

Update of the RSPO Smallholder Working Group

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Co-Chairs of the RSPO Smallholder Working Group



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From Taskforce to Working Group

- **June 2012: first physical meeting of the working group took place**
- **SHWG will function under the Standard and Certification Standing Committee within the overall RSPO organization structure, including the rules for representation of membership**
- **Building the RSPO system for smallholders and learning from practise, leading to interesting conclusions or RSPO approach**



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SHWG : Mandate & Scope

To ensure that smallholders improve their livelihoods by benefitting from RSPO standards and best practises

- ✓ Global, Scheme, Associated and Independent Smallholders
- ✓ Promotion and implementation of pilots and up- scaling mechanims
 - ✓ RSPO certification of smallholders
 - ✓ Issues beyond certification
(yield improvements, market access, access to finance, etc.)
- ✓ Focus on learning and creation of enabling environments



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SHWG : Building the System

- **Adjustment of the RSPO certification documents in order to allow FFB trade and smallholder certificate trade (only option at the moment for independent smallholders)**
- **In cooperation with IFC design of SH Fund to get into function right after this RT.**



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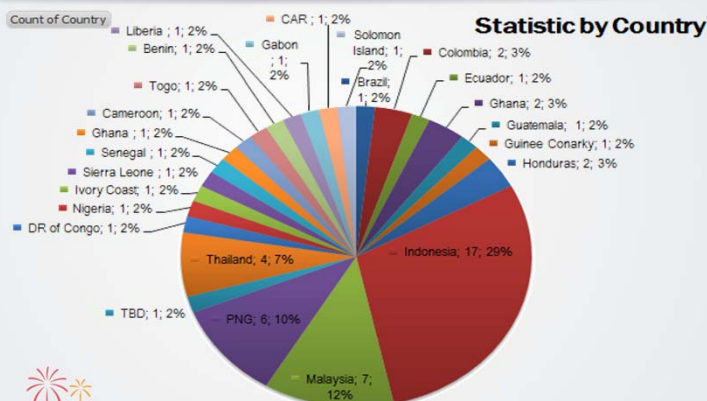
SHWG : learning from practice leading to interesting conclusions

- Identification of RSPO related smallholder projects around the world
- Analysis of audits on performance on indicator related to compliance
- Baseline assessment on smallholder projects to decide on the priorities and strategic decisions of the SHWG



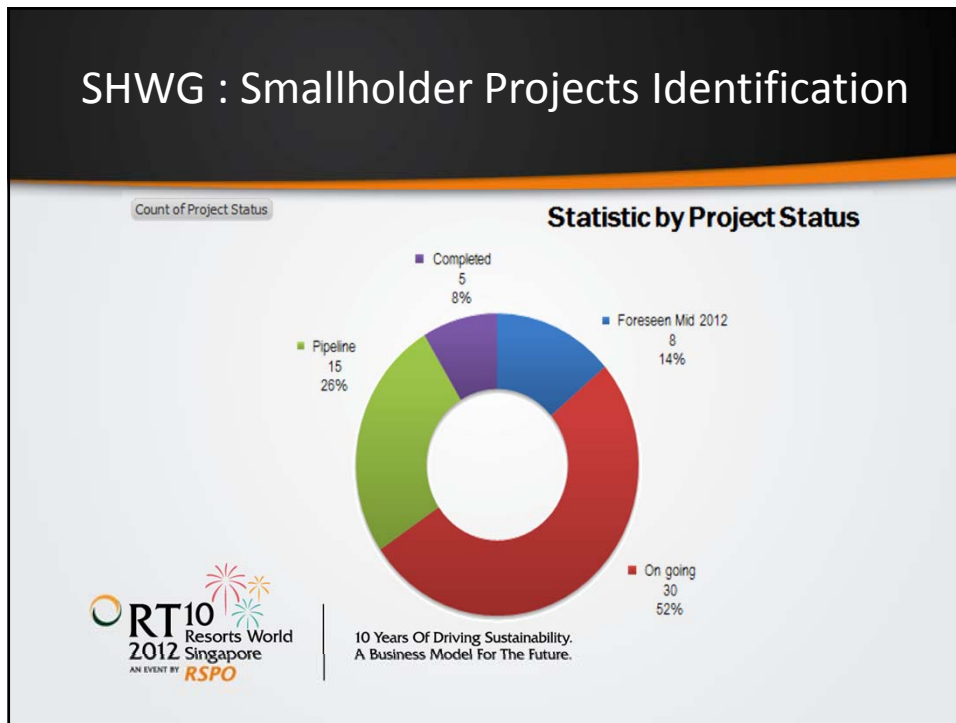
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SHWG : Smallholder Projects Identification

