

## Terms of Reference (ToR) Smallholder Diagnostic Study – India

### 1. Background

Capturing over 20% of global supply (imports), India has become the largest user of palm oil in the world. In India, the oil palm is cultivated in and around 13 states totalling about 3,15,000 hectares (as of 2017-18), and most of the supply is being imported from countries like Indonesia, Malaysia, Thailand, and Colombia.

The import of palm oil takes a heavy toll on the Indian economy, but also increases the spending of the taxpayer's contribution to a great extent. To counter this economic bane, and also to address the issue of non-employment pertaining to the vast Indian population, the Indian government has launched the **National Mission on Edible Oils – Oil Palm ("NMEO-OP")** on 18 August 2021. Through this scheme, the government aims to **increase the area under cultivation** from about 3.54 lakh hectares in 2019-20, **to 10 lakh hectares by 2025-26, and 16.7 Lakh hectares by 2029-30.**

Millions of people around the world depend on palm oil for their livelihood. As of mid-2016, 40% of the planted area of oil palm globally is managed by smallholder farmers, but they continue to suffer from lower yields. The expansion of the oil palm scheme in India will be primarily through smallholder contract farming. While data and analysis indicate that oil palm cultivation is a way out of poverty for many farmers, there is little objective and reliable information available about the term 'smallholder' who have already cultivated oil palm or will potentially switch to cultivating oil palm as part of the new scheme.

While the **NMEO-OP** scheme has identified several unique features as part of the implementation such as incentives for drip irrigation, intercropping, pricing, etc., there is very little data available on the benefits that these features offer when successfully implemented. There is a need to document the current good practices adopted by the oil palm smallholders in India and identify potential environmental and social impact areas of this expansion. This would ensure necessary interventions are put in place to manage the sustainability risks, if any.

The RSPO recognises the importance of smallholders and the need for improving smallholder inclusion into RSPO Systems. To date, RSPO has been supporting smallholders through a variety of different approaches, such as provision of funding through the **RSPO Smallholder Support Fund (RSSF)**, and the facilitation of smallholders certification via the development of "Guidance for Group Certification of FFB Production". While these efforts have been providing value for

smallholder farmers, RSPO recognises that there is a vast divergence in terms of the characteristics of smallholders in different geographies.

It's with the above in mind that the need for a smallholder diagnostic study. This Term of Reference (ToR) outlines the requirements for the study to do an analysis of agronomic practices, capacity, institutional and physical environment of smallholders and the current and potential environmental and social impact of the production practices.

## 2. Objectives of the Study

This assignment aims to increase RSPO's understanding of the existing oil palm production systems across India. The study also aims to better understand the benefits and potential sustainability impact of the current cultivation practices, the magnitude of smallholders that might adopt oil palm cultivation under the **NMEO-OP** scheme, and the potential impact of this scheme. This assignment will provide the baseline data on smallholders, which better informs stakeholders on the potential opportunities to introduce sustainable cultivation of oil palm in India.

This is an analytical project that has the following objectives to improve RSPO's and the general public understanding of smallholder landscape in India:

- Compile a baseline of smallholder data and demographics, including the socio-economic characteristics, current practices, productivity, capacity, and constraints they might have across selected regions in India;
- Assess the current production area, identify possible expansion areas, and document the best practices that have already been implemented;
- Identify the potential sustainability (environmental, social, and profitability in the long term) risks of the current cultivation and the proposed expansion; and
- Provide a market segmentation of oil palm smallholders across India in order to better design strategies to ensure they are able to produce more palm oil sustainably.

**Scope and Methodology**

The number of states involved will be limited to **two (2) priority states within India** that have been identified in Phase One (1) of the **NMEO-OP**. The study will focus on the following states – Andhra Pradesh and Assam.



**Potential Area and Area Coverage under Oil Palm in India**

**Potential Area**

**27.99 lakh Ha.**

**Area Covered**

**3.50 lakh Ha.  
i.e. 13%**

**Fruiting Area**

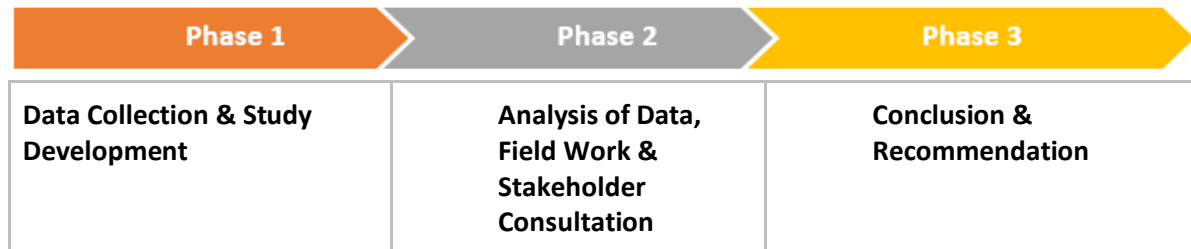
**1.89 lakh ha**

The study will not be limited to desk study, and will encompass field study, when required. This study will segmentise the smallholders into various aspects that determine sustainable smallholder production. A structured questionnaire and interview will be developed around these aspects, which will identify smallholder performance based on sustainability. The interview will include Group Managers, smallholders, Mill Managers, and Cooperatives. The result of this instrument will allow the identification of gaps and potential solutions. Additional tools to aid the questionnaire include:

- Checklist for field observations
- Benchmark questionnaire
- Farmer monthly monitoring log book
- Excel tool for data analysis
- Guidance documents for data collection and analysis

### 3. Timeframe

This study is expected to be completed within three (3) to six (6) months. Interested researchers are expected to submit a detailed work plan / timeline for the stages of implementation of the project using information below as a guide:



Proposed Project Milestones include:

- Milestone 1 Engaging targeted participants with regards to the purpose of the study and what is expected from them.
- Milestone 2 Breakdown of data collected and initial process of analysis.
- Milestone 3 Completion of detailed study of data collected.
- Milestone 4 Discussion on conclusion and recommendation by consultant.

