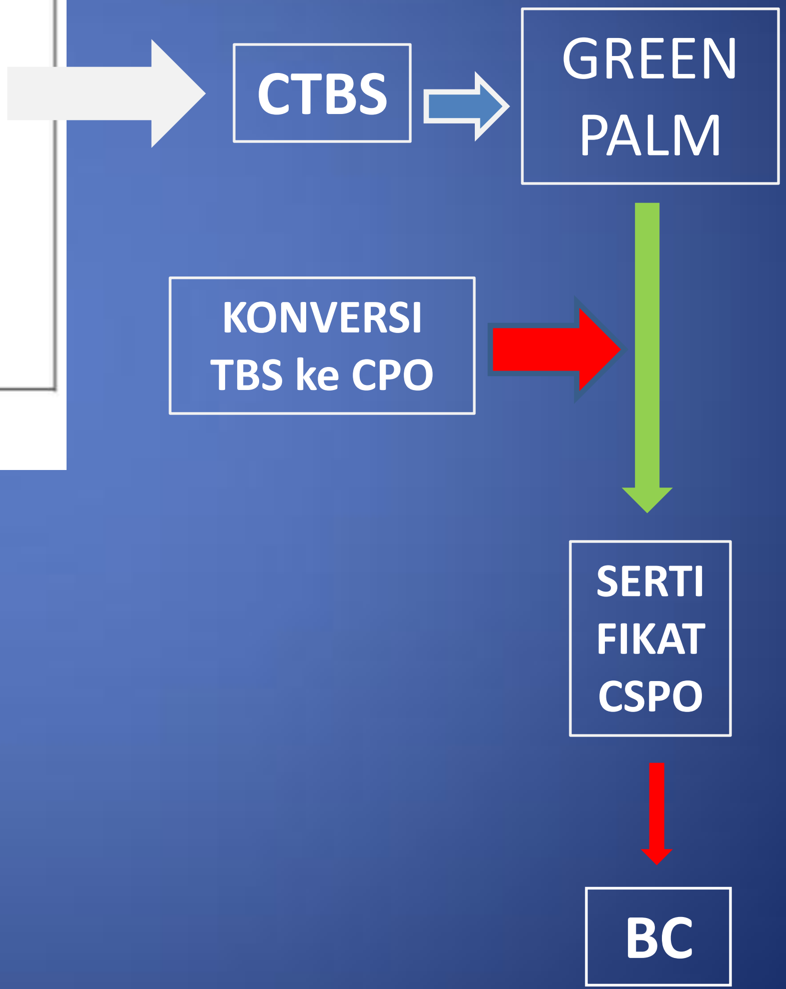


Gambar 1: Struktur Sertifikasi Kelompok



Apakah sistem ini dapat digunakan? Secara fisik tidak terjadi pengolahan CTBS menjadi CSPO karena tidak ada PKS bersertifikat.

Bagaimana cara mengkonversi TBS menjadi CPO yang praktis.

FAKTOR KONVERSI TBS KE CPO

Definisi Rendemen: $\frac{\text{berat minyak yang diperoleh}}{\text{berat buah}} \times 100\%$

Faktor berpengaruh:
- -jenis bahan tanam (dura atau tenera)
- -umur tanaman
- -waktu panen
- -managemen

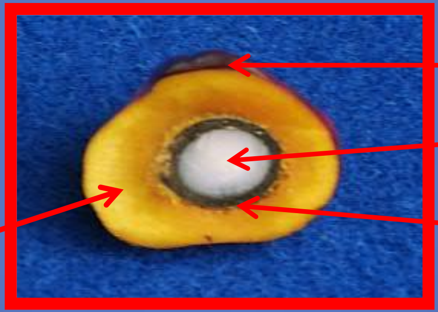
AD

DURA
TERPILIH

(sumber
bunga betina)

X

PISIFERA
TERPILIH
(sumber
bunga jantan)



Exocarp

Inti atau Kernel

Sabut atau Mesocarp

Cangkang atau Shell

100 % TENERA

(benih unggul)

AD

Beberapa cara penetapan nilai konversi (rendemen atau OER):

1. Pengambilan contoh secara statistika, kemudian ditentukan secara laboratorium rendemen.
   Setiap penyerahan buah ditentukan rendemen.

2. Nilai konversi (rendemen) tertentu (default value):
   - berdasarkan empiris
3. Penyempitan kesalahan penetapan rendemen tertentu:
   - Menejer Kelompok (Group Manager) memilih anggota kelompok berdasarkan jenis bahan tanam dan tahun tanam.
   - Menejer Kelompok mencantumkan cara penentuan nilai rendemen (default value) dalam dokumen yang harus disetujui calon anggota.
   - Nilai rendemen (default value) berdasarkan jenis bahan tanam dan umur tanaman.

AD

TERIMA KASIH

AD

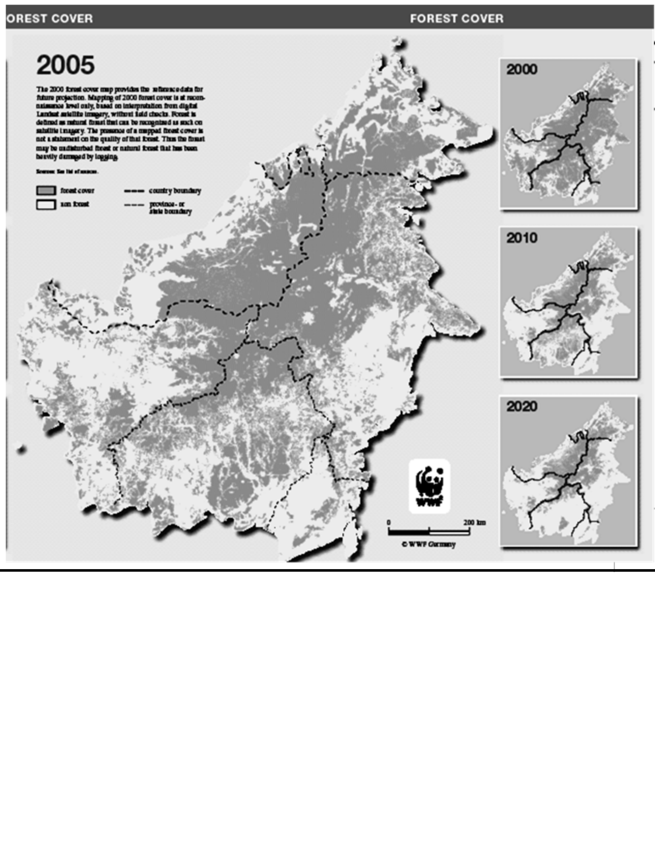
Lingkup HCV untuk Petani Swadaya

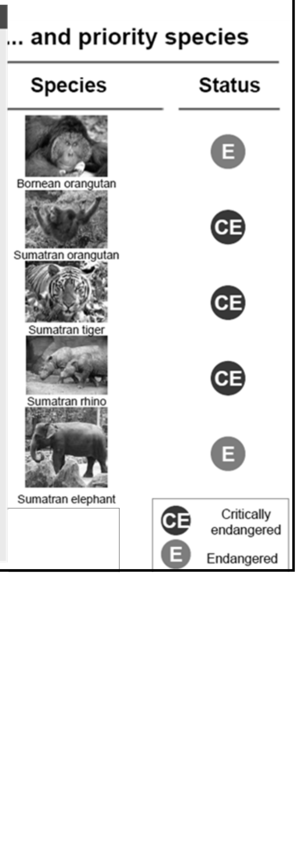
Jakarta, 14-15 Nov 2011

”Workhop Memfasilitasi Sertifikasi RSPO untuk Petani Swadaya”

Haryono dan Amalia Prameswari
Palm Oil Unit, WWF Indonesia

Latar Belakang





Contoh publikasi

Kebun sawit ilegal di TN. Tesso Nilo dimusnahkan

Like Tweet 0

Posted on 02 December 2010 | 4 comments | en | id

© WWF-Indonesia Program Riau

Oleh: Syamsidar

Pekanbaru (02/12)-Seluas kurang lebih 63 ha kebun sawit ilegal di dalam Taman Nasional Tesso Nilo (TNTN) telah dimusnahkan pada operasi pengamanan kawasan yang digelar selama dua hari, pada 26-27 November lalu. 250 personil yang terdiri dari kepolisian, TNI, Balai Besar Konservasi dan Sumber Daya Alam (BBKSDA) Riau dan Balai Taman Nasional Tesso Nilo (BTNTN) diturunkan untuk melakukan pengamanan operasi tersebut.

Dua unit eskavator dan sepuluh unit *chain saw* digunakan untuk membantu proses pembersihan kebun sawit ilegal tersebut yang difokuskan di lokasi perambahan di Desa Bagan Limau Kecamatan Ukui, Pelalawan, Riau. Operasi berjalan lancar tanpa ada kendala yang berarti

Statistik

Statistik Kelapa Sawit (Minyak Sawit) Indonesia

Tahun »	Luas Areal PR (Ha) »	Luas Areal PBN (Ha) »	Luas Areal PBS (Ha) »	Jumlah Luas Areal (Ha) »	Produksi PR »	Produksi PBN »	Produksi PBS »
2000	1,166,758	588,125	2,403,194	4,158,077	1,905,653	1,460,954	3,633,901
2001	1,561,031	609,947	2,542,457	4,713,435	2,798,032	1,519,289	4,079,151
2002	1,808,424	631,566	2,627,068	5,067,058	3,426,740	1,607,734	4,587,871
2003	1,854,394	662,803	2,766,360	5,283,557	3,517,324	1,750,651	5,172,859
2004	2,220,338	605,865	2,458,520	5,284,723	3,847,157	1,617,706	5,365,526
2005	2,356,895	529,854	2,567,068	5,453,817	4,500,769	1,449,254	5,911,592
2006	2,636,425	696,699	2,741,802	6,074,926	5,130,635	1,935,826	6,324,346
2007	2,857,777	717,803	2,849,481	6,425,061	5,431,096	1,964,017	6,756,870
2008	3,079,129	738,906	2,957,161	6,775,196	5,870,626	2,060,625	7,189,393
2009*)	3,300,481	760,010	3,064,840	7,125,331	6,310,155	2,159,429	7,621,916

Keterangan: PR: Perkebunan Rakyat
PBN: Perkebunan Besar Negara/BUMN
PBS: Perkebunan Besar Swasta
*): perkiraan

Statistik Kelapa Sawit (Inti Sawit) Indonesia

Tahun »	Luas Areal PR (Ha) »	Luas Areal PBN (Ha) »	Luas Areal PBS (Ha) »	Jumlah Luas Areal (Ha) »	Produksi PR »	Produksi PBN »	Produksi PBS »
2000	1,166,758	588,125	2,403,194	4,158,077	381,131	292,191	726,780
2001	1,561,031	609,947	2,542,457	4,713,435	557,917	303,858	813,901
2002	1,808,424	631,566	2,627,068	5,067,058	621,346	313,390	896,333
2003	1,854,394	662,803	2,766,360	5,283,557	668,292	350,130	1,086,300
2004	2,220,338	605,865	2,458,520	5,284,723	730,960	355,895	1,180,416
2005	2,356,895	529,854	2,567,068	5,453,817	855,146	318,836	1,300,550

Kelemahan pembangunan perkebunan kelapa sawit swadaya;

- Berdasarkan apa yang di lihat (kurang bimbingan teknis)
- Sebagian besar tidak memahami peraturan yang berlaku
- Sebagian besar tidak sesuai dengan GAP (good agriculture practise)
- Hasilnya ---Praktek serampangan dari pembangunan perkebunan kelapa sawit swadaya berdampak kepada kerusakan lingkungan dan produktivitas petani swadaya yg rendah

- Pandangan WWF
  - WWF tidak anti perkebunan rakyat.
  - WWF menghendaki kebun petani swadaya di bangun pada kawasan yang sesuai peruntukkannya agar kebun rakyat ini berhasil dgn produktivitas dan tidak melanggar hukum.

- SOLUSI
  - Identifikasi dan pengelolaan lingkungan dengan implementasi tool HCV yang disederhanakan untuk petani swadaya.
  - Kontribusi petani swadaya untuk meningkatkan produktifitas dengan menyelamatkan lingkungan untuk masa depan/keberlanjutan.

SOLUSI lanjutan

- Sebelum buka kebun sawit rakyat check dulu kawasannya bernilai konservasi tinggi atau tidak

Konsekwensi jika teridentifikasi HCV ;

- Satwa liar → konflik satwa dengan kebun sawit (2 pihak rugi)
- Sungai → erosi, banjir, sungai kering, kekeringan dll
- Lahan adat → konflik dengan masyarakat
- Budaya → konflik dengan adat & budaya
- Sebagian nilai HCV juga telah ada dalam hukum indonesia – melanggar hukum

Identifikasi HCV dan Dampak Sosial pada petani swadaya

- Cara mengechek HCVF-nya pake toolkit HCVF yang disederhanakan. Form merupakan lampiran dari NI – RSPO P n C untuk petani swadaya.
- Penilaian dapat dilakukan mandiri oleh Petani swadaya yg akan membukan kebun (7.3) atau petani menilai HCV pada kebun yang sudah ada (5.2).
- Identifikasi dapat dilakukan oleh ahli HCV dan SIA atau Kelompok/Asosiasi petani atau petani dengan sendirinya yang mana telah mendapat arahan dari instansi pemerintah terkait atau LSM sosial/lingkungan yang merupakan anggota RSPO.

- Penyuluh pertanian/kehutanan/LSM lokal dapat menjadi validator penilaian HCV di tingkat Kelurahan/Desa
- Pekebun menilai HCV dan membuat rencana pengelolaan dan pemantauan di pandu oleh penyuluh/LSM
- Bukti penilaian HCV disimpan di petani atau/dan koperasi dan Kelurahan/kecamatan
- Petani melaksanakan pengelolaan dan pemantauan HCV di kebun masing-masing dengan dipandu oleh penyuluh/LSM.

- Terima kasih

- Terima kasih

- Terima kasih

Facilitate Programmes and Funding for Certification of Independent Smallholders

RSPO TFS Smallholders capacity building workshop

Hotel Santika Jakarta
14-15 November 2011

Introduction

G6 Resolutions on CSPO:

- 2.c The RSPO to commission a working group to establish a system to share the cost of certification for smallholders **and growers**
- Adopted with:
  - For: 140
  - Against: 1
  - Abstain: 17
- With revision delete the word 'and growers'

World Cafe of Steering Group (23/02/2010)

WORLD CAFE 1: FINANCE of CERIFICATION for SMALLHOLDER

Questions to answer:

1. What are the direct and indirect costs of certification of smallholder FFB production (quantify, if possible)?
2. What are the potential sources or funding mechanisms/models that could support certification of smallholder production of FFB?

3 What are your specific recommendations to RSPO EB to provide financial support for certification of smallholder production of FFB?

ROUND 1 QUESTION: What are the direct and indirect costs of certification of smallholder FFB production (quantify, if possible)?

DIRECT COSTS	INDIRECT COSTS
COST ELEMENTS: 1) Audit costs to pay the CB 2) Training 3) Administration 4) Legal regulations 5) RSPO membership fee 6) Internal assessment 7) Setting up costs of the group 8) Procedural: such as certification costs, estimation costs?	**COST ELEMENTS:** **1) I**mprovement cost for members: - technical and marketing 2) Costs of socialization 3) Smallholder: - Estates improvement - marketing - Capacity development: training on estates management, etc.

ROUND 2 QUESTION: What are the potential sources or funding mechanisms/models that could support certification of smallholder production of FFB?

