



Development of ICS and Certification of Independent Smallholders

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10 Years Of Driving Sustainability.
A Business Model For The Future.



Outline

- ▶ Smallholder vs large grower: comparisons of production factors and performance
- ▶ Implication of sustainability standard
- ▶ ICS & The guidance for Group certification
- ▶ Challenges & recommendations

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Smallholder vs. Large Grower Comparisons

Production Factors

- ▶ **Land:** small in size, weak collateral, poor soil fertility
- ▶ **Labor:** illiterate, health risk, livelihoods
- ▶ **Capital:** poor access, financial illiteracy
- ▶ **Management & Technology:**
 - risk averter
 - Late adopter

Performance

- Yield gap: varies from 4 FFB t/Ha (Africa), 15+ (SEA, PNG) compared to 30+ in a good managed plantation



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Implication of RSPO standard

A. Evidence-based certification:

- Book keeping and farm records, worker payments
- Land title, trainings
- Production estimation, etc.





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Implication of RSPO standard giz

B. Good agricultural practices (GAP & BMP)

- Farm management
- Soil, water and resource conservation
- IPM

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C. Compliance with environmental P&C

- HCVs assessment & management
- Fire use forbidden
- Buffer zone and riparian

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D. Compliance with worker & social related P&C:

- FPIC & Social impact assessment
- OHS
- Worker's rights and working conditions (woman & child)

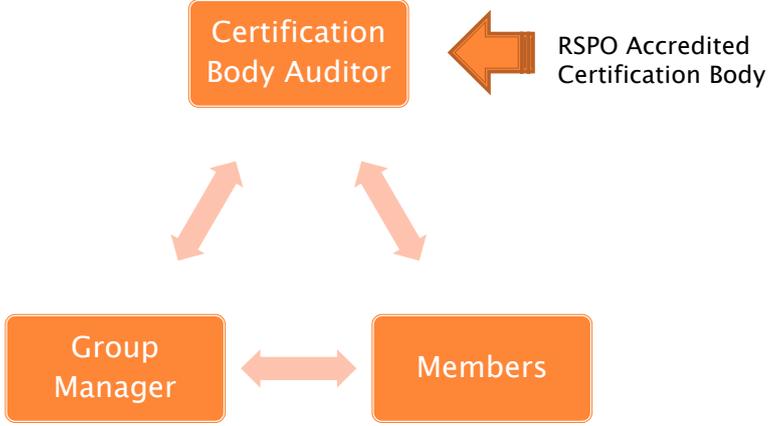





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Implication of RSPO standard giz

E. Internal control system for group certification (Independent smallholder)



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graph TD
    CBA[Certification Body Auditor] <--> GM[Group Manager]
    CBA <--> M[Members]
    GM <--> M
    RSPO[RSPO Accredited Certification Body] --> CBA
    