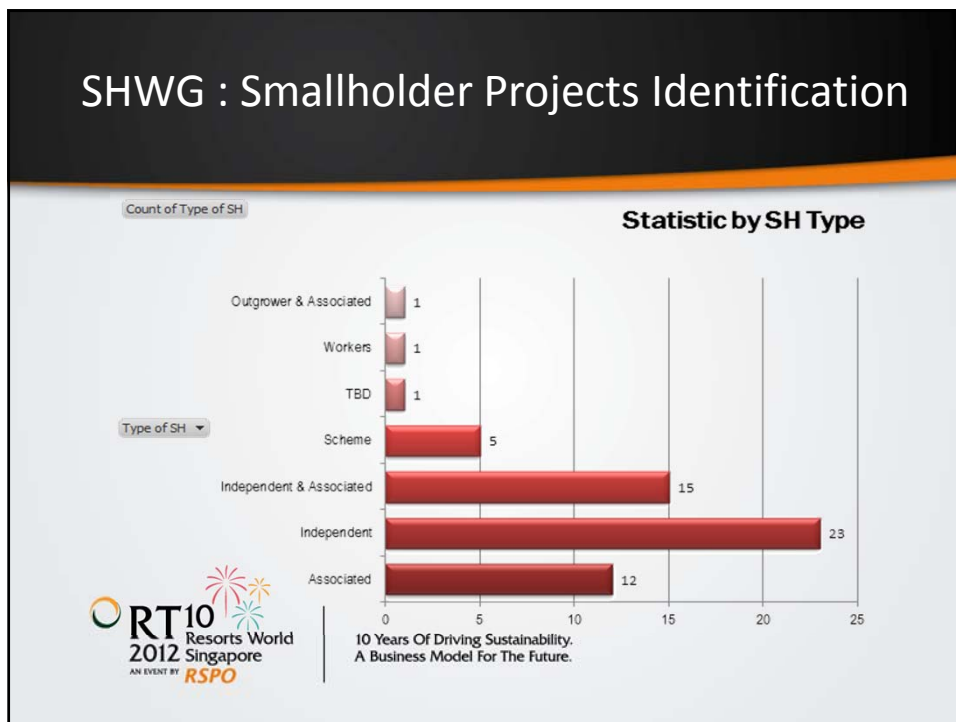


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SHWG : Smallholder Projects Identification

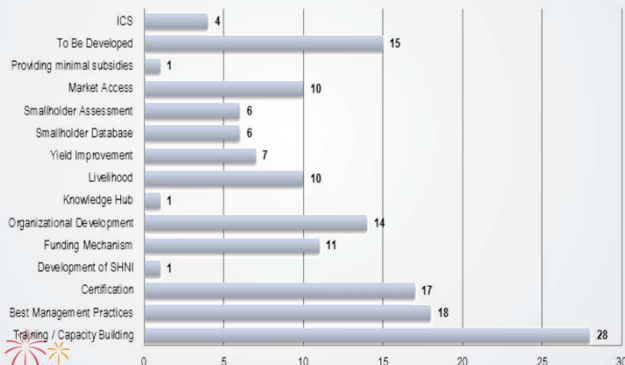


SHWG : Smallholder Projects Identification



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Statistic of Project Objectives



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SHWG : Smallholder Project Identification in conclusions

- Most of the identified projects have been started
- Only 9 projects lead so far to certification
- 40% of projects independent SH the target group
- Dominant geographical dispersion : Indonesia, Malaysia, PNG
- Main objectives: training capacity building, best agricultural practises, certification and organisational development
- Over 66% of projects has not developed training materials yet



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Understanding the smallholder landscape

To ensure that smallholders **improve their livelihoods** by **benefitting from RSPO** standards and best practises