1) Premium of origin oil
2) Certification 'mark'
3) Retail premium
4) Smallholder pay levy
5) Government paying for training costs:
6) Escrow fund/outside support (matching grant)
7) External funding: commercial loans of committed banks/ international donor
→ WB, HSBC (private & government)
8) Internal funding: generated from members
9) Micro finance
10) Carbon credit
11) Direct grants from international donor/institutions
12) Committed financing – self financing
13) Setting-up oil palm smallholders Cooperative

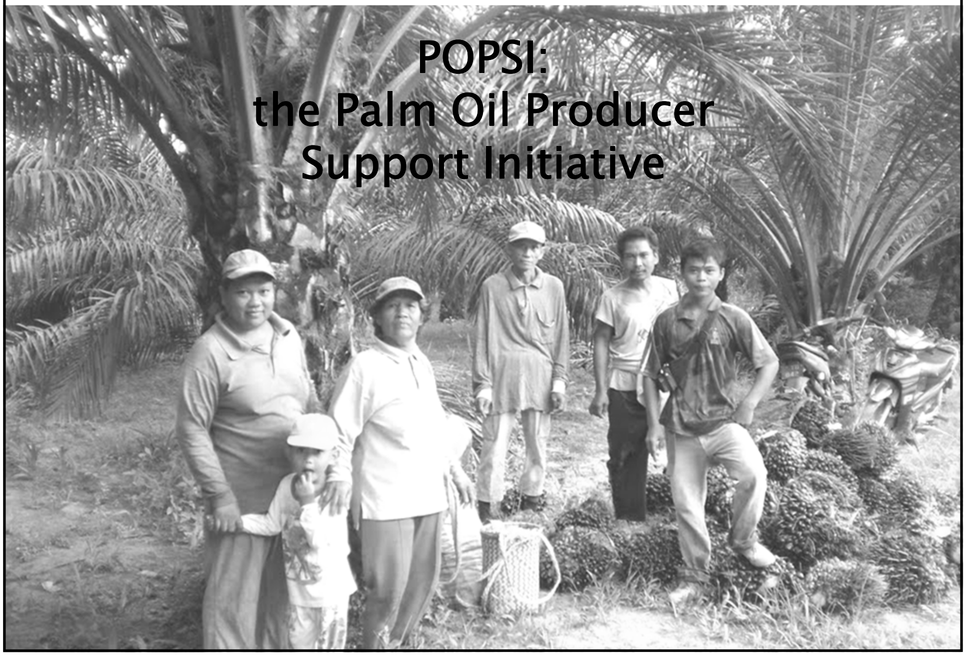
ROUND 3 QUESTION: What are your specific recommendations to RSPO EB to provide financial support for certification of smallholder production of FFB?

1) Increase productivity by cutting the interest
2) Preferential bank loans:
3) Threshold size: RSPO can engage to the mills for group who has over 300ha
4) Conduct dialogue with farmers to follow certification process
5) Finance training for the smallholders
6) New funding (POPSI, GTZ)
7) Set up Escrow funds (Trust)
8) Generate donor funds: Link up with existing program to agricultural programs (additional funding)
9) Market development in China and Europe
10) NI to be institutionalized – mandate to seek funding, capacity building/training
11) RSPO EB seeks funding to commission working group (in regards to GA Resolution)
12) Set up escrow fund for working group
13) Develop smallholder mobilization funding modalities: rules in place in order to use the fund effectively.
14) Costs for improvement (long term) after certification
15) Develop ToR for the working group

RSPO
Roundtable on Sustainable Palm Oil

Solidaridad

POPSI: the Palm Oil Producer Support Initiative



Solidaridad

Outline

- Introduction Solidaridad
- Facts on oil palm smallholders
- Palm Oil Producer Support Initiative – POPSI
  - Programme description
  - Applications
  - Examples

Solidaridad

Supply chain initiatives Solidaridad

1988: Max Havelaar; fair trade (coffee, fruits)
1995: Fairtrade Labeling Organization (global)
1996: Oké banana (fair trade-organic)
1999: Kuyichi (sustainable fashion)
2002: UTZ Certified; CSR label (coffee, tea, cocoa)
2006: RTRS; Responsible Soy
2008: membership RSPO; Sustainable Palm Oil
2009: Bonsucro; Better Sugarcane Initiative
2010: BCI; Better Cotton Initiative

Solidaridad

Solidaridad Netherlands
Head office: Utrecht
Active in all continents

Solidaridad Central America
Head office: Guatemala City
Belize, Costa Rica, Guatemala, Honduras, Mexico, Nicaragua, Panama

Solidaridad Andes
Head office: Lima
Chile, Colombia, Ecuador, Peru

Solidaridad South America
Head office: Buenos Aires
Argentina, Bolivia, Brazil, Colombia, Paraguay

Solidaridad West Africa
Head office: Accra
Burkina Faso, Ghana, Ivory Coast, Cameroon, Mali, Nigeria, Senegal

Solidaridad East Africa
Head office: Nairobi
DR Congo, Ethiopia, Kenya, Malawi, Uganda, Tanzania, Zambia

Solidaridad Southern Africa
Head office: Gaborone
Angola, Botswana, Lesotho, Malawi, Madagaskar, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Zambia, Zimbabwe

Solidaridad South and South-East Asia
Head office: New Delhi
India, Bangladesh, Nepal, Indonesia, Malaysia, Pakistan, Papua New Guinea, Sri Lanka, Vietnam

Solidaridad China
Head office: Beijing
China

Global distribution oil palm smallholders

Facts on oil palm smallholders

- Six million directly employed, of which half in Indonesia
- ‘Tied’ vs ‘Independent’ smallholders
- Produce 20-30% of global output on 40-50% of planted area
- Median planted area 2-4 hectares, average yields 2-3 t/ha
- Oil palm is not a traditional smallholder crop outside West Africa…
- …and in West Africa there is limited access to modern technology and planting material

Solidaridad

Smallholder needs

- Provision of advice and training to smallholders a key – technical **and** organizational
- Oversight and follow-up critical
- Conflict management systems at the local level
- Outreach and implementation monitored more closely by government

Solidaridad

POPSI program

- Set up by Solidaridad for RSPO members
- Support small farmers and farm workers to apply good practices according to RSPO
- With technical support, farmers can improve their skills on soil, crop and pest management
- With organizational support, farmers are able to get better prices and improve marketing
- In 2010-2011, POPSI was active in Malaysia, Papua New Guinea, Ghana, Brazil and Colombia

Solidaridad

Applying for POPSI

- € 160,000 / year grant from RSPO; additional grants requested
- All RSPO members eligible
- Preferably in supply chain consortium
- Benefits to smallholders and/or workers
- 1-3 year projects
- 60% of budget own contribution applicants, 40% cofunding by POPSI
- In-kind applicant / supply chain contributions acceptable under some conditions

Solidaridad

Tribal communities and plantation workers, Sarawak

- 100 tribal community smallholders
- 1,500 plantation workers
- Linkage to Keresa: RSPO-certified palm oil mill with international clients

Solidaridad

Oil palm smallholders, Ghana

- 5.500 farmers to be trained
- First 500 certified in 2012, rest in 2013/14
- Linked to RSPO member GOPDC
- Three more mills with smallholder outgrowers potentially interested

Cooperatives and smallholders, Latin America

- Brazil, Colombia, Honduras
- Cooperative with 120 members and 750 family farms supported to meet RSPO by 2013/4
- Another 4,000 ha and cooperative under development




Thank you

For more information contact:

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popsi@solidaridadnetwork.org
www.solidaridadnetwork.org/popsi

RSPO Certification: What's in it for Smallholders, economically and financially?

K.Ilangovan,
Felda Agricultural Services Sdn Bhd,

CONTENTS

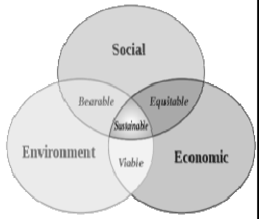
1. RSPO CERTIFICATION REQUIREMENTS
2. SMALLHOLDERS IN MALAYSIA
3. BENEFITS TO SMALLHOLDER
   a. Non-financial Benefits
   b. Financial Benefits
4. FELDA'S EXPERIENCE AND RESULTS
5. CONCLUSION

2. RSPO CERTIFICATION (REQUIREMENTS)

A. Verification standard *(with Guidance for plantations & Smallholders)*

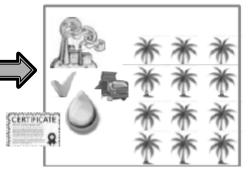
Principles and Criteria of RSPO

No	Description of Principal
1	Commitment to transparency
2	Compliance with applicable laws and regulations
3	Commitment to long-term economic &financial viability
4	Use of appropriate best practices
5	Env. responsibility and conservation of NR & Biodiversity
6	Responsible consideration of employees & communities
7	Responsible development of new plantings
8	Commitment to continual improvement

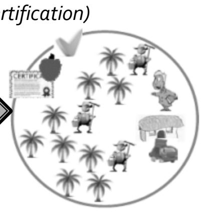


B. Certification system *(Mill certification and Group certification)*

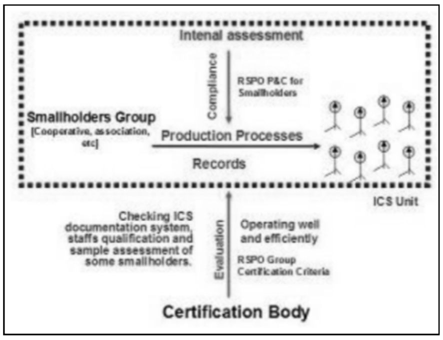
Mill+ Estates (Mill cert.)



Smallholder (Group cert.)



The ICS in Group certification

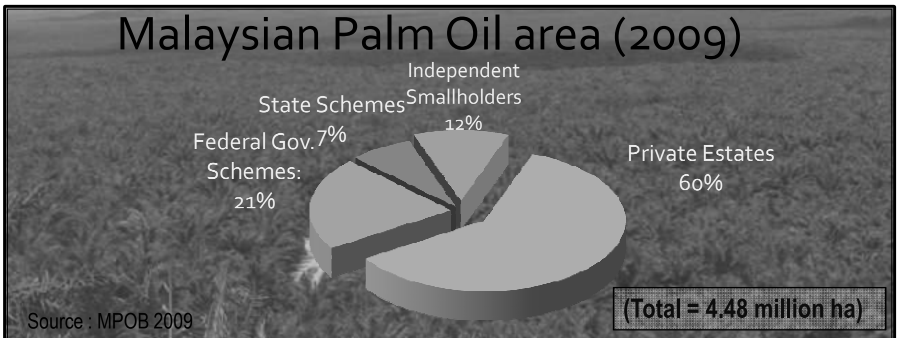


1. <u>organized group of producers with similar production systems,</u> certified as a group
2. The group certification implies that:
   a. a central body ensures <u>the group adopts standard / common practices</u>.
   b. All the small farms <u>certified as a group</u>.
   c. The group members operate under <u>contractual or binding requirements</u>
   d. <u>The management maintains files</u> on all group members
3. The group does not have to be legally constituted; however, it is important to have both structure and system to facilitate making decisions and administering the whole.

1. SMALLHOLDERS IN MALAYSIA

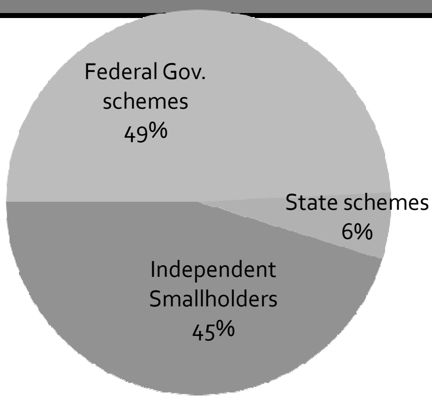
Smallholders (RSPO) :- *"Farmers growing oil palm, sometimes along with subsistence production of other crops, where the family provides the majority of labor and the farm provides the principal source of income and where the planted area of oil palm is usually below 50 hectares in size."*

(MYNI :- 3 sub categories (Schemed SH , Independent , Small Growers)



Smallholders *: Individuals who own plantations of less than 40 ha (MYNI)*

Smallholder Entities in Malaysia (By category in 2008)



Category	Individuals	Area (ha)	Area (% of total)
Federal Gov. schemes			
FELDA	90,511	345,942	32.1
FELCRA	61,678	143,123	13.3
RISDA	24,472	40,596	3.8
State schemes			
KESEDAR	1,148	5,640	0.5
SALCRA	17,826	42,337	3.9
SLDB	2,612	11,427	1.1
PPNG PERAK	1,009	922	0.1
Independent Smallholders	139,967	486,902	45.2
TOTAL	319,693	1,060,142	100

Source : MPOB 2009

FELDA : Federal Land Development Authority
FELCRA : Federal Land Consolidation and Rehabilitation Authority
RISDA : Rubber Industry Smallholder Development Authority

FELDA

A Felda Scheme as an ICS unit

1. Settlers ***(300-400 'schemed smallholders')***
   - Rural landless poor (<2 acres), Age 18-35 yrs, Married, Basic education, Healthy & not physically handicapped
2. Block leaders ***(15-20 elected members ,to lead the settlers)***
   - Coordinate activities within their group members
3. Local stakeholders
   - Organizations/groups involved with the settler community /management
4. Supervisors ***(5-10 Felda management personnel)***
   - Supervise/monitor the implementation of all activities in a scheme.
   - Maintain certain records of implementation
5. Manager ***(one-Felda management personnel)***
   - Responsible to coordinate and manage all aspects in a scheme

ICS unit in RISDA – *PTS* *(Pusat Timbang dan Setor)*

Members

- Membership is open to any smallholders registered as member in cooperative (as a share holder)
- Dividend yield returns 8-10 % p.a.
- Supply FFB to PTS
- Get fair deal (weight ,OER & real time price)
- Get technical advice

PTS

- Handled by SH corporative (mostly) or RPSB (a RISDA subsidiary), Trained & groomed by a special dept in RISDA
- Buys FFB from SH and sells to mill through traders
- Gets profit from transport/sales margin from more efficient mills
- Pays for FFB purchase
  - Daily for SH (real time price)
  - Monthly for tied -SH (*Kelompok Tanam Semula*)
- One stop centre for SH
- Information on GAP
- Inputs (Fertilizer/agrochemicals)
- Advice on farm management
- Each PTS Handles 500-1800 mt FFB/mth
- PTS Membership 100 – 400 farmers

FFB processing mills

- Steady supply of FFB for processing
- Traceable FFB source

Risda : Finances, maintains and monitors the operation of PTS

ICS unit in MPOB– *Kooperasi*

Smallholders

- From participants of *Koperasi* established since 2006
- Get fair deal
- Get technical advice direct from TUNAS officers

Koperasi

- Run by a structured Committee made from SH, Dealers, Transporters & miller
- Directly supervised by MPOB (tunas officers)
- Facilities provided by members (dealers, transporters and miller)
- The Koperasi provides/arranges :-
  - Technical advice
  - Agricultural input (through credit)
  - Planting materials (through credit)
  - Transport to CSPO selected mills

***CSPO* mill**

- Steady supply of FFB for processing
- Traceable FFB source

Infrastructure : Financed & maintained by participating members in CFC

Challenges to Smallholder Certification

1. Cost to demonstrate sustainability

No	Item	Cost/ complex (RM)
1	Env. & Tech. improvements	50,000
2	Safety & Health improvements	400,000
3	Tree Planting	200,000
4	Bio-diversity Assessment	20,000
5	SIA Assessment	20,000
6	Policy (prepare & Implement)	50,000
7	RSPO IT	150,000
8	Bio-diversity set aside	250,000
9	Management System	50,000
10	Certification / Audit	90,000
	Total Cost (RSPO Implementation/complex)	**2,310,000**

