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## Smallholder Training for RSPO Certification

Comparing experiences across different countries

**RSPO RT 10 Preparatory Cluster Smallholders, 30 October 2012**

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## Presentation Outline

1. Solidaridad - a brief outline
2. Challenges to RSPO Certification for Smallholders
3. Strategies to date for assisting with RSPO smallholder certification
4. Interim thoughts and conclusions



*Smallholder farmer preparing CPO, Ghana*

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Solidaridad is an international organisation with more than 20 years of experience in creating sustainable supply chains.



## Supply chain initiatives Solidaridad

- 1988: Max Havelaar; fair trade (coffee, fruits)
- 1995: Fairtrade Labeling Organization (global)
- 1996: Oké banana (fair trade-organic)
- 1999: Kuyichi (sustainable fashion)
- 2002: UTZ Certified; CSR label (coffee, tea, cocoa)
- 2006: RTRS; Responsible Soy
- 2008: membership RSPO
- 2009: Bonsucro; Better Sugarcane Initiative
- 2010: BCI; Better Cotton Initiative



## In oil palm commodity Solidaridad

- **Seeks out and sources** potential smallholder training and certification programs
- **Prepares proposals and costings** for sustainable smallholder training programs;
  - Independently assessed by steering committee
- **Works in conjunction with plantation companies and local governments** (trainers and implementers)
  - We are not implementers in palm: training credit to the companies and external trainers
- **Provide financial and training oversight** of partner projects from commencement to completion

## Solidaridad Palm Program

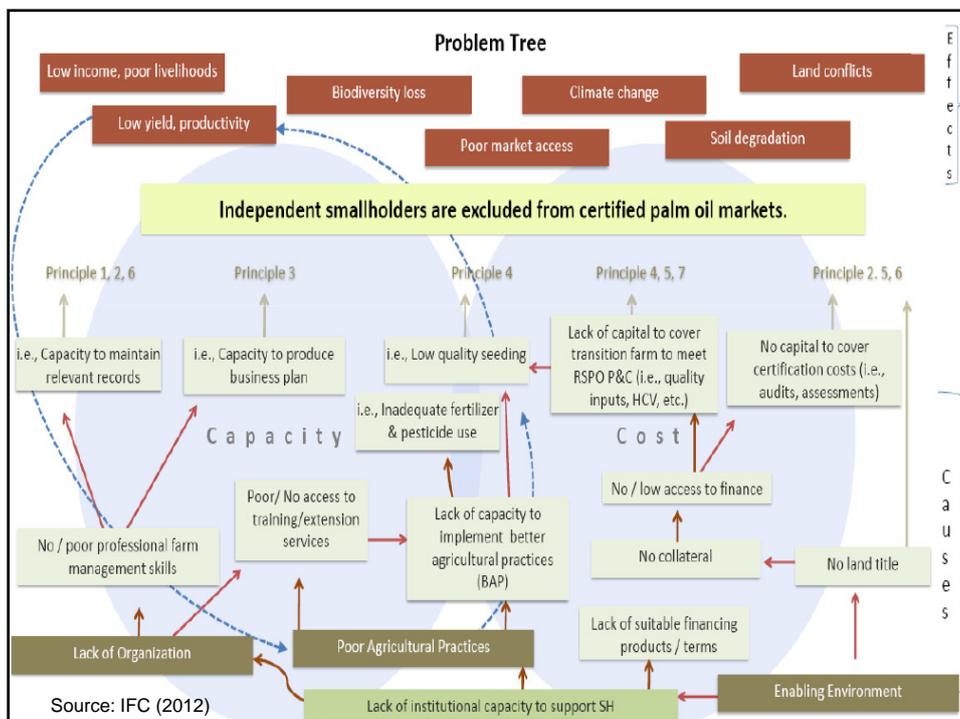
- 2009: Solidaridad co-set up POPSI: Palm Oil Producer Support Initiative to support smallholder sustainability efforts of RSPO members
- With sugar and soy, €4.8m Dutch public funds, matched with €10 million from RT members supply chain companies and other donors, NGOs
- RSPO provides funding (€600,000/3 years) spent on smallholder training projects in Ghana, Indonesia. Applications from Honduras, Malaysia and Colombia pending
- Solidaridad now has the Farmer Support Program (FSP): €29 million grant in 5 commodities with >40 m match funding

### Other Solidaridad palm oil activities

- 2011-2015: Sustainable West African Palmoil Programme (SWAPP): Improve income and livelihoods from oil palm through increasing farm productivity and efficiency of processing mills
- 2011-2015: RTREDD: linking roundtables to REDD (avoided deforestation and carbon enhancement): partnership with RSPO, IPAM, WWF, Forest Trends, focus on Colombia
- Market development / trade policy work ongoing in Europe, China, soon in India and USA