Baseline Assessment

1. Identification of global smallholder projects
2. Analysis of performance against the RSPO standard
3. In depth case studies



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Public Summaries 2008 - 2012

A total of 114 audits

95 Initial Certification **(83%) units of certification**
19 Annual surveillance **(17%)**

	Estates	Estates +Schemed Smallholders	Estates + all other Smallholders	Independent Smallholders
Certification	40	21	29	5
Surveillance	11	5	3	0



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44%

23%

28%

4%

Public Summaries 2008 - 2012

Analysed in various ways

Major indicators

Minor indicators

Major / Minor and Observations

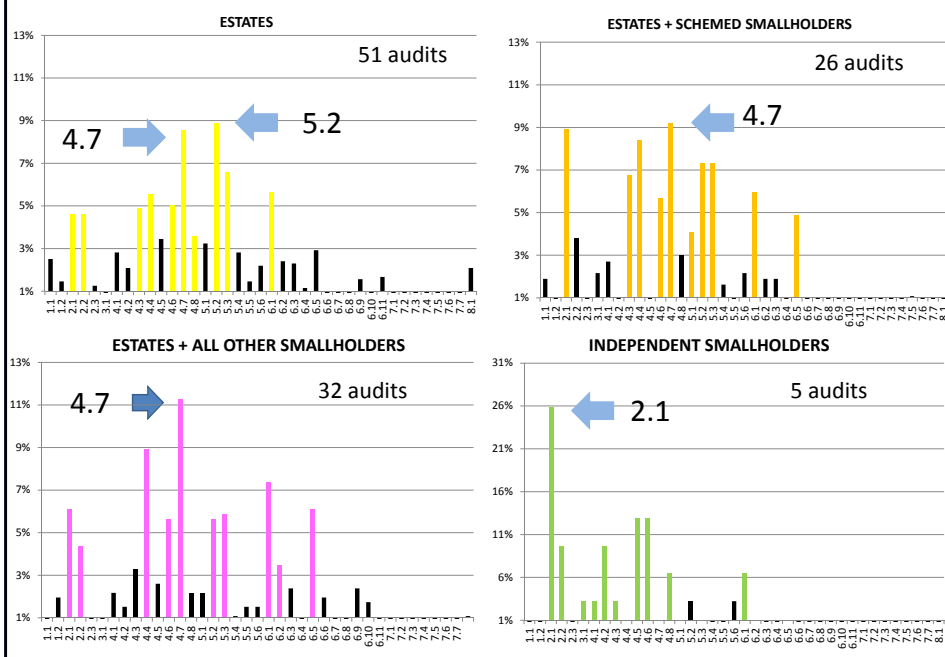


Full report will be produced by November

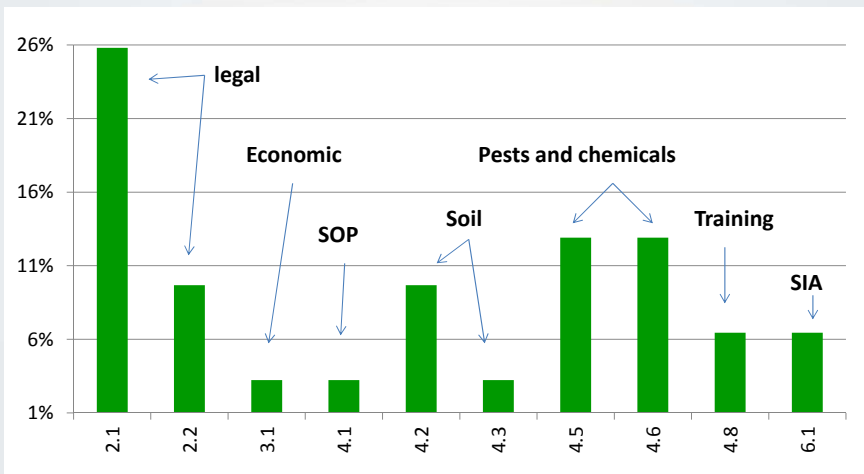


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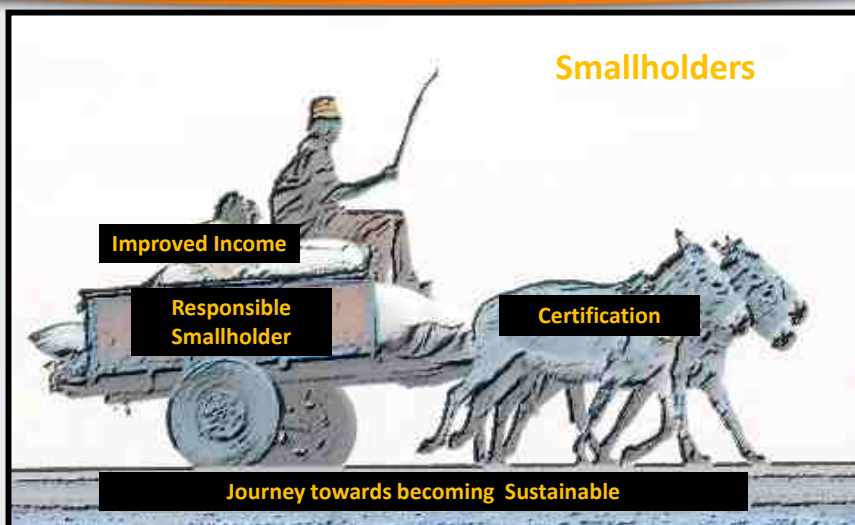
Combined Non Conformances & Observations



Top 10 Criteria independent smallholders



Traditional Approach by RSPO



Schemed / Associated Smallholders



Certification

Certification led approach - upside

Works for Schemed / Associated smallholders
 Win - Win situation for company / smallholder
 100% of the fruit base certified
 Certification rigor evenly applied across fruit base
 A segregated supply chain starts at the mill
 Market access for joint CPO
 Share in the premium (if any)
 Meets RSPO aspirations- vision and mission