RM 22.80/t CPO
(USD 7.60/ t CPO)

Unpublished,2010

2. Custodian for environment

Producer ??? | Incentive

Consumer ??? | Penalty

Smallholder Structure in Malaysia

- Farmers of older age group (> 55 yrs)
- Need additional effort and resources
- Unsure direct benefits to SH
- Difficult to implement effective GAP as most farms are small (< 2.0 ha)

Smallholders (all) age group

Age Group	%
< 26 years	7.0
26 – 35 years	3.0
36 – 45 years	11.0
46 – 55 years	22.2
56 – 65 years	25.8
> 65 years	31.0
Total	**100**

Smallholders (oil palm) income (RM/mth)

Income	Status	Respondents (Number)	%
< RM256	Very poor	6,897	16 %
RM256 - 510	Poor	13,360	31 %
RM511 - 1,200	Fair	15,337	36 %
RM1,201 - 2,000	Comfort	4,173	10 %
> 2,000	Well	2,968	7 %
Total		**42,735**	**100%**

Average landholdings of Smallholders by Agency

Category	Individuals	Area (ha)	Avg Size (Ha)
Federal Gov. schemes			
FELDA	90,511	345,942	3.82
FELCRA	61,678	143,123	2.32
RISDA	24,472	40,596	1.66
State schemes			
KESEDAR	1,148	5,640	4.91
SALCRA	17,826	42,337	2.38
SLDB	2,612	11,427	4.37
PPNG PERAK	1,009	922	0.91

3. BENEFITS TO SMALLHOLDER

1. Non Financial benefits :-

   i. Higher and sustainable yields due to efficient use of resources (soil, nutrient, Moisture)
   ii. Cheaper input cost due to consolidated management
   iii. Higher yields due to better knowledge in crop husbandry

   Due to the implementation of GAPs

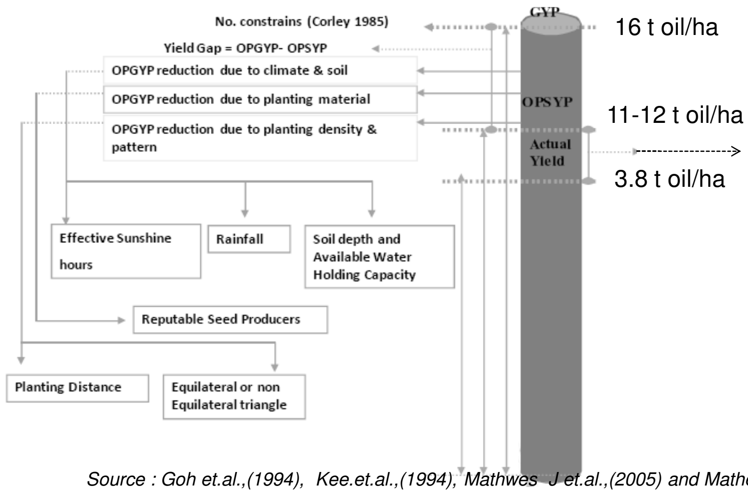
   iv. Safer and Healthier living
   v. Better environmental services
   vi. Better awareness to legal reqmnt

   Due to adequate trainings & concern to environment

   vii. Better social living

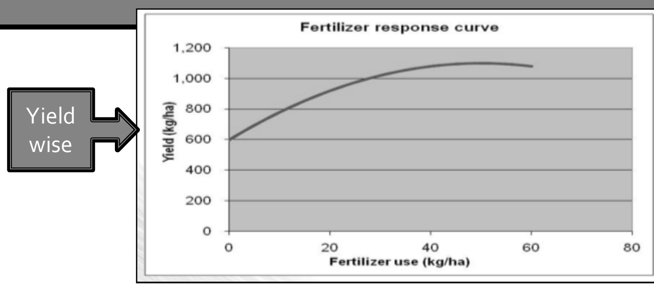
   Due to the concern to affected parties

Factors Contributing for low yields

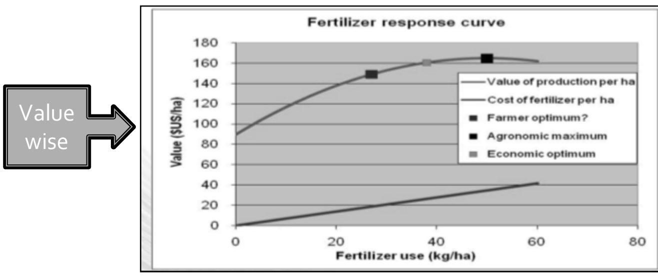


Management
- Manuring
- Harvesting
- Light/thinn
- Water mngt
- P&D
- labour

Source : Goh et.al.,(1994), Kee.et.al.,(1994), Mathwes J et.al.,(2005) and Mathews J et.a., 2006



- Yield is positive even with no fertilizer
- Yield rises with more fertilizer, but the rate of increase declines
- Too much fertilizer will reduce yield



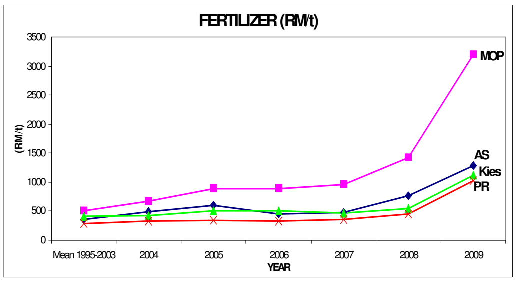
- Black box maximizes yield
- Blue box maximizes profit
- Red box is where a risk-averse farmer might choose to produce

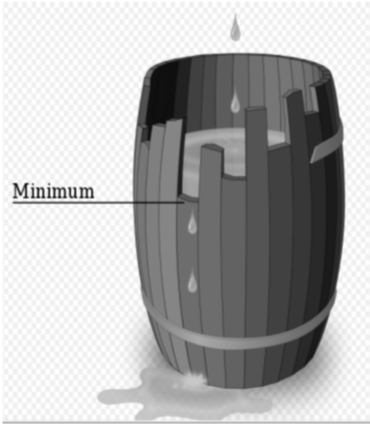
Liebig's law of the minimum :-

Growth is controlled not by the total amount of resources available, but by the scarcest resource (limiting factor).

The main inputs in palm oil production :-

1. Moisture
2. Nutrielts *(N,P,K, Ca, Mg, S, Cl, Cu, ZN, Mn…)*
3. Sunshine





Justus von Liebig

Oil Palm Cultivation

❖ **Improve soil structure / minimize compaction**

- ✓ **Zero Burning**
- ✓ **Legume Creeping Covers establishment**
- ✓ **Limited use of heavy machinery**
- ✓ **Minimum tillage**
- ✓ **Drainage**

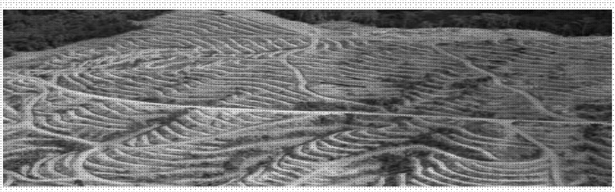
Soil and Moisture Conservation Measures

- Terraces (> 5 ^{0})
- Mulching with empty fruit bunches
- Maintenance of natural covers
- Frond placement
- Diversion drains/silt pits
- Ponds/water traps in valleys

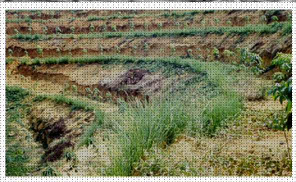
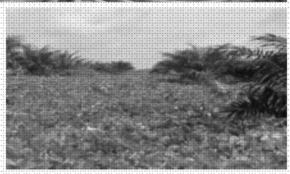



Erosion control measures

Planting stage



Immature stage

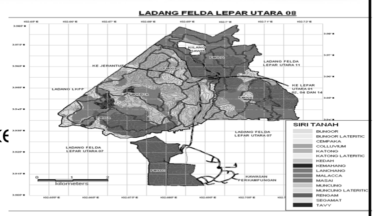



Mature stage


3 1A. Higher yield, Lower cost & sustainable resources

Principle 4 : Use of appropriate GAPs

4.1 Prosedur operasi
4.2 Kesuburan tanah
4.3 Amalan mengawal hakisan/degradasi tana
4.5 Kualiti dan kebolehdapatan air
4.6 Pengurusan Perosak Bersepadu (IPM)
4.6 Penggunaan Agrokimia
4.7 Pelan keselamatan kerja
4.8 Latihan kepada kontraktor, pekerja, pekebun ke



3.1b. Better environment quality

1. Oil palm cultivation - Affecting Environment

Stage	Main Contributor	Human Health	Ecosystem	Resources
Nursery	Poly bags, Transportat	Ö	Ö	Ö
Plantation	Fertilizers, Diesel, LUC	Ö	Ö	Ö
Milling	Without biogas capture :- POME, Boiler Ash.	Ö	Ö	
Milling	With 85% biogas capture: - Boiler ash		Ö	
Refining	Transportation Fuel	Ö	Ö	Ö
Fractionation	Energy	Ö	Ö	Ö

(Source: MPOB 2009)

c. Biodiversity in oil palm plantations

1. Birds

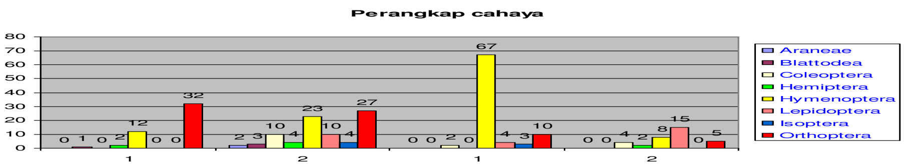
- A total of 22 species was identified in the estate
- More diverse in residential area
- More birds of same species in the field.

2. Insect

- **Specimens collected from 9 orders**
  - ***-Many of them could 'not be identified***
  - *(due to inadequate references except Lepidoptera)*
  - ***-27 species of Lepidopteron identified***

3. Flora inventory

- 41 species identified from 27 families.



Contribution of Outer, Middle and Inner Fruits to O/B, K/B and F/B

Fruit Component	Outer	Middle	Inner	
	Fruits			
Fruit (g)	9.60	7.42	6.16	
Mesocarp (g)	7.89	5.61	4.35	
Shell (g)	1.07	1.11	1.08	
Kernel (g)	0.64	0.71	0.73	
Mesocarp/fruit (%)	82.02	75.40	70.51	
Kernel/fruit (%)	6.77	9.68	11.80	
O/DM (%)	78.81	79.33	78.74	
O/WM (%)	48.68	48.12	44.28	
F/B (%)	26.53	17.33	14.05	
O/B (%) (OER)	10.78 (50%)	6.36 (30%)	4.33 (20%)	21.47 (100%)
K/B (%) (KER)	1.75	1.70	1.70	

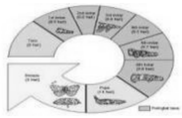
Source: Yee, Lim, Ong, Chan (1985)

Therefore, collect loose fruits that would contribute 50% to the oil to bunch

Integrated Pest Management

- **Rhinoceros Beetle**
  Chemical, Cultural, Biological

- **Leaf Defoliators**
  Monitoring and surveillance system to minimize chemical usage



- **Rats**
  Chemical and biological

- **Ganoderma**
  Cultural

3. 1B. Safe and Healthier living

P 4 : Use of appropriate Good Agricultural Practices

4.6 Pengurusan Perosak Bersepadu (IPM)
4.6 Penggunaan Agrokimia
4.7 Pelan keselamatan kerja
4.8 Latihan kepada kontraktor, pekerja, pekebun kecil

P 5: Env. responsibility & conservation of natural resources

5.1 Impak alam sekitar (EIA)
5.2 Status pemuliharaan spesis yang jarang ditemui
5.3 Penggunaan sumber secara 3R
~~5.4 Memaksimumkan penggunaan *renewable resources*~~
5.5 Pelupusan bahan buangan melalui pembakaran
~~5.6 Mengurangkan pencemaran~~

3.1C. Better social living

P 6 : Responsible Consideration of Employees & Other Individuals

- 6.1Social impacts assessment
- 6.2 Transparent of communication
- 6.3 Handling Complaints & grievances
- 6.4 Compensation to land
- 6.5 Pay & condition for employees
- ~~6.6 Rights to join union~~
- 6.7 Child labor
- 6.8 Discrimination
- 6.9 Sexual harassment
- 6.10 Deal fairly & transparently
- ~~6.11 Contribution to Local sustainable dev.~~

3.2. Financial benefits

1. More or less assured income due to budgeted expenditure of operations
2. Better yields resulting in higher profit
3. Better market access and possible premiums for CSPO

Principle 3 : Commitment to long term economic viability

3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.

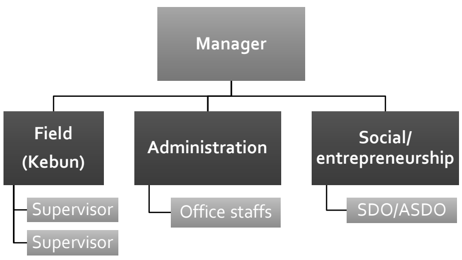
3.1.1 Annual budget with a minimum 2 years of projection shared with Smallholders

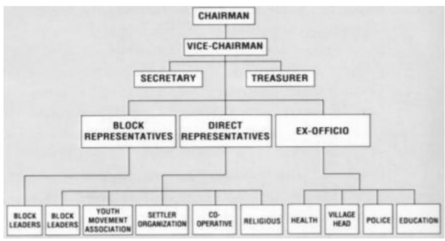
3.1.2 Annual replanting program projected for a minimum of 5 years with

4.FELDA's EXPERIENCE & RESULTS

Organization Structure in a scheme

Management committee	Settler Committee





1. **Managers responsibility :**- Ensure scheme is secure with settlers and dependants get adequate income, and fulfill their social/education/economic needs
2. **Settlers obligation:**- Responsible for the repayment of loans
3. **The binding contract:**- An agreement tying both parties for a CoC.

