



Since October 2012 • 412 independent smallholders RSPO certified (4 groups) • Approx. 2.700 ha production area • 50.000t FFB annual production • Globally first independent SH certified ORTIO Resorts World 2012 Singapore A Business Model for The Future.



Situation before certification

- Independent smallholders surrounded by several mills and ramps (collecting points)
- No schemed smallholders; no contracts with mills
- No loyalty and trust among mills and smallholders
- Government extension services don't work!



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Situation before certification

Mills complained about smallholders

- Never stick to agreements
- Delivering bad quality (adding of water/sand)
- No regular delivery
- Never pay back for credits
- Many many more...



Situation before certification

Smallholders complained about mills

- Never stick to agreements
- Pay lower prices as agreed before
- Manipulating weighbridges
- Many many more...



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Situation before certification

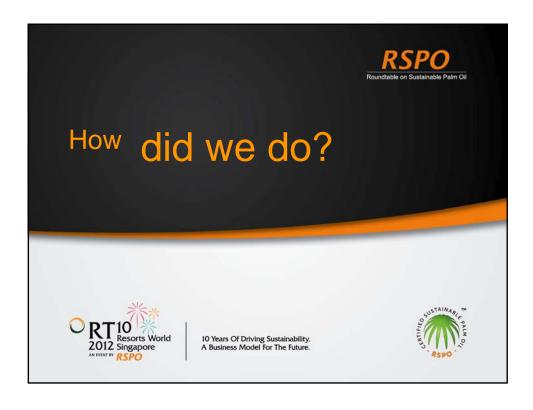
Model:

- Independent smallholders with access to several mills – which also want to stay independent and don't sign any contract
 - Normal case model











How did we do?

Interests of farmers:

- Farm management
- Use of fertilizer
- Access to input factors
- Good relations to neighbors, partners and mills
- Higher income / lower production costs!



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How did we do?

Interests of mills:

- Good quality FFB: higher OER
- Higher and more loyal delivery
- Good relations to neighbors, partners and farmers
- Certification



How did we do?

- As a neutral partner and implementing agency work with all partners and communicate, build trust, facilitate and provide capacity to all
- Establish field offices and employ staff in the field -> also the mills have to do so!
- Hire farm advisors (farmers from the field which receive more trainings)



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How did we do?

- Develop and use 'farmer friendly training material'
- Timing: at least two years better three years (everything lower than two years unrealistic)





What are the impacts? Impacts at Farm household level (yield increased, reduced health risk, access to farming knowledge and agri. Inputs, etc.) Tangible Benefits to the project participating farmers **Tangible Impacts Addition of Monetary value** in a year (Euro) Per Ha Per Household + Increased yield of 2.58 FFB t/Ha (from 17.17 to 19.75 t/Ha) 354.06 2,209.35 + Premium price 24.69 154.05 (0.05 THB/kg FFB) + Reduced fertilizer price 43.28 270.25 (2 THB/Kg Fertilizer) 2,633.65 Total 422.03

What are the impacts?

Topping up of price premium for certification:

- Selling of certificates via GreenPalm and OMD
- Price premium covers additional costs of certification (surveillance costs etc.) -> audit costs paid by RSPO
- However: Careful calculation needed -> make the groups as big as possible (to reduce certification costs per unit)

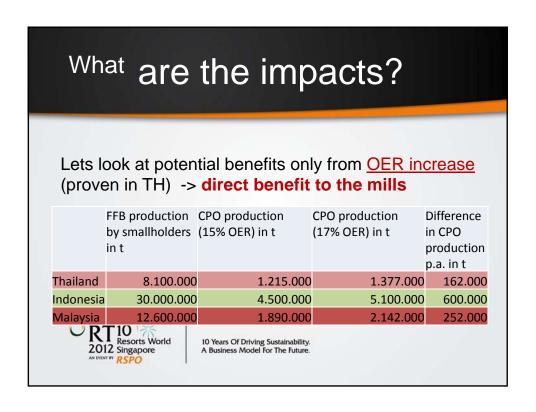


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What are the impacts?

Impact study available at: www.rspo.org;
 provides very good indications and lessons learnt

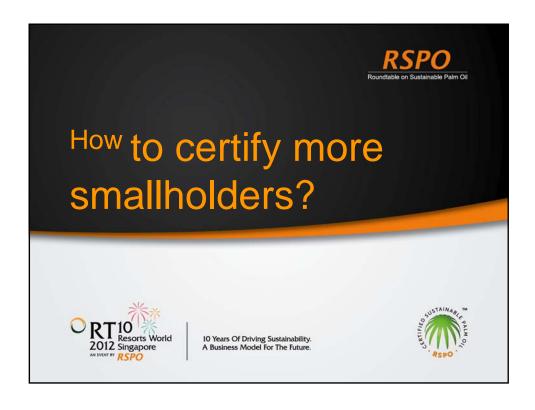




What are the impacts?

- For case of Thailand (production side):
- OER improvement potential: 162.000t CPO p.a.
- Transfer into annual turnover: approx. 136 Mio. USD p.a. (approx. 2 Mio. USD per mill p.a.)
 - -> Collective action problem: Neither mills nor government willing to take joint action and start investment!





Experience available -> it is possible and it pays off However, investment required into capacity development, ICS, group management, neutral actors for facilitation, HCVs etc. Question: Who takes investment costs? Lets overcome the collective action problem! RT10 Resorts World 2012 Singapore In Years Of Driving Sustainability. A Business Model for The Future.

How to certify more SHs?

One more word towards the buyers:

- Independent smallholders certification is far more costly than 'normal' certification
- Price premiums must reflect those costs and provide clear incentives for going towards certification for independent smallholders



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How to certify more SHs?

- For case of Thailand (buyers):
- Johnson & Johnson Family of Consumer
 Companies as buyer of those certificates via GreenPalm
- In 2013 also CSPO from independent smallholders via different supply-chain options available