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Schemed / Associated Smallholders



Certification

Certification led approach - downside

Logistics of scale
 Level of organization required
 Burden on company
 Resource heavy
 System is Bureaucratic
 Cost of implementation high
 Maintenance costs of certification high
 Lack of visible smallholder incentive

Take up moderate 52/96 (55%) certification units

Independent Smallholders



Certification

Certification led approach - Challenges

Same downsides but also
 Expectation of a "fruit" premium
 Yet very little "oil" premium
 Supply chain mechanism
 Burden of certification, Bureaucratic , organization
 Funding mechanism
 Training, education, awareness needs
 Demonstrate a real value / incentive to smallholders

Take up slow 5/96 (5%) certification units

The Analysis of Major Projects

Supporting Agency	SH Type	SH No.	Total Ha	Ha /SH	Increase in Yield	Cost / SH
MPOB - Malaysia	I	25,400	101,984	4.0		\$1.83
NBPOL / Govt - PNG	A	7,268	25,370	3.5	2.70	\$11.61
Asian Agri-Solidaridad - Indonesia _Butan	S	5473	10,946	2.0	-0.59	\$77.00
Asian Agri-Solidaridad - Indonesia - Ukui	S	6768	13,538	2.0	2.16	\$77.00
Setara Jambi - Solidaridad – Indonesia	I	407	1,530	3.8		\$140.10
FELDA - Malaysia	S	2,287	8,104	3.5		\$160.79
WWF- Indonesia	I	349	763	2.2	2.10	\$295.13
GIZ -Thailand	I	412	2,767	6.7	2.58	\$323.62
Total		48,364	163,375			
Average				3.0	1.79 t	\$109.07