Participating settlers view (on RSPO , SPO initiative)

1. Information on GAP/SPO
   - >80 % know from Felda management
   - Have Full understanding on :-
     - Fertilizer use -87 %
     - Erosion control- 91%
     - IPM practices -75%
     - Moisture control-52%
     - Communication procedures – 87 %
2. Understanding (88 %) and agreeing (100%) to SPO requirements
3. Willingness to implement all the requirements :- 30%-90%

Practicing of known GAP 60%

Willing to sign MOU to implement (allow Felda to implement) SPO practices:- 30 %-90 %

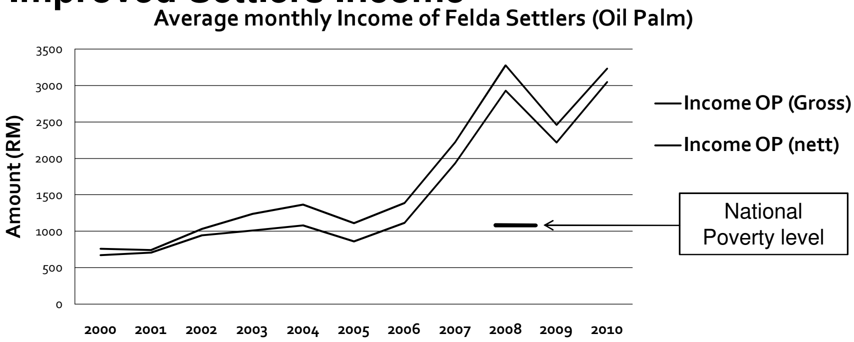
Programs for Felda settlers at RSPO site

1. Awareness talk on RSPO
2. Monthly JKP meeting
   - Operational/Management plans

3. Weekly gatherings
   - Safety procedures
   - Agronomic practices

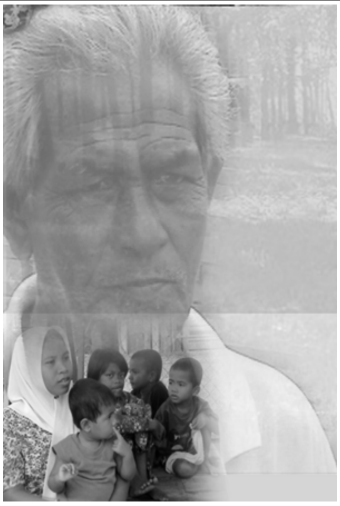
4. Physical Trainings
   - Pesticide handling
   - First aid and emergency situations
5. Social aspects – Settlers/family development

Improved Settlers Income



5. CONCLUSION

- Smallholders will benefit from RSPO Certification under the Group Certification
- Many smallholder has benefitted from the implementation of GAPs
- The economic benefits tend to be more certain than the Financial benefits
- There are some inherent constrains in the smallholder structure in Malaysia, especially on the independent smallholders
- Currently there are some structures to resemble an ICS for Malaysian smallholders
- The ICS has to be resourceful and determined to ensure Smallholder certification as the returns are of long term nature
- immediate monetary benefit is very crucial to speedup smallholder certification



Thank You
for your attention.

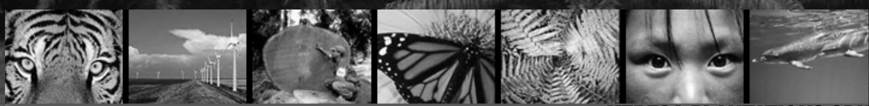
Facilitating FFB Trading As A Group
Keresa's Experiences

KERESA PLANTATIONS SDN BHD (74447-V)

BSI RSPO Roundtable on Sustainable Palm Oil

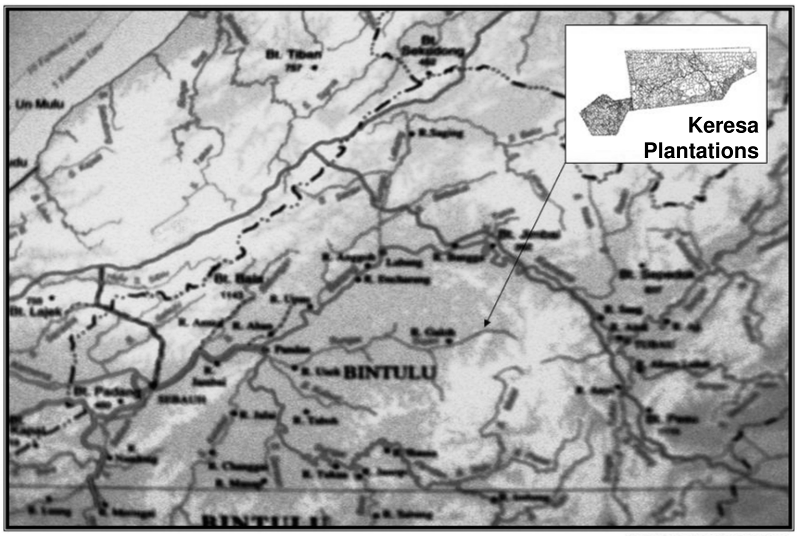
Keresa Plantations Sdn Bhd

November 2011



KERESA PLANTATIONS SDN BHD

KERESA PLANTATIONS LOCATION



KERESA Plantations is located on the west of Lavang Land District

Aerial views of Keresa Plantations Sdn Bhd

Aerial views of Keresa Mill Sdn Bhd

KERESA HISTORY

- KERESA PLANTATIONS SDN BHD is a local bumiputera company with about 10 years of experience in oil palm plantation.
- Currently, Keresa owns a 6,023 hectares of oil palm plantation at Lavang Land District, Bintulu, which started operation in 1996.
- As at end of 2006, a total of 5,347 hectares has been planted with more than half of it (3, 882 hectares) categorized as matured. Having a yield rate of 24 tonne per hectare, current FFB production is reaching 100,000 tonnes.
- Upon complete maturity of Keresa's existing plantation, it is expected to produce FFB of more than 140,000 tonnes per annum.
- KERESA MILL SDN BHD boasts an area of 32.63 hectares, which comprises of mill proper, effluent ponds & water reservoir.
- The mill started its operation in April 2007. The mill throughput is 45 metric tonnes/hr, which is expandable up to 60 metric tonnes/hr.
- Keresa Mill & Plantations now holds certificate no: SPO 559278

VISION

TO BE AN EFFICIENT AND SUSTAINABLE PALM OIL PRODUCER WITH A YIELD OF 30MT FFB/HA, OER 24% AND 6 MT OF OIL/HA

MISSION STATEMENT (4P1S)

We shall collectively build a successful Plantation business that is solidly founded on the following 5 core principles:

•**<u>Our People:</u> Our Most Important Asset**

Integral to Keresa's business, our People shall always enjoy good quality of life and be empowered to contribute their best to Keresa Plantations.

•**<u>Our Produce:</u> The #1 Reason We Are Here**

Keresa Plantation will always be among the leading producers of high-yielding Oil Palm FFB and Palm Oil in Sarawak, specifically, and Malaysia, in general.

•**<u>Our Processes:</u> The Heart of Our Business**

At Keresa Plantation, we shall all adhere to and comply with our Standard Operating Procedures and business processes to ensure unparalleled efficiencies.

•**<u>Our Profitability:</u> The Key to Our Success**

Our responsibility is to ensure Keresa Plantation offers its shareholders and its stakeholders the best margins in our Industry.

•**<u>Our Sustainability:</u> Our Future**

From the environment, to our resources, to our business people -- we apply sustainable business practices everywhere, ensuring a Green Keresa.

JOURNEY TOWARDS RSPO

- **Keresa Plantations and Mill first steps towards sustainability was realized with the commitment of the senior management to be a member of RSPO.**
- **RSPO approved the company's membership on 03 June 2009. This marked an important landmark and set a new vision for Keresa Plantations to be a responsible producer of crude palm oil.**
- **Keresa embarked on its RSPO implementation on August 2008 by conducting a full independent review of the current operations against the RSPO Principles & Criteria.**
- **Keresa was recognised to meet the RSPO standards by independent auditors on October 2010. The certification scope covers CPO Mill, Keresa Mill, and the supply base from both our own plantations and the neighboring indigenous smallholders.**
- **Our ambition is to demonstrate that our journey towards more responsible practices will provide a better environment for our people to work and live in.**

KERESA PLANTATIONS RSPO CERTIFICATE

Certificate of Registration

PRODUCTION AND MANAGEMENT SYSTEM

This is to certify that:

Keresa Plantations Sdn Bhd
PO Box 2607,
97008 Bintulu
Sarawak
Malaysia

Website: www.limar.com.my

Holds Certificate No: **SPO 559278**
and operates a Production and Management System which complies with the requirements of RSPO Principles & Criteria for Sustainable Palm Oil Production : 2007; Malaysia National Interpretation : 2008 for the following scope:

Palm Oil Production

This certificate is in force until further notice, provided that the licensee mentioned in this certificate continues meeting the RSPO P&C and certification requirements and the conditions as laid down in the licensee contract with BSI Singapore. Based on the annual inspections that BSI Singapore shall conduct this certificate is updated and kept in force.

For and on behalf of BSI:

Managing Director (ASEAN), Alwi Hafiz

Originally registered: **21/10/2010** Latest Issue: **21/10/2010** Expiry Date: **20/10/2015**

Page: 1 of 2

RSPO
Roundtable on Sustainable Palm Oil

This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract.
An electronic certificate can be authenticated online.
Printed copies can be validated at www.bsi-global.com/ClientDirectory or telephone +(65)62700777.
Further clarifications regarding the scope of this certificate and the applicability of RSPO Principles & Criteria : 2007 requirements may be obtained by consulting the organization. This certificate is valid only if provided original copies are in complete set.

Singapore Headquarters: 3 Lim Teck Kim Road, #10-02 Singapore Technologies Building, Singapore 088934
BSI Singapore is a subsidiary of British Standards Institution

Keresa Plantations Sdn Bhd Obtained RSPO Certification on October 21,2010

Smallholders Certification

Longhouses surrounding Our Estate

Longhouse	Distance From KPSB (KM)	% send FFB to KMSB
Tuai Rh. Majang	5	95 %
Tuai Rh. Anchai	3	100 %
Tuai Rh. Sa	8	100 %
Tuai Rh. Lichong	9	100 %
Tuai Rh. Ballrully	9	100 %
Tuai Rh. Nuga	13	95 %
Tuai Rh. Mabong	12	100 %
Tuai Rh. Slan	16	95 %
Tuai Rh. Chawong	8	100 %
Tuai Rh. Embi	8	100 %
Tuai Rh. Jam	18	90 %
Tuai Rh. Muking	12	100 %
Tuai Rh. Joseph Panting	10	85 %
Tuai Rh. Robin Ro	20	50 %

KERESA SMALLHOLDERS GROUP SCHEME

Introduction to the pilot KSGS

- The motivation of the G.S is to be able to demonstrate a model for sustainable development, which is based on a business-community partnership.
- G.S Team is to ensure that the G.S will certifiable under the RSPO Certification System for Independent Smallholder.
- The certified FFB sold under the G.S will be of interest to RSPO –certified mills & the opportunity to increase the volume of traded certified CPO.
- Also design ways to demonstrate the benefits of the certification process & to communicate this to producers involved in the group

Objectives

- Increased areas of production of RSPO sustainable palm oil.
- Self-financing support model for sustainable production created.
- Local producer group in Lavang District organized for sustainable RSPO-compatible production.
- Local capacity within in Lavang District built up to spread sustainable RSPO production tools.
- Increased awareness or model adapted by other RSPO Mills outside of the pilot area.

Strategies

- Develop internal capacity within the company to support a Group Scheme.
- Start small, and start with a pilot group, in order to develop the methodologies of the Group Scheme.
- Aim for quick wins, to motivate all parties involved in the project.
- Ensure that activities are inclusive, so we allow for non-scheme participants to be included in-group scheme activities (e.g. training & briefing)

Financials

- The total estimated cost of the project, over 3 years, is estimated to be RM 900,000.
- This included budget that cover :

1. Model Development (Man power Training Material)
2. Group Certification (RSPO Baseline Audit)
3. Communication (Communication of pilot project online)

Scheme Membership

- Open to any smallholder, producers with an aggregate area of production that is less than 40 ha
- Identified by the group scheme leader as meeting the group scheme minimum requirement.
- No limits to the numbers of member within the group scheme.

KSGS Member Scope

- Send FFB Production to Keresa Mill Sdn Bhd
- Oil palm planting below 40ha(plantation)
- Commitment to increase oil palm quality
- Commitment to learning & agree to follow code of conduct procedure
- Land title available and no dispute
- MPOB license (Valid)
- Not planting at the HCVF Area
- Avoid planting at peat area & sloping area (Terracing)
- Using fire -2 ha in one time
- Documented all the important document

Benefit to smallholder

- Fertilizer assistance scheme
- Internal & external training by KPSB
- Advisory(Site visit by KPSB representative)
- Best Management Practice
- Increase of production
- Responsible of oil palm planting: Social & Environment
- Decrease of cost(BMP)

KSGS Process

STEP 1
- Code Of Conduct Training

STEP 2
- Sign Agreement

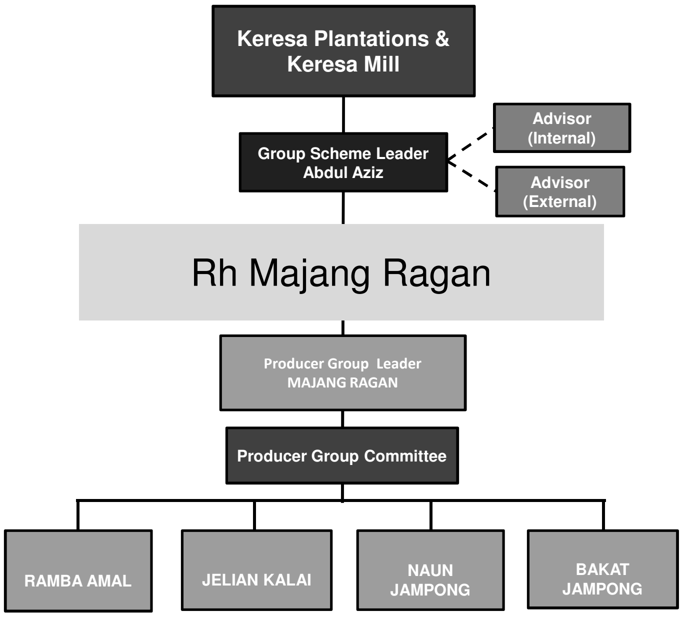
STEP 3
- Field Visit (Advisory)
- Training (Briefing, Demo & Slide Video)

STEP 4
- External Audit

STEP 5
- Certification Ceremony

STEP 6
- Continues Improvement

KSGS: Tuai Rumah Majang



Code of Conduct Training by KPSB Representative

Contract Agreement Signing Process by Smallholders

External & Internal Training

2010-2011 Training program

Nature Training	Date	No. Participant	By
ERP for chemical spillage	November 2010	27	KPSB
Chemical Waste Management	December 2010	30	KPSB
Tunas program	January 2011	48	MPOB
Basic OSH	January 2011	30	KPSB
Soil Fertility	March 2011	30	KPSB
Soil Erosion	April 2011	28	KPSB
BMP	April 2011	23	KPSB
Chemical Handling	May 2011	21	KPSB
Selective Spray & Thinning	May 2011	21	KPSB
Compliant & Grievances from Producer	July 2011	30	KPSB

Internal & External Training

On site training with smallholder

Training at long house (Slide show)

Training was conducted in local language

Training with Slide Video & Demo At the KPSB Community Hall

Farm Quality Inspection

- To ensure that members are aware of the group scheme requirement and the implementing its standard
- The inspections will occur by either the KPSB Representative or Internal Auditor
- All audit and quality inspection record will be recorded in the member records.
- Any corrective Action Request raised by the auditor will be compulsory to be addressed or members will be sanctioned as detailed in the Internal Control Regulations.