### 4. Deliverables

**A. A baseline assessment report on the profile and characteristics of smallholder production within all stated regions are required. Core areas listed below are required:**

#### 1. Mapping of Smallholders

- a. Number of smallholders in the region/group. Profile of the smallholders including gender, age, literacy level, and household size.
- b. Economic situation of the smallholders - income level of the household and what role does oil palm play in their livelihood.
- c. Farm profile:
  - i. Land holding of the farmers, planted/planned area of oil palm
  - ii. Other crops that farmers are cultivating
  - iii. Plantation establishment or age of oil palm in years or months
  - iv. Previous use of land, if applicable
  - v. Soil quality/health
  - vi. Water usage
- d. History of baseline assessment of livelihood of oil palm smallholders

- i. What was their previous livelihood activity before entering oil palm?
- ii. How or what made them plant oil palm?
- iii. What is their experience with oil palm?

## **2. Yield & Productivity**

- a. Cost of cultivation of oil palm and income
- b. Agrochemical use
- c. Availability of water/irrigation practices – rainfed vs irrigated and the impacts on the groundwater levels
- d. Field maintenance
- e. Harvesting and transport
- f. Replanting plans, if applicable

## **3. Institutional Environment (Affecting Smallholder Capacity)**

- a. Level of organisation of farmers (Scheme / Union / NGO presence)
- b. Technical assistance / competency
- c. Access to inputs / agronomic knowledge
- d. Access to markets / finance
- e. Support from government / companies
- f. Existing infrastructure and future plans
- g. Certification system / schemes apart from RSPO
- h. Contractual relationships, if any
- i. Organisations that are best placed to provide extension services/support

## **4. Social Impact**

- a. Household income
- b. Land ownership and management systems practised in the region
- c. Labour
  - i. Type of labour employed by smallholder farmers (exclusively unpaid family labour, hired labour (paid/unpaid)), migrant, permanent/seasonal labour, gender
  - ii. Wages and working condition of labour

## **5. Sustainable production practices**

- a. Best Management Practices (BMPs)/Good Agricultural Practices followed by the smallholders (agrochemical used, water management, Integrated Pest Management, etc.).
- b. Sustainable practices currently adopted by the farmers either through policy interventions or through other means.

- c. Current impact of the production of palm oil on the environment (particularly water, biodiversity, associated emissions from land use and cultivation practices, and deforestation) and the socio-economic impact of the farmers and community (local food security, indigenous community rights, and labour rights) associated with oil palm cultivation.
- d. Potential impact on the environment and social on the dimensions mentioned in point c (*above*) and other local sustainability risks based on the future expansion of oil palm in these states.

**B) Readiness for smallholders to move towards sustainable practices and propose actionable strategies/interventions to:**

1. Improve the livelihood of smallholders
2. Achieve certification against the RSPO Independent Smallholder Standard (ISH)

**5. Minimum requirements for eligibility**

RSPO requires the services of highly specialised, consistent and independent individuals or organisations to conduct the research as per the objective above. The applicant is required to meet the following eligibility and requirements, as detailed below:

- Applicants must hold either a Doctorate or Master's degree or equivalent in relevant academic discipline or demonstrate more than three (3) years of experience in relevant fields.
- Applicants must be able to demonstrate evidence of the following technical and professional knowledge and skills:
  - Knowledge and understanding of palm oil production for smallholders.
  - Experience in evaluation analysis and data collection methodologies relevant to this project (familiarity with palm oil industry and smallholders).
- Proficiency in English with good writing and oral skills, and preferably able to communicate in some of the regional languages.
- Applicants must be affiliated with a college, university, non-profit research facility, or consultancy services organisation.
- Applicants must not have received any other grant support during the time of application and if the applicant is successful, he or she must not hold any other research grant.
- Applicants must be willing and have the means to travel for field work.
- Applicants must avoid and disclose to RSPO of any real, perceived or potential conflict of interest that they may have with RSPO or any entities in the research project. An apparent or actual conflict of interest may exist where an individual or entity has different, and potentially conflict, duties or relationships with respect to other individuals or entities within the research project and RSPO.



Documents required:

- A research proposal detailing the approach or methodology to be used for the evaluation process, scope/focus of research, and budget.
- CV of applicants involved in the project, detailing qualifications, training, and relevant experience.
- Background details of respective institutional facilitator or supervisor of researcher.

**6. Tender Submission Guidelines**

**a. Submission Timeline**

Your submission should adhere to the below dates:

Date	Tender Activity	Active Party
22 August 2023	ToR published	RSPO
12 September 2023	Proposals must be received by this date	Vendor

**b. Submissions Email Address**

- Proposals should be in English.
- Proposals should be submitted as PDF documents, strictly via email to **ashwin@rspo.org** and CC: **tender@rspo.org** by Tuesday, 12 September 2023.
- Any enquiries in connection with this ToR shall be submitted to **ashwin@rspo.org** and CC: **tender@rspo.org**.