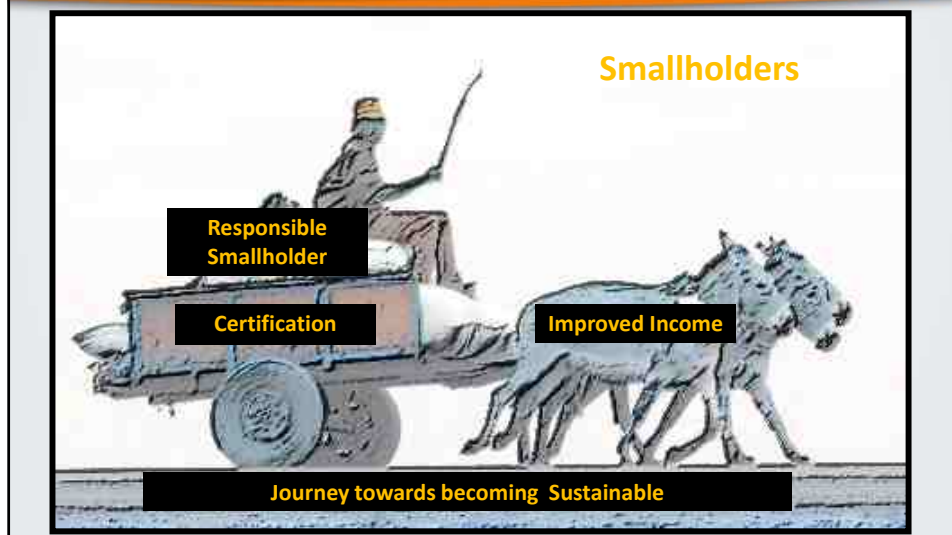
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Setara Jambi - Solidaridad – Indonesia	I		\$140.10
FELDA - Malaysia	S		\$160.79
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GIZ -Thailand	I	2.58	\$14,272.15
Total			
Average		1.79	\$109.07

The Analysis – Win Win

Smallholders	A	B	C	
Increase in Production / ha	1.79	1.79	1.79	FFB t
Increase in revenue / ha	\$266	\$253	\$241	\$ /yr
Cost of program / Ha	\$36	\$36	\$36	\$
Profit / Ha	\$229	\$217	\$204	\$/yr
Miller				
Increase in CPO /SH ha	0.358	0.340	0.322	CPO t FFB
Increase in PK /SH ha	0.081	0.081	0.081	PK/t FFB
Increase in revenue from CPO / SH ha	\$263	\$250	\$237	\$ /yr
Increase in revenue from PK / SH ha	\$29	\$29	\$29	\$
Total increase / SH ha	\$293	\$279	\$266	\$
Incentive @\$10/t CPO	\$3.6	\$3.4	\$3.2	\$
Cost of additional fruit / SH ha	\$265.74	\$253.18	\$240.65	\$
Profit / SH Ha	\$23	\$23	\$22	\$/yr

Suggested New Approach by RSPO



Increase income by increasing yield



Income

Income lead approach - implementation

- Identify constraints to improved yield
- Implement mitigation strategies that work
- Improve quality
- Create Win-Win for smallholders / companies
- Promote partnerships throughout the supply chain
- Develop training programs
- Access funding for smallholder
- Share knowledge
- Build on what is already out there.

All Smallholders



Income

Income lead approach

Make Smallholder WG – point of truth

Baseline assessment of all work on smallholders

5 Work streams to target and focus efforts

Funding

Training

Knowledge

Trials

System

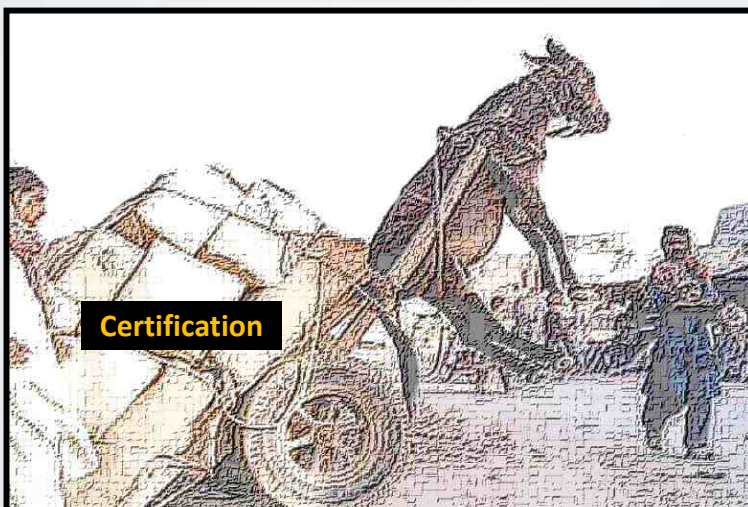
Make it work for all smallholders

Meets RSPO / smallholder aspirations



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In short we have to avoid this !





Thank You



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