Development of ICS and Certification of Independent Smallholders

Dr. Yotsawin Kukeawkasem
Smallholder Farming & Agribusiness Expert
GIZ-Consultant

Outline

› Smallholder vs large grower: comparisons of production factors and performance

› Implication of sustainability standard

› ICS & The guidance for Group certification

› Challenges & recommendations
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

Implication of RSPO standard

A. Evidence–based certification:
- Book keeping and farm records, worker payments
- Land title, trainings
- Production estimation, etc.
Implication of RSPO standard

B. Good agricultural practices (GAP & BMP)
- Farm management
- Soil, water and resource conservation
- IPM

C. Compliance with environmental P&C
- HCVs assessment & management
- Fire use forbidden
- Buffer zone and riparian
D. Compliance with worker & social related P&C:
- FPIC & Social impact assessment
- OHS
- Worker’s rights and working conditions (woman & child)

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

Certification Body Auditor
RSPO Accredited Certification Body

Group Manager
Members
Guidance for ICS & RSPO
Smallholder Group Certification

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)
Guidance# 2: ICS

“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

Guidance# 3: Organization and Structure

Chairperson/Group manager

Group Leader 1 — Farm advisor (FA) — Group Leader 2

Group Advisors (GA)

Group Quality Control

ICS Coordinator

Certifier

Internal Inspector

Field Extension

Merchandise

Capacity Building on ...

Farm Management

Environment and HEVs

Social & workers

Occupational Health & Safety

Group Business

Farmer Group Structure
Guidance# 4: Procedure of ICS

- Extension – Application
- Controlling Member & Farm
- Monitoring & internal audit
- Training – Farmer and ICS personnel
- Punishment

Internal Control System
Source: ACTF (October, 2010)

Guidance# 5: Formation of Internal Standard

- 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!
Guidance# 6: Risk Management

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

Guidance# 7: Documentation for group management/staff

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

R Roundtable on Sustainable Palm Oil
Guidance# 8: Documentation for ICS

- 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

Guidance# 9: Sustainability Manual

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