

# Smallholder Palm Oil Cluster: Sharing MPOB's Experience

By

Wahid Omar, Nazirah Che Jaafar  
and Nur Hanani Mansor



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## Presentation Outline

- ❖ Definition of smallholders
- ❖ Distribution of independent smallholder
- ❖ Sustainable palm oil cluster (SPOC)
- ❖ Sustainable certification
- ❖ Project funding
- ❖ Conclusion



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## Definition of Smallholder

- ❖ Oil palm grower that owned land <40.46 ha (100 acres)
- ❖ **Organized smallholder** – smallholder managed by agencies
- ❖ **Independent smallholder** - smallholder that managed and financed their own oil palm farm

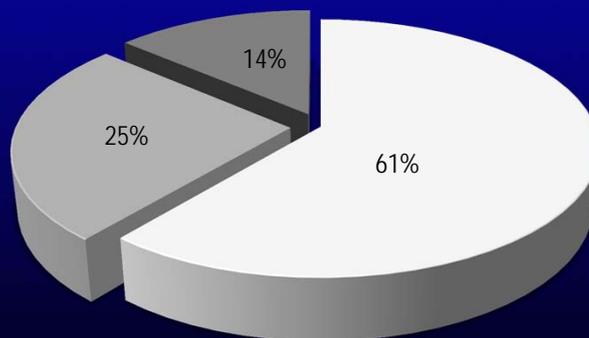


Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## Malaysian Oil Palm Area 2011 (5,000,109 ha)

■ Estate   ■ Organised Smallholder   ■ Independent Smallholder



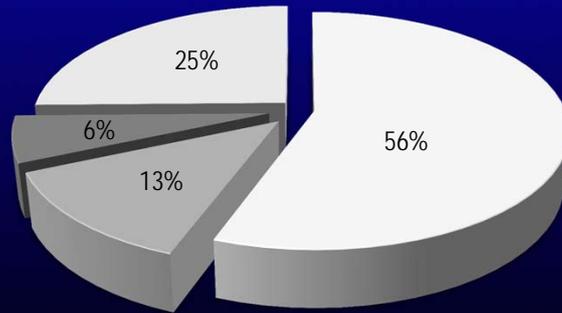
Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## Organized Smallholder Area 2011

(1,264,815 ha)

■ FELDA ■ FELCRA ■ RISDA ■ State Schemes



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## Distribution of Independent Smallholder 2011

State	Smallholder (No)	Oil Palm Area (ha)
Johor	65,813	201,018
Kedah	4,098	21,091
Kelantan	718	3,210
Melaka	1,936	9,379
Negeri Sembilan	3,693	19,334
Pahang	7,790	36,350
Perak	32,992	98,280
Perlis	8	58
Pulau Pinang	1,553	8,486
Selangor	17,845	38,543
Terengganu	1,895	8,413
Peninsular	138,341	444,163
Sabah	24,852	170,643
Sarawak	11,982	66,166
<b>TOTAL</b>	<b>175,175</b>	<b>680,972</b>



## Profiles of Malaysian Independent Smallholder

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%)
Source of seedling	Govt. (50.4%), private (24.4%), estate (14.1%)
Average FFB Yield	15 t/ha/year

Source : Idris (2005)



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## Sustainable Palm Oil Cluster (SPOC)

- SPOC was launched by Minister of MPIC on 30<sup>th</sup> November 2009
- Components of SPOC
  - ✓ Certification of GAP / MPOB CoP / RSPO
  - ✓ Establishment of cooperative as vehicle for group activities e.g.. FFB marketing, fertilizer credits etc.



General Meeting at Saratok, Sarawak on 1 Dec 2010



Smallholders Good Agricultural Practices (GAP) survey



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## GAP / CoP Certification

- Objectives:

- ✓ To encourage oil palm sustainable management
- ✓ To increase FFB production and quality
- ✓ To increase smallholders income
- ✓ To improve smallholders technical knowhow