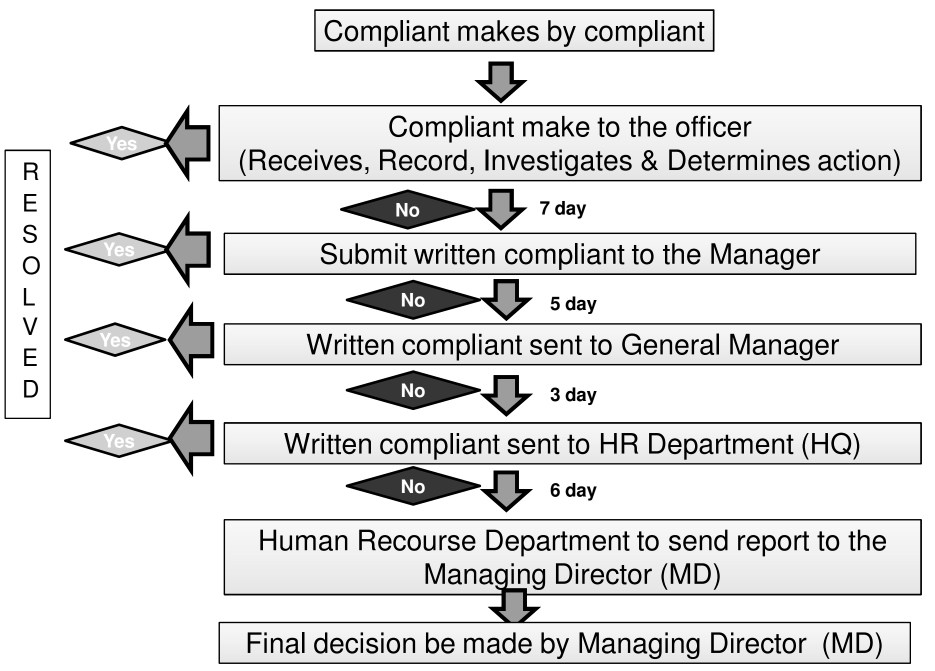
External Audit (RSPO Certification -BSI)

Farm Visit by KPSB Representative

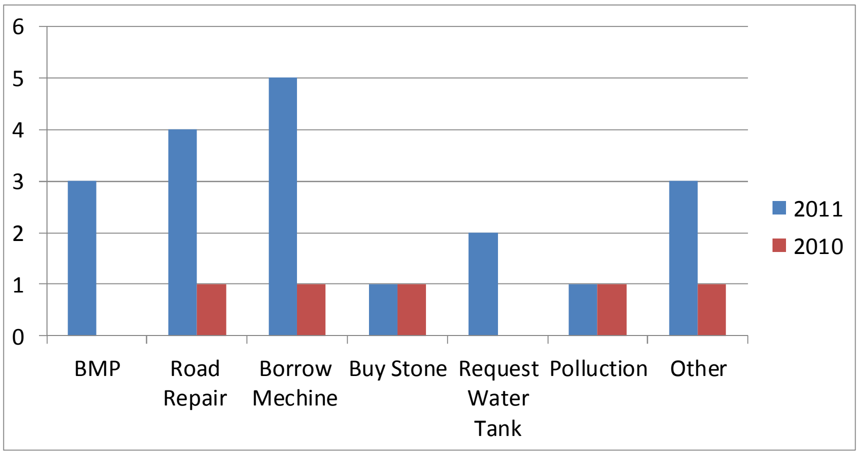
Internal Audit with External Auditor

Grievance Procedure

- Any compliant or grievance raised by any member for the scheme should be directed to the leader in writing or verbally.
- Specific grievances will be addressed within 21 days of or at the very latest, by the time of the next smallholder meeting.
- All compliant or grievance form will be documented at the Total Quality Management Office



Smallholder Compliant & Grievance Statistic



FERTILIZER ASSISTANCE SCHEME FOR SMALLHOLDER

- Introduced in March 2010
- Fertilizer assistance scheme was requested by long house people
- In the 1st Scheme, 35 people from 10 long houses surrounding KPSB interested to joint the scheme.
- Smallholder can buy the fertilizer from KPSB with lower price as compared to the town.

Fertilizer Assistance Scheme For Smallholders

No	No Of Smallholders	Total Cost/ RM
1st Scheme	35	46,250.00
2nd Scheme	10	24,512.50
3rd Scheme	8	18,037.54
4th Scheme	9	16,940.00

FERTILIZER ASSISTANCE SCHEME FOR SMALLHOLDERS

Meeting with smallholders and handing over fertilizer under Fertilizer Assistance Scheme for Smallholders

2012 Program for Smallholders

Year	Expenditure /Program	Estimate Cost (RM)
2012	Construction of chemical store for each smallholder	300 / person
	Construction of one chemical mixing facility for smallholder (KSGS Member)	800
	Fertilizer Assistant Scheme 2012	210,000
	More BMP advisory, training & demo for smallholder	400
	Keresa Smallholder Group Scheme – Other Long House	Rh Lichong , Rh Ballrully & Rh Mabong

Other Smallholders Support

KERESA PLANTATIONS SDN BHD

COMMUNITY TOTAL EXPENDITURE

Year	Community-Material/ Manpower/ Labour	Events	Total
2009	RM 27,390	RM 10,220	RM 37,610
2010	RM 10,012	RM 11,423	RM 21,435
2011 (as of Sept)	RM 28,515.82	RM 35,259.89	RM 63,775.71

Smallholders Social Impact & Aspect Assessment

- SIA for smallholder was conducted on December 14th-16th 2010 by consultant (Wild Asia) focused on groups and one-to-one interview with 8 longhouses from which smallholders supply Fresh Fruit Bunches (FFB) to Keresa Mill.
- The result from interviews had uncovered some issues as highlighted by the smallholders.

SIA

Main issues	Action by Keresa
Cost of fertilizer, pesticide & Herbicides and seedling is a heavy burden	•Keresa develop Nursery •Fertilizer Assistance Scheme
Poor road condition(Their farm)	•Some smallholders request for assistance from the company by renting tractors with minimal payment
Communication between KPSB & Smallholder	•Conduct smallholder meeting twice in year •Compliant & Grievance Form
Lack of Information and guidance	•Keresa Open Day •Internal training, External training, demo and advisory • Keresa Smallholder Group Scheme

Smallholders Baseline Study

Smallholder Meeting

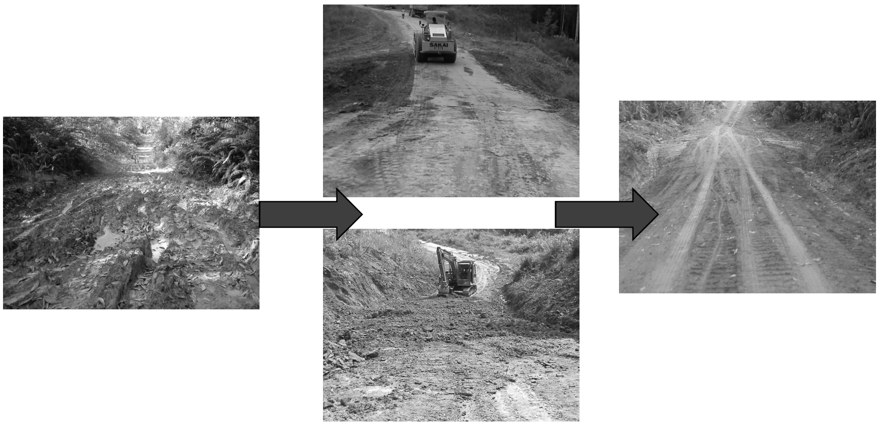
Meeting conducted twice a year

KERESA PLANTATIONS SDN BHD

Cooperate Social Responsibility

Donation of culverts by KPSB to local longhouse community for the road to their oil palm plots.

Smallholder also request KPSB to repair their road inside their farm



Meeting & Agriculture Advisory Services with Smallholder at long house

RSPO SMALLHOLDERS CERTIFICATION, NOV 2010

RSPO

Roundtable on Sustainable Palm Oil

In recognition and celebration of

KERESA PLANTATIONS SDN BHD

for attaining RSPO Smallholders Certification

RSPO RT 8, Jakarta
Smallholders Certification Celebration

10 November 2010

Rikke Netterstrom
Secretary General

Jan-Kees Vis
President

KERESA PLANTATIONS SDN BHD (74447-V)

KERESA PLANTATIONS SDN BHD (74447-V)

KERESA MILL sdn bhd

KERESA PLANTATIONS SDN BHD
Level 5, Tun Jugah Tower
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak
Malaysia

Ph: 60 82 412187/412193
Fax: 60 82 412349

KERESA MILL SDN BHD
LB1, Box A66
97000 Bintulu, Sarawak
Malaysia

Ph: 60 86 325458
Fax: 60 19 815 4069


~THANK YOU~
KERESA PLANTATIONS SDN BHD

BOOK &CLAIM

RSPO
Roundtable on Sustainable Palm Oil

Smallholders Task Force
18 November 2011

Overview of Book and Claim

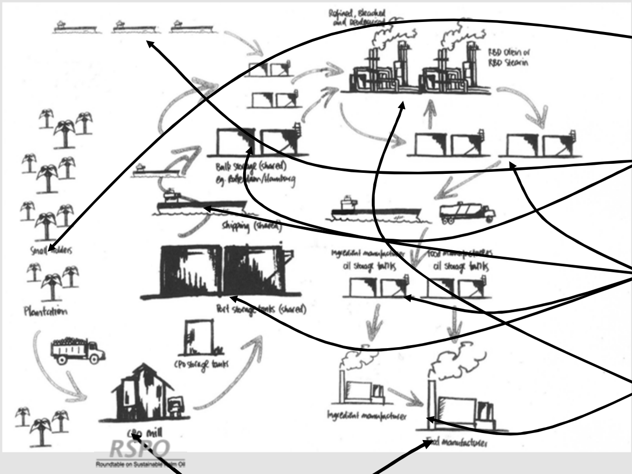
Bob Norman
General Manager
GreenPalm – Book&Claim Ltd

GreenPalm

- Web based trading platform
- Trades the certificates not the oil/FFB
- 1 certificate = 1 mt of any fraction/derivative
- RSPO Certified producers/smallholders sell
- Final palm product manufacturers buy

GreenPalm

BOOK &CLAIM

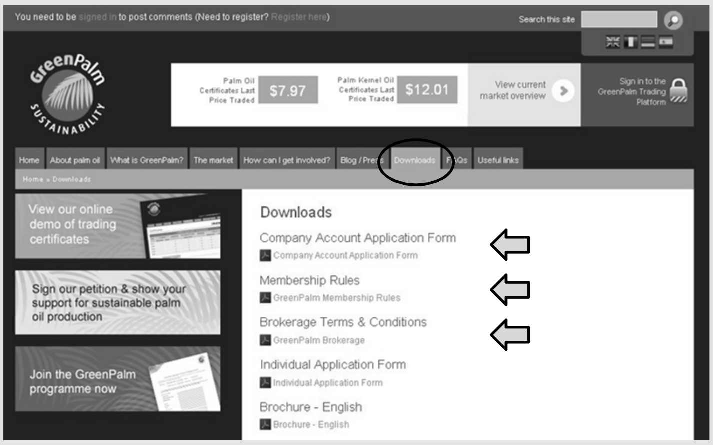


- Multiple origins
- Common freight
- Shared storage
- Continuous processing

GreenPalm

BOOK &CLAIM

www.greenpalm.org



GreenPalm

BOOK & CLAIM

- RSPO certified grower issued annual production volume CSPO/FFB
- Volume then registered into GreenPalm

Registered certificate owners

- C
- F
- I
- K
- N

Users Table

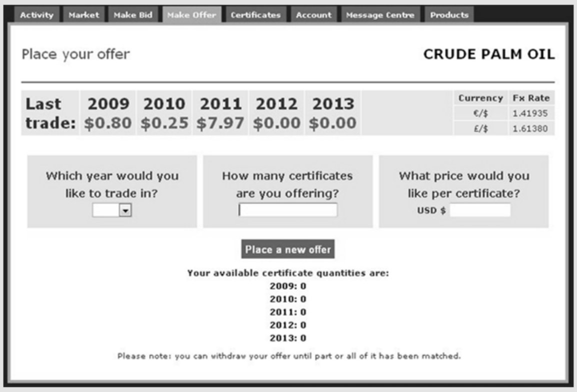
Name	Year	Product	No of Certs
NEW BRITAIN PALM OIL LTD	2010	CRUDE PALM OIL	6,000
NEW BRITAIN PALM OIL LTD	2009	CRUDE PALM KERNEL OIL	1,625

- P
- S

GreenPalm

BOOK & CLAIM

- 1mt of CSPO = 1 GreenPalm certificate

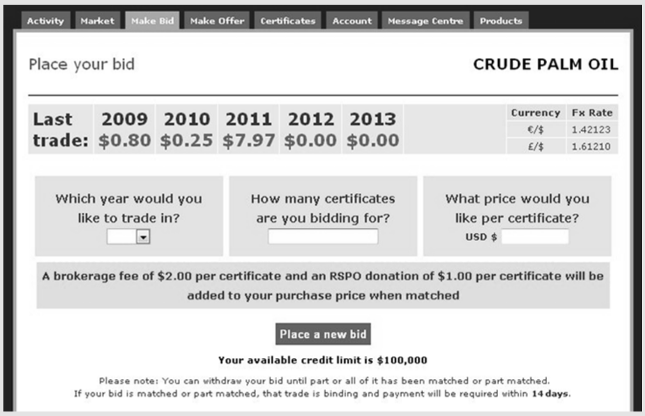


Producer places an offer

GreenPalm

BOOK & CLAIM

- Manufacturer calculates their oil palm consumption
- Derivates/Fractions 1 for 1 basis



Place bid.

Min volume 25 certs.

GreenPalm

BOOK & CLAIM

- Bids and Offers on the market screen
- System automatically matches
- Electronic invoice emailed. Payment terms 14 days

GreenPalm (OMD)

BOOK & CLAIM

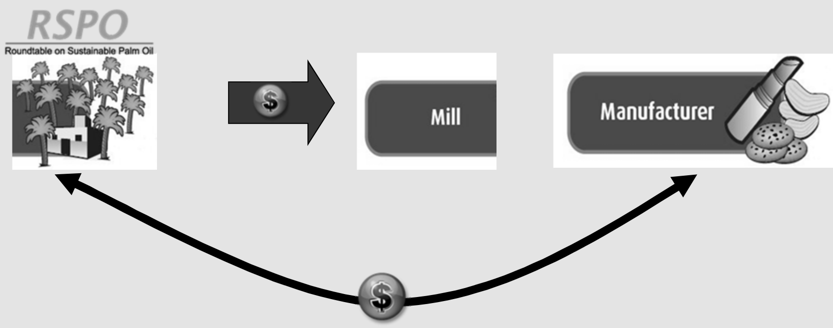
- Off Market Deal (OMD) - Smallholders
- Buyers trade from specific seller
- Negotiate price & volume
- SH certificates premium over market price
- Buyer can make case study/back story

Most Recent Trades		
Date	Volume	Price
18/07/2011	1,154	$1.00
18/07/2011	1,279	$1.00
15/07/2011	100	$1.00
13/07/2011	3,000	$1.00
13/07/2011	6,250	OMD

GreenPalm

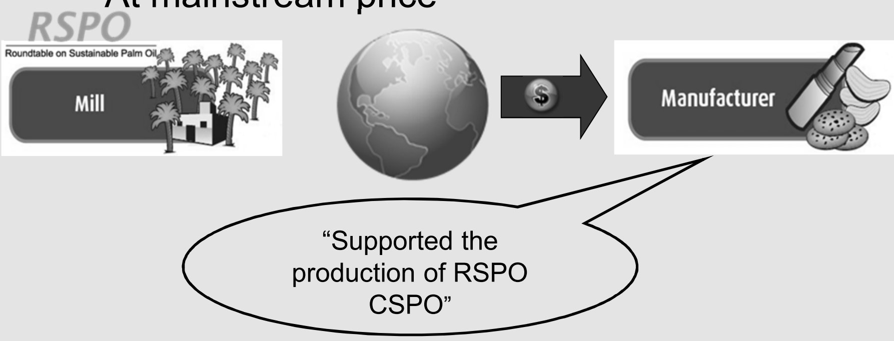
BOOK & CLAIM

- Producer receives full value of certificate
  - Sells physical oil into their usual local market
  - At mainstream price