### Solidaridad governance and oversight

- Projects sought through regional offices
  - SE Asia, Ghana, Brazil, Andes (Colombia, Ecuador), Central America (Honduras, Guatemala), Netherlands, India, China (CSPO market development)
  - Applications welcome from November 2013
- Contracting, auditing, administration overseen by full time secretariat
- Independent steering group meets twice a year to assess proposals
- Annual reporting protocol to donors/RSPO: 6 monthly financial and progress reports



## Commonalities of challenges in the field

A number of common challenges for independent smallholder certification exist. These include:

- Limited knowledge independent smallholders
  - BAP
- Forming farmers groups and the Internal Control System (ICS)
- Fake Seeds, especially for independent smallholders in Indonesia
- High Costs
- Land certification issues



## Limited Knowledge: need for Farmer's associations and Internal Control Systems (ICS)

- Limited overall GAP knowledge esp. for independent smallholders (i-smh)
- To gain knowledge requires the formation of farmers groups/Cooperative, which is itself a challenge
- This must be developed before and during the GAP training
  - Variation is common; diversity of effort, motivation, representation, competence

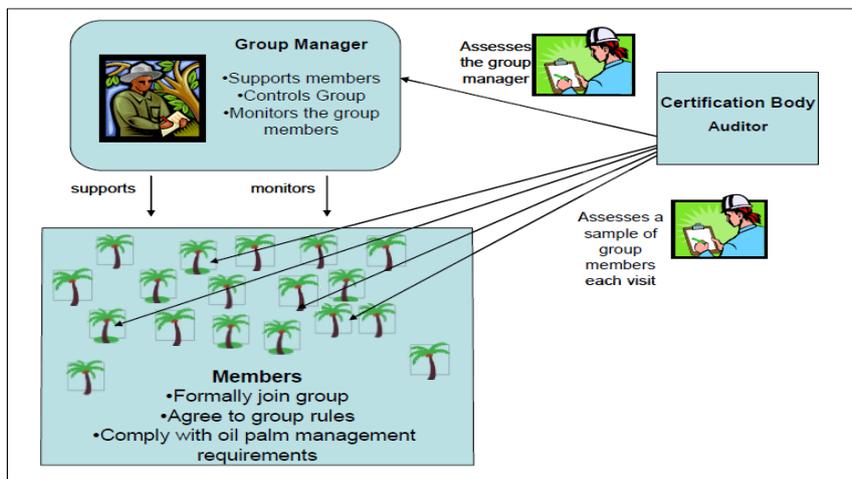
## Different Cooperative outcomes

- An ICS based on local existing support structures is critical, which may be a cooperative. This is seen in the following figures from one Kalimantan plantation
- Two smallholder Cooperatives: smallholder results vary widely
  - Koperasi A**  
1853/2132 smallholders credit-free (90%)
  - Koperasi B**  
470/796 smallholders credit-free (60%)
- Having a professional Cooperative generally results in better smallholder outcomes

## Smallholder Internal Control System (ICS)

- An ICS is a set of documented procedures developed by the Group Manager to ensure that all group members meet the standard
- When the certification body assess the Group Manager, it mainly evaluates the ICS
- Having a professional ICS is critical to independent smallholder certification (Asril 2012)

## ICS and Smallholder certification



Critical documents: **NI RSPO P&C Sustainable Palm Oil Production For Independent Smallholders**, **NI RSPO P&C Sustainable Palm Oil Production For Scheme Smallholders**

## Seed Selection: Fake Seeds

- Obtaining certified seeds is a significant problem for independent smallholders in Indonesia
- Demand is high
- Exchanging of certified seeds by fake seeds. One plantation manager in Indonesia describes the journey of seeds from source to nursery the same as 'carrying narcotics'



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## I-s: High costs requiring investment

- For independent smh, costs can be high compared to mill linked smh; economies of scale can be missing
- Infrastructure often an impediment
- Who pays for these infrastructure costs?
  - Government, company, Cooperative, donors?
  - In Indonesia, independent smallholders can be/are responsible for upkeep of supply roads
  - To manage this cost requires a solid and functioning Cooperative / farmer grouping to share costs

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## Plasma road, wet season, Kalimantan



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## Inti road, dry season, Kalimantan



## Land Certification - Indonesia

- In Indonesia, land certificates are rare amongst independent smallholders
- Unofficial on-selling of certificates
- Provincial/national land use planning goals may further complicate this