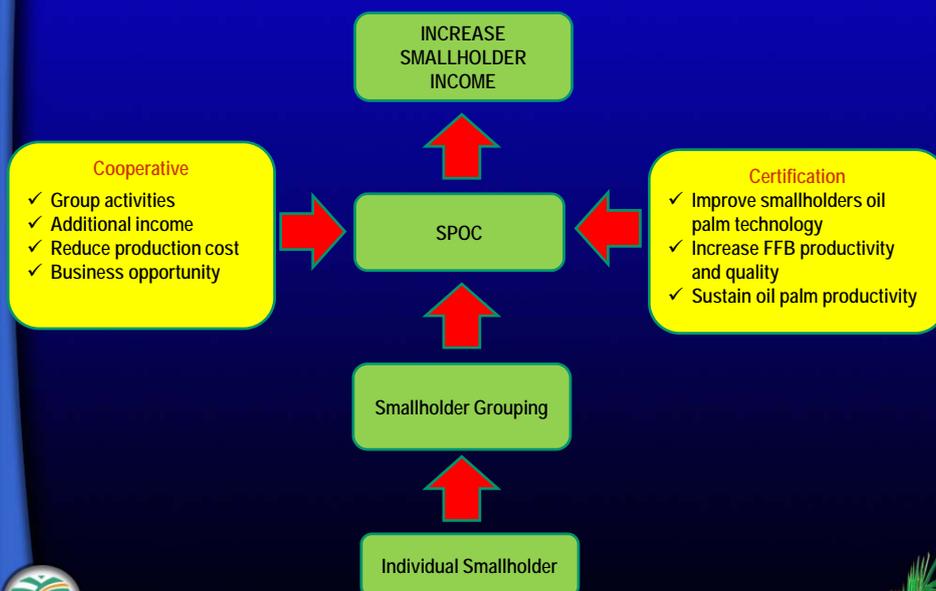
GAP training for smallholders



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board

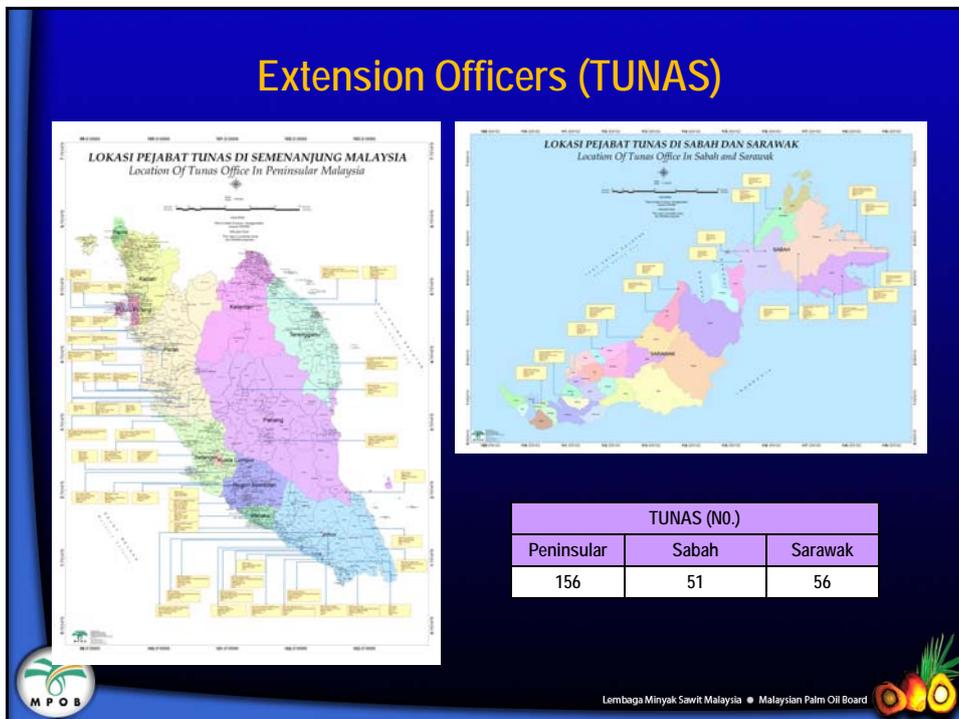
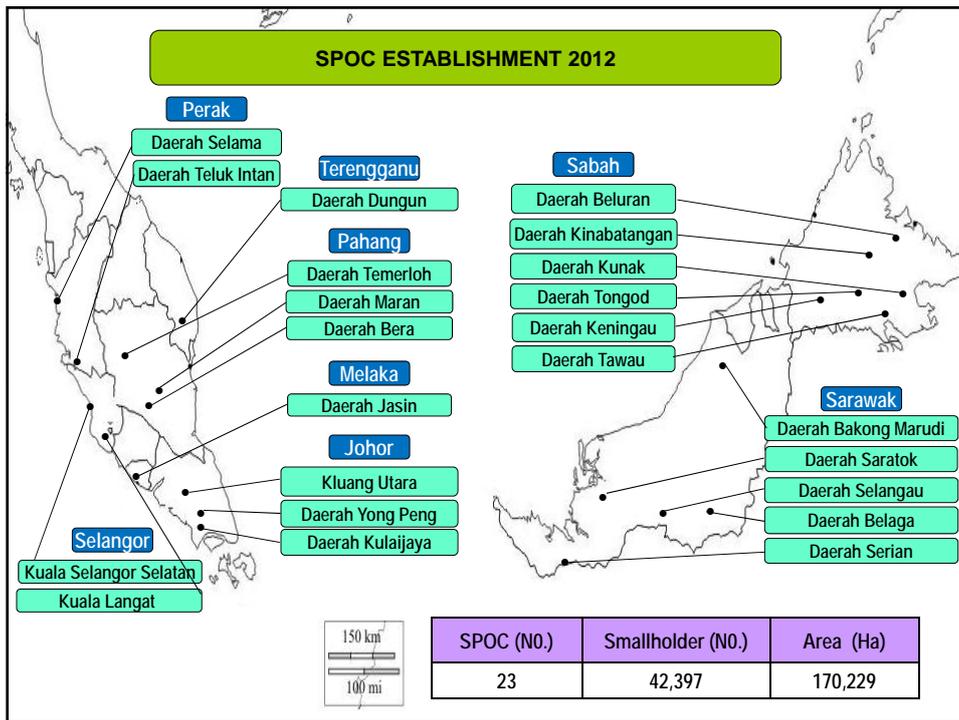