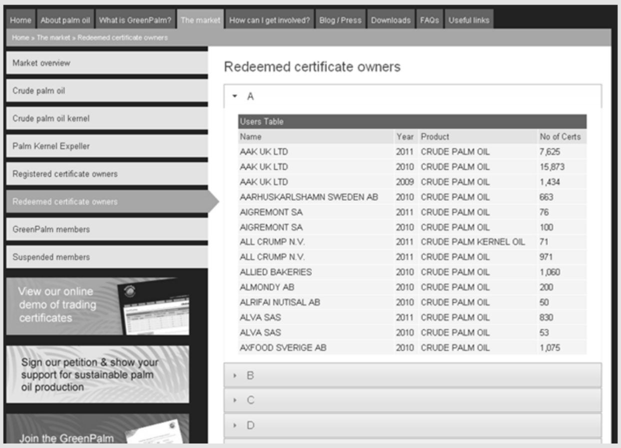
GreenPalm

- End user <u>redeems</u> certificates
  - Has right to make a sustainable claim
  - Buys physical oil from preferred supplier
  - At mainstream price



GreenPalm Redeem

- Volume posted on public area of website


Home | About palm oil | What is GreenPalm? | The market | How can I get involved? | Blog / Press | Downloads | FAQs | Useful links

Home » The market » Redeemed certificate owners

Market overview
Crude palm oil
Crude palm oil kernel
Palm Kernel Expeller
Registered certificate owners
Redeemed certificate owners
GreenPalm members
Suspended members

View our online demo of trading certificates

Sign our petition & show your support for sustainable palm oil production

Join the GreenPalm

Redeemed certificate owners

A

Users Table

Name	Year	Product	No of Certs
AAK UK LTD	2011	CRUDE PALM OIL	7,625
AAK UK LTD	2010	CRUDE PALM OIL	15,873
AAK UK LTD	2009	CRUDE PALM OIL	1,434
AARHUSKARLSHAMN SWEDEN AB	2010	CRUDE PALM OIL	663
AIGREMONT SA	2011	CRUDE PALM OIL	76
AIGREMONT SA	2010	CRUDE PALM OIL	100
ALL CRUMP N.V.	2011	CRUDE PALM KERNEL OIL	71
ALL CRUMP N.V.	2011	CRUDE PALM OIL	971
ALLIED BAKERIES	2010	CRUDE PALM OIL	1,060
ALMONDY AB	2010	CRUDE PALM OIL	200
ALRIFAI NUTISAL AB	2010	CRUDE PALM OIL	50
ALVA SAS	2011	CRUDE PALM OIL	830
ALVA SAS	2010	CRUDE PALM OIL	53
AXFOOD SVERIGE AB	2010	CRUDE PALM OIL	1,075

B
C
D

Redeemed volumes shown.

Claims made upto this volume

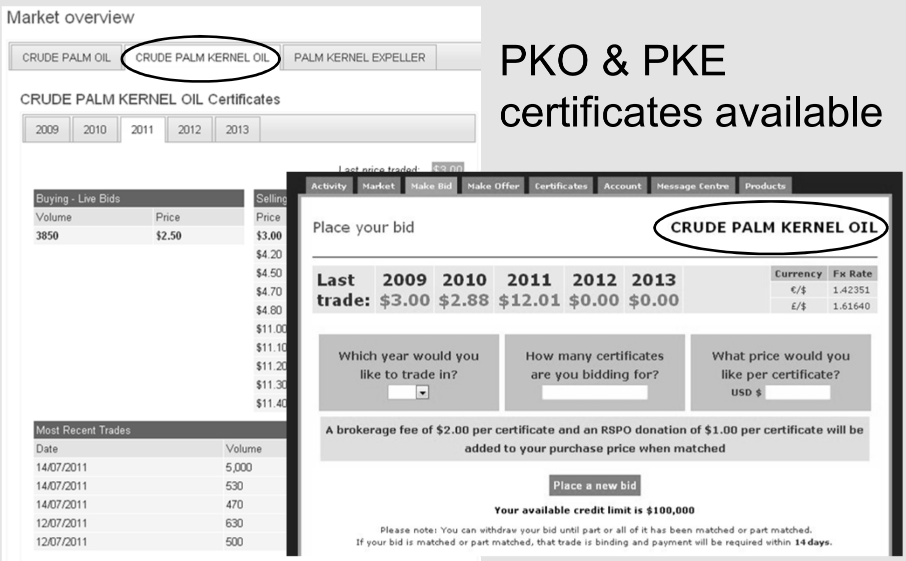
GreenPalm Claims

BOOK &CLAIM

- Claims document available on website
- Supports or Advances the production of…….
- But not…. “Contains”
- Use the logo ....

GreenPalm Products

BOOK &CLAIM



PKO & PKE certificates available

End Users

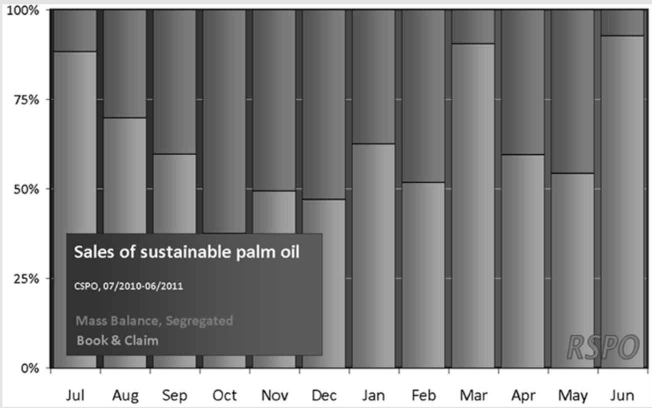
- Ideally suited to the complex derivative market
- 1 bottle of shower gel contains
  - Sodium lauryl sulfate
  - Sodium laureth sulfate
  - Laureth-4
  - Glycol distearate

GreenPalm Update

- Over 2,800,000 certificates traded to date
- A staggering $19m sent back to the producers
- That's $6.78 / certificate vs $0.94
- Membership – over 350 members

GreenPalm Update

- Palm trades via GreenPalm account for 70% of RSPO sales



- PKO trade 180,000mt through GreenPalm.

GreenPalm

RSPO

Roundtable on Sustainable Palm Oil

Making a difference………..

….together with…..

www.greenpalm.org

bob.norman@greenpalm.org

Simplifying HCV, SEIA, SIA…?

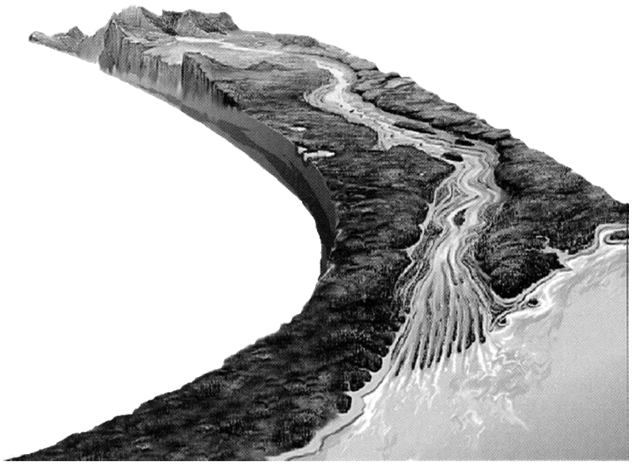
Dr Reza Azmi, Wild Asia

Technical Support Programme for Oil Palm

Technical Support Programme

- Since 2005: Training, Assessments, Due Diligence
- Technical Panels: RSPO & HCV-RN
- Support to large and small organisations

Huh? HCV? SEIA?



www.wildasia.org

5 Key Points

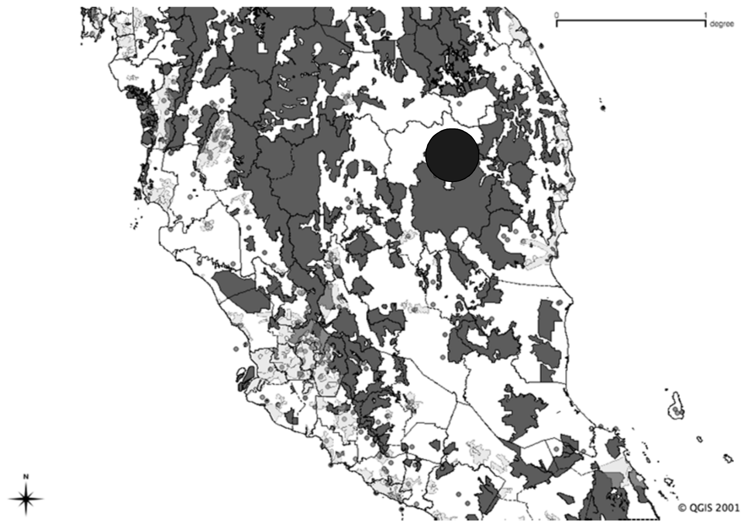
- Location
- Risk Assessment
- Consultation
- Good GMP
- Review

www.wildasia.org

1. Location

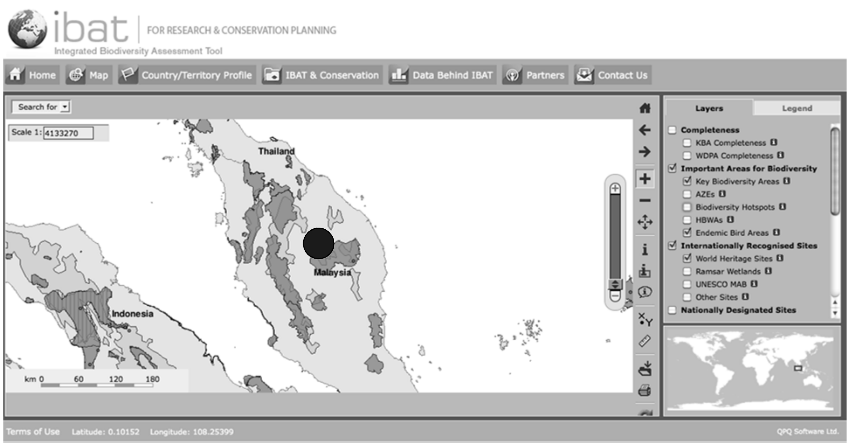
www.wildasia.org

Potential HCVs?



www.wildasia.org

IBAT for Research



www.wildasia.org

Embrace open source

www.wildasia.org

2. Criteria for Risk Assessment

- Within XXXX km of a potential HCV?
- XXX % of members of new plantings?
- XXX % of members on steep terrain?
- XXX % of members on peat soils?

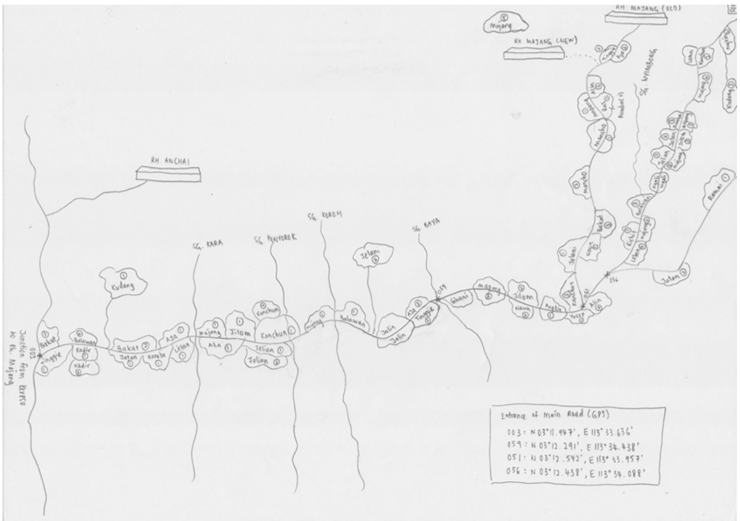
If > XXX % then independent assessor required?

www.wildasia.org

3. Consultation

www.wildasia.org

Community mapping



4. Good GMP

5. Review

RSPO
Roundtable on Sustainable Palm Oil

Certification Body

?

National Secretariat

HCV HIGH CONSERVATION VALUE resource network

Any questions…?

Sustainable Palm Oil Production

SEIA and HCV Assessments for Groups of Independent Smallholders

Background

- RSPO certification requires SEIA and HCV assessments
  - Criteria 5.1 (EIA), 5.2 (RTE), 6.1 (SIA), 7.1 (SEIA) and 7.3 (HCV)
- Guidance on Independent SH under GC:
  - A combined and simplified process
- Independent Smallholders mostly expand on agricultural land
- Experience shows that HCV and EIA comes down to farm management issues
- Challenge is in educating farmers GMP

Background

- Challenge in developing landscape datasets
  - NGOs not join
  - Little generic information available
  - Comes down to protected areas?

Process

- Organize farmer group meeting and invite relevant stakeholders
  - Members of local community
  - Representatives of environmental and social interests
  - Farm workers
  - Local government / administration
- Try to access area map from government
  - Showing protected areas, watercourses, steep slopes
- Introduce the basic idea of the HCV and the six HCVs
- Jointly identify potentially existing HCVs and social or environmental impacts

Process

- Discuss measures that can minimize negative impacts and increase positive impacts
  - Summarize in HCV management plan
  - Group management monitors the implementation of the management plan
  - Feed in results in the replanting and expansion plan of the group

Outcome

- sketch map of the oil palm area of the group and its surroundings showing identified HCVs
- a list of the RTE, endemic, migratory species that could be significantly affected
  - outlining conservation status, legal protection and population status
- management plan to reduce identified negative environmental and social impacts

Outcome

- List of plots of group members with year of purchasing and initial planting of oil palm including changes in ownership, land title and land use
- Group management educates on GMP and monitors implementation on HCV management plan
- CB checks
  - Meeting report: correct process?
  - Management plan: adequate?
  - Implementation of management plan

FUNDING FOR INDEPENDENT SMALLHOLDERS CERTIFICATION

Integration Research and Extension Division
Malaysian Palm Oil Board

Outline

- ❖ Distribution of Independent Smallholders
- ❖ Definition of Smallholders
- ❖ Sustainable Palm Oil Cluster (SPOC)
- ❖ Funding for Smallholders Certification
- ❖ Conclusion

Distribution of Independent Smallholders 2011

District	No. of Smallholder	Hectarage
Johor	65,813	201,017.71
Kedah	4,098	21,091.17
Kelantan	718	3,209.92
Melaka	1,936	9,379.11
Negeri Sembilan	3,693	19,333.99
Pahang	7,790	36,350.05
Perak	32,992	98,280.15
Perlis	8	57.65
Pulau Pinang	1,553	8,486.25
Selangor	17,845	38,543.26
Terengganu	1,895	8,413.27
Total Peninsular	138,341	444,162.53
Sabah	24,852	170,642.59
Sarawak	11,982	66,166.40
TOTAL	**175,175**	**680,971.52**

Definition of Smallholder

- A smallholder in Malaysia is defined as one who owns < 40.46 ha (100 acres)
- Independent smallholders - plant, manage, and finance their holdings individually
- Only recently, the government provides replanting and new planting incentives

General Profiles of Independent Smallholders in Malaysia

Characteristic	Profiles
➢ Age	Average 54.6 yrs old, 66.6% > 50 yrs old
➢ Education	Primary (49.6%), secondary (34.1%), tertiary (8.9%) and 7.4% education less
➢ Family size	Average 5.6 persons
➢ Farm employment	Full-time (55.6%), part-time (28.9%), absentee owner (15.5%)
➢ Farm size	Average 2.6 ha, < 4ha (88.9%)
➢ Soil type	Inland (61.5%), peat (21.5%), alluvial (17%)
➢ Source of seedling (nursery)	Govt. (50.4%), private (24.4%), estate (14.1%)
➢ Average FFB Yield	15 t/ha/year