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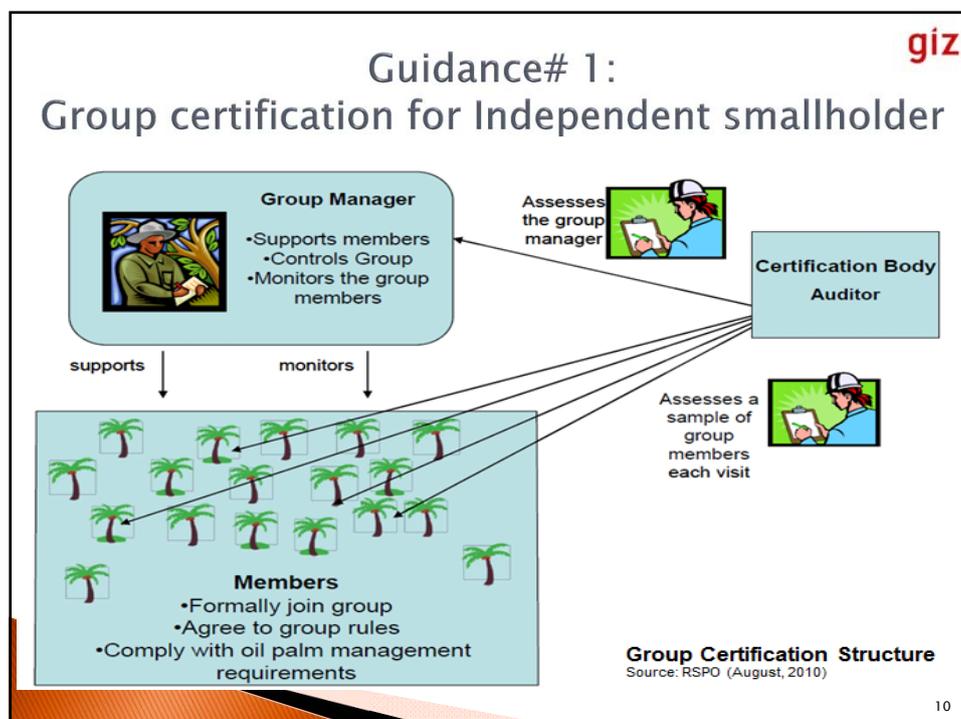
Guidance for ICS & RSPO Smallholder Group Certification

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1. Group certification
2. ICS– Internal Control System
3. Organization and ICS structure
4. ICS procedures
5. Internal (sustainability) standard
6. Risk management
7. Documentation for group management
8. Documentation for the internal control system
9. Development of sustainability manual

Source, GIZ (2011)

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Guidance# 2: ICS

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“An Internal Control System (ICS) is a documented quality assurance system that allows the external certification body to delegate the annual inspection of individual group members to an identified body/unit within the certified operator.”

Source, IFOAM (2004)

Key components of ICS:

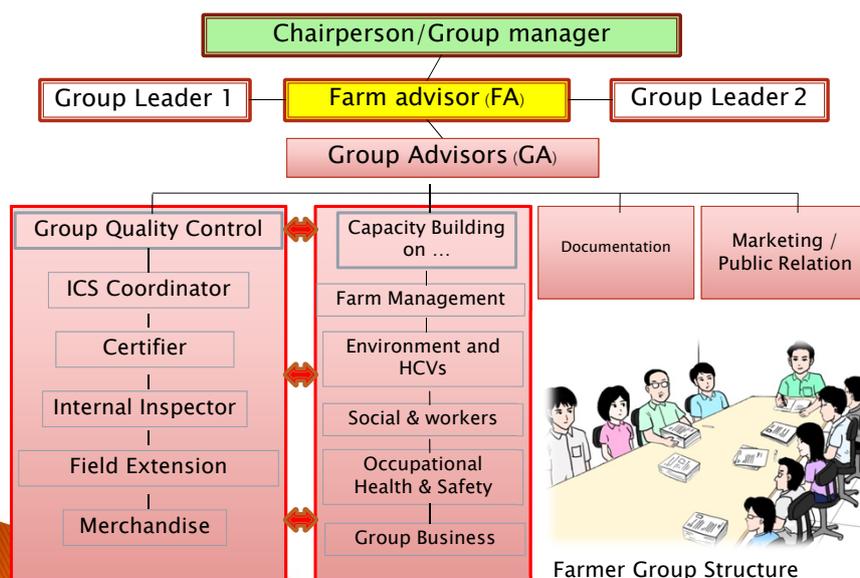
- Formally join group
- Agree to group rules
- Commitment to comply with the group standard
- Support, control and monitoring system



