Making RSPO Certification Work for Independent Smallholder in Indonesia

Singapore – October 30, 2012
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WWF Indonesia

How to avoid smallholders being unfairly excluded from the emerging market of RSPO certified palm oil.

How sustainable palm oil production can improve productivity and welfare of smallholders.

(RSPO Sabah 2011)
• Preparation for certification
• Sustainable practices implementation
• Next challenges

Preparation for Certification

Identify independent smallholder
• Environment: The plantation is not located in HCVF areas.
• Social: The plantation is not engaging social conflict
• Economic: The smallholder is willing to implement RSPO P&C, and it has strong motivation to pursue the certification

Identify supporting stakeholders to independent smallholder
• The smallholder group inside the transportation distance of RSPO member/certified mill
• The RSPO member/certified mill is willing to assist the independent smallholder to implement P&C and committed for future procurement
• The RSPO member/certified mill has good access to the global value chain market (manufacturers, retailers, RSPO member)
• There is financial support (donors, banks, credit union)
• Government support
• NGOs/Facilitator support

Empowering organization capacity & sustainability implementation
• Forming a group certification
• Forming and train the internal control system
• Functioning the ICS through regular advance training and mentoring
• Evaluate and improve ICS performance
Identify Independent smallholders

1. No HCVF
2. No Social Conflict
3. Strong motivation to pursue RSPO certification

Identify supporting stakeholders to independent smallholder

RSPO  
Donors  
Banks  
Governments

External Parties  
Value Chains
Relevant stakeholders to independent smallholder focus group discussion

Stakeholders presentation  Break out focus group discussion

Empowering organization capacity & sustainability implementation

Class discussion  Field Practices

Internal Control System  Formed
Internal Control System (ICS) to be functioned

- Preparation for certification
- Sustainable practices implementation
- Next challenges
Sustainable practices implementation

Training + mentoring on RSPO principles & criteria

Good practices implementation

Documentations

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Training and mentoring

<table>
<thead>
<tr>
<th>No</th>
<th>Training</th>
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<tbody>
<tr>
<td>1</td>
<td>Internal control system (ICS) training</td>
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<tr>
<td>2</td>
<td>Strengthen farming business (SKE) and P&amp;C RSPO</td>
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<td>3</td>
<td>Training on limited pesticides utilization &amp; B3 waste management</td>
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<td>Training on land &amp; water conservation</td>
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<td>Training on health and safety (K3)</td>
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<td>Training on HCVF and SIA</td>
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<td>10</td>
<td>Training on fruit harvesting and safety equipment</td>
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<td>Training on effective fertilizing</td>
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Good practices implementation

FFB quality & quantity

Documentations

Independent Smallholder Plantation

Legality document

Document management
Legality and plantation map
Good agriculture documents

- Preparation for certification
- Sustainable practices implementation
- Next challenges
Expecting prices of certified sustainable fruits

- Conventional agriculture
- Net revenue of conventional agriculture
- Sustainable agriculture
- Net revenue of sustainable agriculture

Cost conventional agriculture

* Cost of Internal control System operation
* Costs of RSPO compliance
* Direct costs of certification
* Costs of marketing the certified product to value added markets
* Costs of RSPO membership fee

Independent Smallholder Palm Oil Value Chains

- Smallholder RSPO certified
- RSPO certified palm oil mills
- Committed Manufacture to source only RSPO certified
- Committed retailers to source only from RSPO certified
- Eco sensitive consumers

Biodiversity conservation as RSPO P&C compliance

External parties

Governments NGOs International donors organizations

Eco sensitive consumers
Creating some access to:

<table>
<thead>
<tr>
<th>Access to information</th>
<th>Access to global eco-sensitive markets</th>
<th>Access to credits</th>
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<tbody>
<tr>
<td>• Certification</td>
<td>• Access to RSPO certified mills</td>
<td>• Cost of internal control System operation</td>
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<tr>
<td>• RSPO organization</td>
<td>• Access to global value added manufactures</td>
<td>• Costs of compliance</td>
</tr>
<tr>
<td>• Price</td>
<td>• Access to global value added retailers</td>
<td>• Direct costs of certification</td>
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<tr>
<td>• Quality &amp; quantity</td>
<td>• Access to global eco-sensitive consumers</td>
<td>• Costs of marketing the certified product to value added markets</td>
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<tr>
<td>• Current technology</td>
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<td>• RSPO membership fee</td>
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<tr>
<td>• Agribusiness</td>
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<td>• Insurances</td>
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<td>• Production input</td>
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<td>• Capacity building</td>
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Recommendation

The value chains & its external parties committed to help the smallholder to gain:

- Access to information
- Access to value added market
- Access to credit
- Access to production factors
- Access to insurance
Thank you

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