Source : Idris (2005)

SUSTAINABLE PALM OIL CLUSTER (SPOC)

SPOC was launched by YB Minister KPPK on 30th November 2009

✓ 2 main components of SPOC

- ➢ Certification: GAP / MPOB CoP / RSPO certification
- ➢ Establishment of cooperative

Objectives:

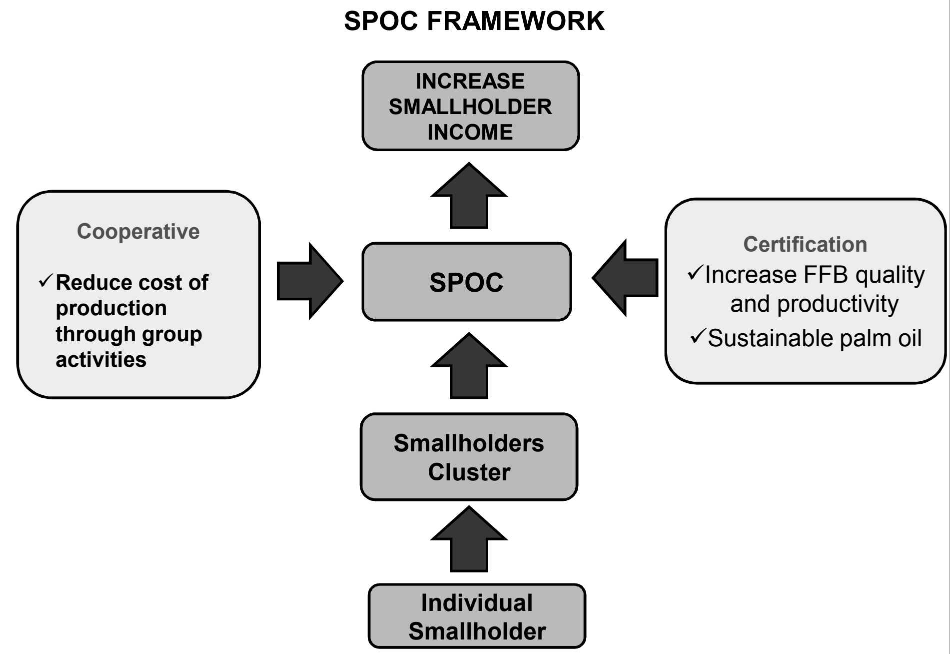
✓ Increase productivity and quality of FFB through certification

✓ Cooperative as vehicle for group activities eg. FFB marketing, fertilizer credits and will bear cost of certification in future

Survey to smallholders on the Good Agricultural Practice (GAP)

Training to smallholders on the Good Agricultural Practice (GAP)

Preliminary General Meeting at Saratok, Sarawak on 1 Dec 2010

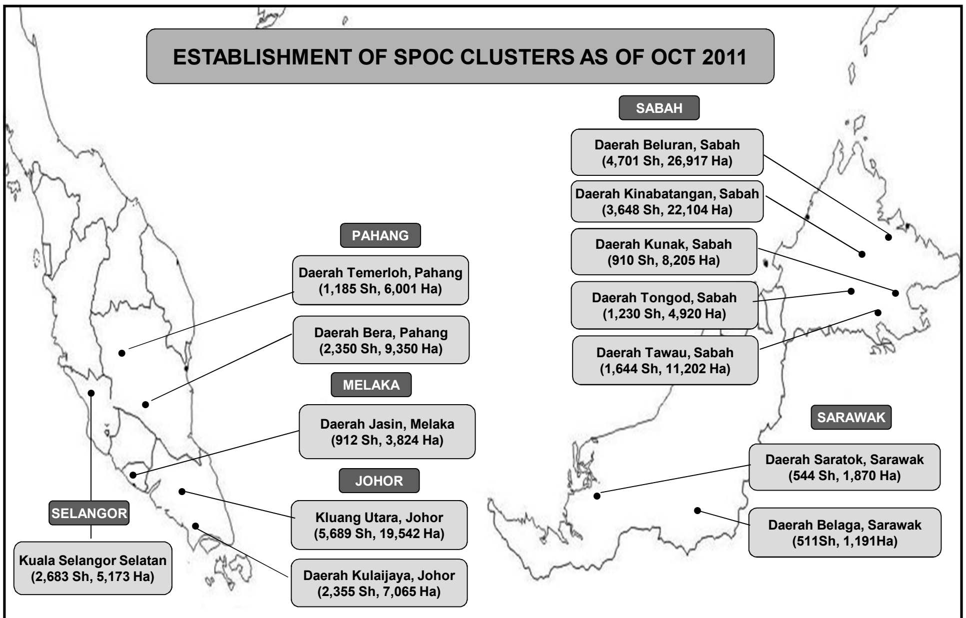


Steps in RSPO Certification

1. Selection of cluster
2. Briefing on RSPO
3. Registration of membership
4. Identification of GAP gaps
5. Training
6. Internal auditing
7. External auditing
8. Award of RSPO certification

Steps in Formation of Cooperative

1. Selection of cluster
2. Briefing on cooperative
3. Application to form cooperative to Malaysian Cooperative Commission
4. Formation of committee
5. Pre-general meeting
6. Registration



Total Cluster	Number of Smallholder	Hectarage (Ha)
13	28,362	127,364

SUSTAINABLE PALM OIL CLUSTER 2011

Location/Districts	Number of Smallholder (SH)	Oil palm area (Ha)	Establishment of Cooperative	Cooperative Membership (50%)	Expected SPOC Member	
					GAP (80%)	CoP / RSPO (30%)
Tongod, Sabah	1,230	4,920	13/10/2010	615	984	295
Saratok, Sarawak	544	1,870	1/12/2010	272	435	131
Kunak, Sabah	910	8,205	13/12/2010	455	728	218
Jasin, Melaka	912	3,824	20/12/2010	456	730	219
Kluang Utara, Johor	5,689	19,542	6/1/2011	2,845	4,551	1,365
Belaga, Sarawak	511	1,191	18/1/2011	256	409	123
Kinabatangan, Sabah	3,648	22,104	16/2/2011	1,824	2,918	876
Tawau, Sabah	1,644	11,202	8/3/2011	822	1,315	395
Kulaijaya, Johor	2,355	7,065	16/4/2011	1,178	1,884	565
Kuala Selangor Selatan, Selangor	2,683	5,173	10/5/2011	1,342	2,146	644
Temerloh, Pahang	1,185	6,001	5/7/2011	593	948	284
Beluran, Sabah	4,701	26,917	11/7/2011	2,351	3,761	1,128
Bera, Pahang	2,350	9,350	11/10/2011	1,175	1,880	564
TOTAL	**28,362**	**127,364**		**14,184**	**22,689**	**6,807**

Note :
Percentage for cooperative membership and GAP are from the number of smallholders while percentage for CoP / RSPO member is from number of GAP member

FUNDING FOR INDEPENDENT SMALLHOLDER CERTIFICATION

1. **SHORT TERM**
   - Grant from government
   - MPOB operation budget
2. **LONG TERM**
   - Funded by cooperative

ESTIMATED COST OF PREPARING FOR RSPO CERTIFICATION

No	Item	Cost (RM)
1	Pre-survey to determine the level of GAP practice among SH	5,000
2	Training for smallholders (SH)	12,000
3	Assistance for SH to improve GAP	48,000
4	Audit Fee	70,000
5	Incidental cost	6,000
	Total	**141,000**

CONCLUSION

- RSPO certification for independent smallholders was delayed due to absent of smallholders institution, hence MPOB establish cooperative
- While strengthening the cooperative, MPOB concentrate on GAP certification (RSPO Principle No. 4)
- Other RSPO's principles will be added at the later stage
- Profit from the cooperative activities will be used to fund the RSPO implementation
- Cost of RSPO auditing (RM 70,000 / SPOC) is too expensive and might need additional fund

MPOB

Thank You

ANNEX III
DISCUSSION NOTES

14 November 2011 (Jakarta, Indonesia)

Session 1
Organising Independent Smallholders and the role of the Group Manager

- What is the motivation/incentive for anyone/ any organization wanting to become a Group Manager?
-
- The Group Manager and/or their personnel must have adequate knowledge of the requirements of oil palm production, the RSPO Standards, etc. Too much to ask?
- How to ensure that the Group Manager has sufficient resources (e.g. human, financial, physical) to enable effective management of Group Certification?
- The Group Manager must have the capacity to control, monitor and evaluate all members pertaining to their compliance to the RSPO requirements including communicating with them and visiting them at the required frequencies.
- How does the group manager ensure all formal and prospective members understand the relevant RSPO Standards (training needs, communication strategies)?
- How do the Group Manager and/or their personnel ensure that there will be no conflict of interest that may affect their capacity to meet the requirements for Group Manager?
- How should the relationship between Independent Smallholders and Group Manager (contractual, etc) be forged?
- How can the costs be reduced (both for Group Manager to become a member of RSPO as well as for certification)
- How can the Group Manager ensure that the group marketing system (if any) for the group is mutually fair and transparent to enable the securing of raw materials or trading of the group members‟ collective produce, or setting-up of an equivalent arrangement?
- How should these rules be developed (rules for purchasing and selling within the group, rules for claims of RSPO certified, dissemination of markets, and price information and related logistics (i.e. transportation to mill etc)?
- Can the Group Manager ensure that the total of all sales and claims of RSPO certified FFB production from group members does not exceed the total certified FFB production of the group in its entirety?

<u>Most important question</u>
What are the immediate steps that RSPO should take to tackle the above?

GROUP 1

Isu	Solusi	Cadangan Untuk Tindakan RSPO
1. Motivasi menjadi GM? Siapa kah KK ini?	(KK mestilah sebuah organisation) • Yang punya DO (middle man) yang ada hubungan baik dengan fabric; can be a cooperative, middle man, individual • Cooperative maybe the best – because it already have peraturan sendiri • SPKS Setempat • Anggota kelompok • Orang yang mempunyai kemampuan managerial • Mendapat dokongan/ setujui oleh anggota • Harus ada bayaran/ imbalan menjadi KK Need for KK size (1 person or 5 person) – tergantung kepada kebutuhan Incentive: a. Orang sendiri – membangun desa b. Secure material supply c. Bayaran menjadi KK – berdasarkan penjualan TBS berdasarkan kesepakatan bersama Ram? – not suitableto be KK because…	*Membangun kapasiti GM* *Latihan Module* *Exchange program* *Mewujudkan projek pilot*
2. Pengetahuan dimiliki GM?	• Mengenali sawit • Mengenali pengurusan, administration, budidaya (cultivation) • Knowledge on RSPO, certification etc • Memahami masalah-masalah pokok petani • Level pendidikan yang memadai (komunikasi, computer, IT , etc) • Beretika	*Capacity building*
3. Sumber daya yang cukup di GM?	• Kewangan – tidak ada konsekuensi GM tidak ada modal • Berkebolehan memainkan peran administrasi untuk kelompok • Harus ada kantor secretariat (telpon, fax dan internet, peralatan pejabat) • Lengkap dan memiliki kapasitas GM	*Generic template untuk kantor (ICS)* *Capacity building*

	melakukan evaluasi, monitoring anggota, komunikasi dengan anggota, mengunjungi anggota (membolehkan ICS dilaksanakan dengan mudah	
4. Mengelola konflik kepentingan	• Personel di GM harus mendeklerasi konflik kepentingan dan asets • Tidak memonitoring ladang sendiri atau milik keluarga • Harus disosialisasikan kepada anggota	*RSPO to develop Code of Conduct for GM*
5. Hubungan GM dengan petani? Contract?	• Harus ada anggaran dasar dan anggaran rumahtangga/ peraturan • Perjanjian bertulis diantara anggota dan GM	*Menyediakan template kontrak yang berisi keperluan minima untuk GM*
6. Biaya keanggotaan dan certification RSPO?	• Mengurangkan kadar fee untuk petani swadaya (Tindakan RSPO) • Mengecualian bayaran (untuk satu jangka waktu selepas menjadi anggota RSPO)	*Certification costs – RSPO to set aside fund to facilitate/ support certification RSPO to lobby for CBs to reduce fees for SH certification*
7. Memastikan system pemasaran saling transparent?	• Terkait dengan soalan no 6	
8. Bagaimana aturan pembelian harus dibangun? Claim terhadap diseminasi di pasar? Informs harga/ logistic, transportation?	• Dibina secara konsultansi dengan anggota dan secara consensus dan dipersetujui dari awal menjadi anggota kelompok • Harus ada jangkamasa untuk mereview point di dalam peraturan yang ada	
9. Total penjualan FFB tersertifikasi tidak melebihi kapasitas dari kebun?	• Harus ada maklumat keanggotaan dan details kebun • Harus diverifikasi • Harus diupdate	

GROUP 2

Issues discussed/mentioned:

1. Motivation(s) for an organisation/individual to be Group Manager (GM) could be FINANCIAL gain, RECOGNITION.
2. Perhaps a service provider which sets up a new business of providing GMs to groups? Or mills, and creating a new business opportunity of buying certified FFB and converting to certified CPO. (e.g. Cargill states that there are corporate consumers which states preference for CPO sourced from smallholders) ***RSPO to carry out market research to determine the demand of smallholders CPO***
3. GMs could also be borne out of idealism; an idealist who is enthusiastic to help their own people, out of moral obligation, or satisfaction.
4. Government bodies as GM?
5. Is it the responsibility of RSPO-certified mills to ensure their supply bases are certified? (Answer is YES but leads to Clause 4.2.4 which has some disagreement – see next item)
   RSPO to support the certification of smallholders as it is a huge responsibility of mills, especially for those which are not of big corporations
6. Clause 4.2.4 which states "all <u>associated</u> smallholders" but needs to be clarified as there are disagreements whether it includes or excludes INDEPENDENT smallholders. ***RSPO needs to get this clarified***
7. One of the probable funding mechanism to look into: IDH (Danish company that aims to invest to make commodities sustainable)
8. Relationship between smallholders and the GM: there should exist an internal control system to ensure that GM is doing a good job. ***RSPO to ensure that in the agreement between the GM and the farmers there should be an insurance that the farmers do not get oppressed***
9. The GM ideally should be one of them, however the capacity required to achieve the criteria of GM is quite high.
10. It was mentioned by Bambang that the farmers usually would want a GM who will represent their interest (best prices, etc.) therefore, it does not matter whether the GM is an 'insider' or an 'outsider'.
11. Reduction cost of certification as "free things would not be valued" thus membership fee is required, but could be reduced.

15 November 2011 (Jakarta, Indonesia)

Session 2

CONVERSION OF FFB TO CPO

1. What kind of conversion factor is required from FFB to CPO? Are there regional/ national variations?

2. What are the changes required in the RSPO Supply Chain mechanism to enable independent smallholders to become part of the RSPO system?

3. Which of the RSPO supply chain options (segregated, mass balance or book & claim) offers the best prospects?

4. **What are the immediate steps at RSPO should take?**

DETERMINING THE SCOPE OF SIMPLIFIED HCV ASSESSMENT/ SIMPLIFIED EIA/SIA

5. The simplified HCV assessment protocol already exists for Indonesia. Is it enough for the purpose of worldwide use for independent smallholder certification?

6. If not, what elements of the HCV assessment need to be modified to suit the needs of group certification of independent smallholders?