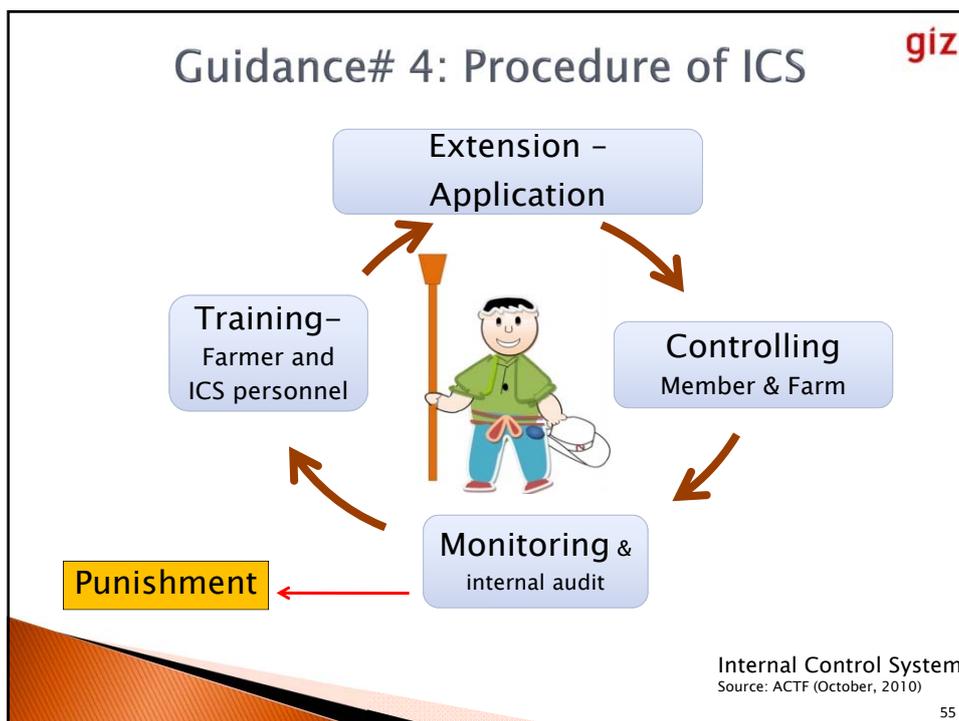
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Guidance# 3: Organization and Structure

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Guidance# 5: Formation of Internal Standard

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- Study and analysis of RSPO P&C
- Understand group's socio-economic, Environmental, and political context
- Implication of RSPO criteria to the group
- Group practices to ensure the sustainability
- Practical, simple, appropriate, and RSPO compliance

***Simplicity,
without compromise!***

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Guidance# 6: Risk Management

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- Risk assessment at starting of the group
- Critical control point
- Feedback & improvement of the ICS
- Continuous and regularly revisit



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Guidance# 7: Documentation for group management/staff

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- Job description/responsibilities
- working experience/records
- Employment contract (duration)
- Conflict of interests
- Evidence of qualifications

R Roundtable on
S Sustainable
P Palm
O Oil



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Guidance# 8: Documentation for ICS giz

- ❑ Individual evidence at farm level
 - Group membership agreement, rules, land title, map, receipts of FFB selling, etc
 - Farming & training records
 - Internal audit report, CAR, etc
- ❑ Group's documentation
 - Pool info. (above) of all individual farmers
 - Group data i.e. HCV, SIA, agreement with external bodies, external auditing records, etc..
 - Good filing system, update and responsible person
- ❑ The evidence is to be inspected by
 - Internal certifier
 - External certified body

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Guidance# 9: Sustainability Manual giz

- ❑ Content: policy, rules, structure, regulation, procedure, practices, forms, etc
- ❑ Sustainability Manual as a tool for internal control and procedure



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Challenges and Recommendations:

- ▶ Simplicity vs. compliance
- ▶ Communication
- ▶ Collective motivation and commitment (long-term)
- ▶ ICS capacity building at all level
- ▶ Fair partnership– gives & takes of stakeholders
(private, public, farmers)
- ▶ Balance of auditing costs and benefits
- ▶ Smallholder Greenpalm certificate, is it possible?

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“Trust is good,
Control is better”
– Vladimir Lenin

Thank you very much

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