## SPOC Framework



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board





## Certification Activities

- **GAP**
  - ✓ Individual certification
  - ✓ Filed visit & document checking
  - ✓ Training
- **CoP / RSPO**
  - ✓ Group certification
  - ✓ Certification briefing
  - ✓ Membership registration
  - ✓ Identification of GAP gaps
  - ✓ Formation of management unit
  - ✓ Training
  - ✓ Internal auditing
  - ✓ External auditing
  - ✓ Awarding of certificate



GAP auditing



Smallholder's documents



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## GAP Certification

1. Land ownership
2. Steep land management
3. Planting system
4. Planting density
5. Harvesting path
6. Drainage system
7. Water-table on peat
8. Farm land cover
9. Palm base maintenance
10. Pest control



Steep land management



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## GAP Certification

12. Oil palm trunk maintenance
13. Oil palm nutrition
14. Fertilizer management
15. Frond number
16. Pruned frond stacking
17. Ganoderma control
18. Soil and water conservation
19. Harvesting operations
20. Oil palm land utilization
21. Farm record book



Oil palm farm



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## Code of Good Agricultural Practices for the Oil Palm Estates and Smallholdings

1. Traceability
2. Record keeping and internal audit
3. Planting materials
4. Site history and site management
5. Soil and substrate management
6. Fertiliser management
7. Irrigation and fertigation
8. Crop protection



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## Code of Good Agricultural Practices for the Oil Palm Estates and Smallholdings

9. Harvesting
10. Post-harvest handling
11. By-products, waste and pollution management
12. Worker health, safety and welfare
13. Environmental issues
14. Record of complaints
15. Legal requirements



Soil and water conservation measures :  
i. Legume cover crops  
ii. Terraces



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## Formation of Cooperative

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



Cooperative briefing



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## Project Funding

- **Short term**
  - ❖ Grant from government
  - ❖ MPOB operational budget
- **Long term**
  - ❖ Funded by cooperative
- **Government assistance**
  - ❖ New planting, replanting and certification



Oil palm replanting



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## Estimated Cost of Certification per SPOC

No	Item	Cost (RM)
1	Pre-survey on GAP	5,000
2	Smallholders training	12,000
3	Assistance to improve GAP	48,000
4	Audit	70,000
5	Incidental cost	6,000
<b>Total</b>		<b>141,000</b>

Note : Based on SPOC Telupid, Sabah



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## Conclusion

- Independent smallholders produced low FFB production due to small land holding, lack of capital, limited technology knowhow and not practicing GAP.
- SPOC was established to organize the smallholders into small groups to enable them to work together in improving their oil palm productivity and incomes.
- MPOB's extension officers (TUNAS) are organizing the smallholders, establishing the SPOCs and cooperatives and conducting training to improve smallholders GAP.



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



## Conclusion

- Certifications will identify the unsustainable practices and these information will be used for programming the smallholder trainings
- The cooperative management can be a management unit for the CoP and RSPO group certification as well as generating revenue for the SPOC.



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



THANK  
YOU



Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board