## Land Certification - Ghana

- In Ghana, most smallholder do not have formal land title. Certification is time consuming and expensive
- Informal land rights exist because land 'belongs' to families
- Those without family land ('immigrants') farm on other peoples' land where proceeds are shared on agreed terms (1/3 to land owner, 2/3 to farmer)
- These land title issues link back to the RSPO via criteria 2.1,2.2, 2.3 and others

## Smallholder Training - Ghana

- In Ghana, GAPs training often provided by group managers (currently company staff) to scheme smallholders/outgrowers
  - Contents of training depend on nucleus estate practices; can be inconsistent in quality
- No uniform training material: Generic training material only developed 2010 as part of RSPO certification program
- Independent smallholders do not have automatic access to training and extension services; government extension agents do not provide services to oil palm farmers

## General oil palm smallholder issues - Brazil

- General sustainability challenges for the Amazon region
  - Deforestation is decreasing; peatlands not a critical issue
- Regularization of land titles however is a difficult task
- Brazilian legislation is strict: for smallholders and individual suppliers it is the legal compliance and not additional RSPO criteria that composes the major challenge for sustainable palm production
- Important link to OH&S as a driver to improve processes; this is the first stage towards the path to certification

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### 3. Strategies and options assisting with RSPO certification for smallholders



#### Commonalities: what is important?

- Awareness raising for the stakeholders: a slow yet critical process
  - Buy-in and belief: what's in it for me?
- Assisting and empowering
- Quality training
- Less a relationship, more a partnership
- Role of the local government/closest mill



## Certification an end goal of training

- Belief in the benefit of certification must be shown through farmer gains from BAP/ yield/ increase prices at mill
- The belief in the process needs to come from smh themselves
  - Leadership from smh groups
  - Peer to peer encouragement a key
  - This takes time
- Local plantation mill - RSPO member or not – is an important stakeholder

## Training – certification process

- Therefore, training must first identify then address smallholder needs leading to RSPO certification
  - Can be done by mill company, government officers, ngos
- Improving the bargaining position of smallholders part of the process
  - More independent decision making; this is the definition of independence
  - Need to develop a Farmer's Cooperative with a learning organization culture: not just an admin body
  - However, this is not a guarantee against poor decision making
- In this way, useful training delivered that addresses specific smallholder needs as part of RSPO certification
  - It is a long path: farmer's group/ association formation is the first critical part
  - Certification is the “cream on top of the coffee”, not the driver for farmers

## Addressing specific challenges - Ghana

- Low level of literacy makes understanding the RSPO standard very difficult
  - RSPO Standard presented pictorially, posters, photos
- Farmers not having time to participate in training programs
  - Training programs very short; date, time, venue determined by farmers
  - Understanding why farmers would want to attend: not certification
- Group members to hold key positions to ensure effective ICS implementation, or are being assisted to take up such positions in future – if this is what they want

## Improving the mill-smallholder partnership often a key

- The plantation mill-smallholder relationship is not always good (distrust, poor communication, feeling left behind, mill capacity, infrastructure, extension, etc)
- The plantation company/mill can play a important role in smallholder livelihood improvement/certification
- Across the world, leading plantation companies are:
  - providing routine practical agricultural advice – scheme, associated and independent
  - Consistent meetings with Cooperative to motivate and inform of RSPO certification benefits
  - Extension team to inform, advise, lead
  - This can depend on mill supply chain

## 4. Interim thoughts and conclusions

### Interim thoughts and conclusions

- Smallholder farmers cannot go through RSPO certification without technical and financial support
- Critical to see certification from the small farmers perspective
  - It is a tool to improve livelihoods, not the local motivation
- Limited understanding of the RSPO P&C amongst all independent smallholders
- In general, inadequate local expertise to support RSPO certification process
  - For example, currently only the Solidaridad office in Accra provides technical support

## Interim thoughts and conclusions

- Grouping farmers to create economies of scale consistent with local processes: Group formation up to the group
  - Requires quality initial qualitative/ quantitative research
- A challenge how to support local institutions to keep up with the growing demand for technical/BAP and association/documentation assistance
  - Must be good quality training
- The wish to include smallholders and individual mid-size suppliers into the RSPO will require an acceptance that this takes time as part of continual improvement
- Balancing the need to move towards RSPO certification with the strict labour, H&S and environmental standards without losing partners in the process
  - If goal is to transform markets, inclusivity is a key

## Closing thoughts and conclusions

- Without close plantation support, independent smh certification is challenging regardless of country
- How for example do we get artisanal and semi-mechanized mills RSPO certified? (Africa)



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Please visit our booth for more information on current initiatives/ partner projects

[www.solidaridadnetwork.org](http://www.solidaridadnetwork.org)