7. Who should/can carry out the simplified assessment? What are the training needs?

8. Is there a need for simplified EIA/SIA assessment?

9. How can the HCV assessment be better integrated with EIA/SIA?

10. **What are the immediate steps at RSPO should take?**

FUNDING FOR INDEPENDENT SMALLHOLDERS CERTIFICATION

11. For which elements are the funds needed? (e.g. training, membership fees, certification fees)

12. In what form should the funds be and given to whom (group manager or smallholders?)

13. Where should / could the funds come from?

14. **What are the immediate steps at RSPO should take?**

GROUP 1

No	Isu	Solusi/Diskusi	Proposal untuk tindakan RSPO
1	Konversi FFB – CPO: • %? • IP, MB, SG, B&C	**GreenPalm:** **Baik untuk petani swadaya.** • Ada satu angka rendemen yang tetap untuk digunakan (19% – 20%) untuk petani o Ditetapkan oleh GM dan fabrik atau dengan pemerintah • Isu timbul bila ada percampuran superior seeds dan seeds yang lama • Faktor masa mendapatkan bibit sawit juga menjadi isu **Persoalan berkait kualiti dan sumber bibit mempengaruhi total produksi petani; justeru penetapan TBS sukar untuk dibuat secara generic. ** Dokementasi perolehan bibit sawit dari pusat pembibitan perlu diperjelaskan prosesnya (supaya dapat mengatasi masalah yang dihadapi oleh sesetengah petani yang tiada sertifikat)	• Panduan untuk petani swadaya dalam menggunakan sistem ini • Merekemen RSPO kepada Greenpalm supaya ada sertifikat khusus untuk kategori petani swadaya

2	HCV Assessment (P&C 5.6, 7.2) • Adakah protocol ID sudah mencukupi sebagai rujukan generic?	• NI Indonesia boleh digunakan sebagai referensi utama untuk dokumen generic • Kandungan untuk SEIA perlu ditambahbaik • Untuk kebun baru (NPP) yang dibangun secara berkelompok harus mengikuti prosedur identifikasi HCV seperti perusahaan besar	• RSPO perlu membentuk satu tim untuk HCV bagi petani swadaya bagi tujuan generik
	• Siapa boleh buat HCV Assessment? Apakah perlu SEIA?	• Boleh dilakukan oleh: o consultant (tapi kosnya mahal) o LSM (member RSPO) & Pendamping petani yang kompeten o HCV Assessor • Di dalam checklist dalam ID Document sudah ada cuma perlu ditambah itemnya, khususnya item SEIA	• RSPO menyediakan senarai HCV Assesor untuk petani swadaya • Tambahan untuk tindakan tim HCV Generik
	• Bagaimanakah integrasi HCV – SEIA?	Sudah dijawab	

3	Dana untuk sertifikasi smallholders
	• Element yang memerlukan dana
	    ○ Pelatihan
	    ○ Fee
		Kos-kos yang memerlukan dana bagi mensertifikasi petani swadaya:
		• Yuran anggota RSPO
		• Sertifikasi (bayar kepada CB)
		• Pelatihan (dalam bentuk beberapa kurikulum)
		• Pembentukan Ketua Kelompok dan stafing
		• ICS
		• Admin & operasi (HCV, SEIA, Management Plan, assessment Wilayah etc)
			• Fee menjadi anggota RSPO dimansuhkan untuk kelompok petani swadaya
			
			DAN/ATAU
			
			• Di kurangkan jumlahnya

	• Dalam bentuk bagaimana dana disediakan dan untuk siapa?	• Dana sokongan diberikan kepada Group Manager. Harus ada dokumentasi yang propor • GM perlu mengemukakan kertas proposal untuk memohon bantuan dana dari RSPO • Keperluan anggota harus dikemukakan melalui GM	
	• Dimana dana bisa diperolehi	• Pemerintah (menanggung kos pelatihan) • Pabrik yang berkepentingan • Pasar (market) • Perusahaan • Sumber dana international (WWF, Norway, GIZ) • Yuran anggota kelompok	

GROUP 2

Konversi TBS ke CPO

Faktor yang mempengaruhi konversi TBS ke CPO [nasional dan regional].
Perubahan yang perlu dilakukan dalam rantai pasokan RSPO?
Apakah pilihan rantai pasokan yang memberikan tawaran yang lebih baik bagi petani?
Langkah-langkah yang harus dilakukan oleh RSPO?

Penjelasan dari pak Asril sudah cukup jelas dan dapat menjadi panduan.
OER diperlukan bagi petani skema dan swadaya karena sertifikat dinyatakan dalam bentuk CPO.
Di Green palm sertifikatnya ekuivalen dengan CPO.
Rendemen digunakan untuk semua model supply chain.

Direkomendasi ke RSPO
1. Diperlukan range default value [17-22%, rata-rata 19.5%] sebagai rendemen global untuk petani kecil [secara teori]. Value untuk rendemen ini harus adil bagi PKS dan petani.

2. Masuk ke pilot project untuk menentukan rendemen.

3. Expert group untuk studi konversi rendemen [jika diperlukan]. Perlu dicek legal framework tentang rendemen, bila ada mengikuti framework ini dan bila tidak ada mengikuti default value.

Penentuan HCV/SIA/EIA yang sederhana
Indonesia memiliki checklist sederhana untuk menilai HCV/SIA/EIA.
Apakah checklist ini cukup untuk digunakan secara global?

Rekomendasi ke RSPO
1. RSPO menyusun generic template checklist menilai HCV/SIA/EIA dengan mengadopsi checklist yang dibuat Indonesia.

2. Petani/kelompok tani melakukan self-assessment yang difasilitasi oleh pihak ketiga [NGO, pemerintah] kemudian diverifikasi oleh CB.

3. Menjadi bagian dari pilot project untuk penilaian sederhana tentang HCV/SIA/EIA

Pendanaan Sertifikasi Petani Swadaya
Komponen biaya yang diperlukan untuk melakukan sertifikasi untuk petani swadaya:
1. Persiapan untuk melakukan pelatihan dan pembentukan organisasi.
2. Biaya pelaksanaan, contoh: pelatihan yang mencakup pelatihan, biaya sertifikasi.
3. Biaya untuk mempertahankan yang sudah dicapai setelah sertifikasi

Pendanaan sebaiknya diberikan untuk PIC, contohnya Group Manager. Harus ada mekanisme akuntabilitas yang diatur di dalam Group.

Langkah apa yang harus diambil oleh RSPO

1. IFC sekarang sedang berdiskusi untuk mempercepat mekanisme funding yang berasal dari penjualan CSPO di pasar.

2. Klarifikasi mengenai definisi “associated smallholders” di dalam klaus 4.2.4. Apakah “associated smallholders” termasuk petani swadaya.

3. RSPO harus mendorong komitmen dari pembeli untuk membantu pendanaan untuk sertifikasipetani swadaya.

4. RSPO harus mengatur sistem funding yang dapat mendorong sertifikasi petani swadaya yang sustainable. Sehingga tidak hanya mengandalkan dari donasi.

5. Melakukan pilot project untuk sertifikasi petani swadaya. Harus menentukan hal-hal signifikan yang akan dipelajari.

6. Beberapa hal yang harus dipertimbangkan:
- Apakah memungkinkan agar sertifikat diberikan untuk FFB (khusus untuk petani swadaya)?
- Apakah ada pembeli yang mau membeli sertifikat FFB daripada CPO?

7. RSPO harus menentukan jumlah default untuk non-oil revenue (Tankos).

17 November 2011 (Port Dickson, Malaysia)

Session 1
Organising Independent Smallholders and the role of the Group Manager

- What is the motivation/incentive for anyone/ any organization wanting to become a Group Manager? Why would anyone want to become a Group Manager? Who should become a Group Manager?

- The Group Manager and/or their personnel must have adequate knowledge of the requirements of oil palm production, the RSPO Standards, etc. Are there sufficient people/organization in this country/region with the capacity to become Group Managers?

- How to ensure that the Group Manager has sufficient resources (e.g. human, financial, physical) to enable effective management of Group Certification?

- The Group Manager must have the capacity to control, monitor and evaluate all members pertaining to their compliance to the RSPO requirements including communicating with them and visiting them at the required frequencies.

- How does the group manager ensure all formal and prospective members understand the relevant RSPO Standards (training needs, communication strategies)?

- How do the Group Manager and/or their personnel ensure that there will be no conflict of interest that may affect their capacity to meet the requirements for Group Manager?

- How should the relationship between Independent Smallholders and Group Manager (contractual, etc) be forged? How can the interest of respective parties be protected?

- How can the costs be reduced (both for Group Manager to become a member of RSPO as well as for certification). How can other costs be reduced (cost of preparation for certification, training, etc.)

- How can the Group Manager ensure that the group marketing system (if any) for the group is mutually fair and transparent to enable the securing of raw materials or trading of the group members‟ collective produce, or setting-up of an equivalent arrangement?

<u>Most important question</u>
What are the immediate steps that RSPO should take to tackle/facilitate the above?

Group 1

Isu	Cadangan	Cadangan Untuk Tindakan RSPO
1. Siapa yang harus memainkan peranan sebagai Ketua Kumpulan ini? 2. Motivasi menjadi GM?	Siapa yang boleh memainkan peranan sebagai Group Manager ini? - Plantation - SPOC (Mukim) - Koperasi - NASH (Daerah) - Pusat pengumpulan buah - Supply of FFB - Training needs - Peningkatan pendapatan untuk masyarakat	- Menyediakan teknikal assistant - Hubungan baik dengan GM - Meningkat kapasiti kawalselia
3. Pengetahuan dimiliki GM?	- Tahu sawit - Management Skills - Leadership skills - Beretika - IT savvy - Bijaksana - Mesra pelanggan - 3P - Pensijilan RSPO	- training
4. Bagaimana mempastikan GM mempunyai sumber yang mencukupi (sumber manusia, kewangan, fizikal) untuk pengurusan kumpulan yang berkesan?	- Kerajaan - Bank - Yuran keahlian - Share - Service charges - Bantuan luar - Semua sumber (halal)	- Allocate fund to support independent smallholder towards certification
5. Bagaimana mempastikan semua ahli dalam Kumpulan	- Latihan - Audit - Mesyuarat - Dialog - Sessi penerangan	- Technical assistance

memahami RSPO?	- Communication tool (bahan bergambar, video) - Real demonstrasi	
6. Bagaimana memastikan GM tidak timbul konflik kepentingan dengan ahli?	- Ada sistem check & balance - Keputusan dibuat secara konsensus dari kalangan ahli dalam kumpulan - Harus ada Code of Conduct ahli-ahli dalam kumpulan	
7. Bagaimana hubungan di antara ahli kumpulan dengan GM dimeterai?	- Perjanjian (jangkapanjang) - Kontrak (berjangka) - Kalau dibawah koperasi, tertakluk kepada peraturan jabatan koperasi - Akujanji	
8. Bagaimana kos pensijilan dan kos-kos lain yang perlu untuk pensijilan dapat dikurangkan?	- Ditanggungbiaya oleh agensi yang bertanggungjawab dengan oilpalm industry / kemajuan rakyat (MPOB, etc)	
9. Bagaimana penjualan FFB secara berkumpulan dapat dilaksanakan dengan adil dan telus?	- Data asas petani - Proper documentation - Veriifikasi dan penyeliaan	

Group 2

Issues	Solutions	Actions to be taken by RSPO
Incentives/ motivation of being GM	• CSR - A company "since it's not there, we'll do it" • Continuous supply of FFB (building a better supply-demand relationship e.g. growers and mill) • As a new business opportunity? Supplying a demand which is lacking in the market at the moment • Government funding is poorly utilised – USE IT (aid for fertiliser, certification costs, subsidies etc.). Mechanism to obtain this fund is missing. • Mills (premiums?) ➔ Trade barriers? EU? ➔ Challenges by NGO to pressure and increase demand of CSPO? • "5-7 USD per tonne CPO" – incentive/premium for smallholders • Smallholders prefer one of their own people to be GM but no capacity to do it	- Train up/ develop a module for Group Manager (toolkits?) - Group Scheme Management Training? Pilot projects? - Market the availability of the fund - Try to get/encourage more buyers that is willing to commit to this price (internal + external)
Knowledge	Consistency of methods	- Manual for Group Managers -
Resources	• In Malaysia, the fund is there, the technical bodies are there. However there are no linkages among all these parties. • Donor/corporation grants (e.g. Thailand due to the market for biofuels)	- Forge/create the missing links

Conclusions:

1. Incentives has to be concrete.
   Greenpalm mechanism is viable but only if on agreed price (default value?)

2. In Malaysia, funds is available, but lack of knowledge by the people.
   Facilitate the dissemination of information. Try to get/encourage more buyers to commit to this price "5-7 USD / tonne CPO" (internal + external)

3. Lack of capacity.
   Develop tool kit/manual for Group Manager.

QUESTIONS FOR RSPO TO ANSWER:
1. What about land owned by cooperatives?
2. Is it technically feasible to have Group Admin in KL, producer groups all over the country?

Strengthening Group Schemes:
- Technical capacity (BMP)
- Accounting / decision making/ benefit sharing -- transparency
- Financial Management (income)
- Operational (BMP) – increased yield
- Commitment from members
- TRUST?

18 November 2011 (Port Dickson, Malaysia)

Session 2

CONVERSION OF FFB TO CPO

1. Why is the conversion factor important? Why is it required?

2. What kind of conversion factor is required from FFB to CPO? Are there regional/ national variations?

3. Should we just adopt a single default value? Or should we be site specific?

4. What changes are required in the RSPO Supply Chain mechanism to overcome problems relating to this conversion factor?

5. **What are the immediate steps at RSPO should take?**

DETERMINING THE SCOPE OF SIMPLIFIED HCV ASSESSMENT/ SIMPLIFIED EIA/SIA

6. The simplified HCV assessment protocol already exists for Indonesia. Is it enough for the purpose of worldwide use for independent smallholder certification?

7. If not, what elements of the HCV assessment need to be modified to suit the needs of group certification of independent smallholders?

8. Who should/can carry out the simplified assessment? What are the training needs?

9. How can the HCV assessment be better integrated with EIA/SIA?

10. **What are the immediate steps at RSPO should take?**

FUNDING FOR INDEPENDENT SMALLHOLDERS CERTIFICATION

11. For which elements are the funds needed? (e.g. training, membership fees, certification fees)

12. In what form should the funds be and given to whom (group manager or smallholders?)

13. Where should / could the funds come from?

14. How to make the funding sustainable (as opposed to relying on *ad hoc* grants / donations)

15. **What are the immediate steps at RSPO should take?**

Conversion Rate of FFB to CPO:
Default values to trade on Green Palm for smallholders:
- 20 % conversion rate for FFB
- 6% conversion rate for PK

Simplified HCV Assessment for Smallholders:
- Get consultants 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 to review outcome.
- Sharing of information and findings with relevant Working Groups, Deadline: First Quarter of 2012 (to have the final draft of the document)

Funding
Costs:
- Membership fees
- Certification fees
- Preparation for certification
- Development of ICS
- Operations of GM
- Establishment of the group
- Training

Suggestions to waive or reduce membership fees, or apply a sliding scale (according to size of group, number of members, land size, etc.)

Possible sources of funding:
- RSPO
- External support (funding, EU)
- Government (e.g. MPOB, NKEE)
- Sponsors (retailers, banks, Green Palm)
- Assistance from NGO
- Membership fee

RSPO to carry out:
- **Study possibility for Independent Smallholders to be self-sufficient.**
- **Study real cost involved for Smallholders to go for certification.**
- **Study to create a financial business plan for a potential Smallholder group scheme.**