Smallholder Palm Oil Cluster: Sharing MPOB’s Experience

By

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Presentation Outline

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

Malaysian Oil Palm Area 2011

- Estate: 25%
- Organised Smallholder: 14%
- Independent Smallholder: 61%
Organized Smallholder Area 2011
(1,264,815 ha)

- FELDA
- FELCRA
- RISDA
- State Schemes

Distribution of Independent Smallholder 2011

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

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Profiles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Average 54.6 yrs old, 66.6% &gt; 50 yrs old</td>
</tr>
<tr>
<td>Education</td>
<td>Primary (49.6%), secondary (34.1%), tertiary (8.9%) and 7.4% education less</td>
</tr>
<tr>
<td>Family size</td>
<td>Average 5.6 persons</td>
</tr>
<tr>
<td>Farm employment</td>
<td>Full-time (55.6%), part-time (28.9%), absentee owner (15.5%)</td>
</tr>
<tr>
<td>Farm size</td>
<td>Average 2.6 ha, &lt; 4ha (88.9%)</td>
</tr>
<tr>
<td>Source of seedling</td>
<td>Govt. (50.4%), private (24.4%), estate (14.1%)</td>
</tr>
<tr>
<td>Average FFB Yield</td>
<td>15 t/ha/year</td>
</tr>
</tbody>
</table>

Source: Idris (2005)

Sustainable Palm Oil Cluster (SPOC)

- SPOC was launched by Minister of MPIC on 30th 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.
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

SPOC Framework

- Increase Smallholder Income
- Cooperative
  - Group activities
  - Additional income
  - Reduce production cost
  - Business opportunity
- SPOC
- Certification
  - Improve smallholders oil palm technology
  - Increase FFB productivity and quality
  - Sustain oil palm productivity
- Smallholder Grouping
- Individual Smallholder
**SPOC ESTABLISHMENT 2012**

**Sabah**
- Daerah Beluran
- Daerah Kinabatangan
- Daerah Kunak
- Daerah Tongod
- Daerah Keningau
- Daerah Tawau

**Sarawak**
- Daerah Bakong Marudi
- Daerah Saratok
- Daerah Selangau
- Daerah Belaga
- Daerah Serian

**Perak**
- Daerah Selama
- Daerah Teluk Intan

**Terengganu**
- Daerah Dungun

**Pahang**
- Daerah Temerloh
- Daerah Maran
- Daerah Bera

**Melaka**
- Daerah Jasin

**Johor**
- Kuang Utara
- Daerah Yong Peng
- Daerah Kulaijaya

**Selangor**
- Kuala Selangor Selatan
- Kuala Langat

**Kuala Lumpur**
- Daerah Sungai Besi

**Sabah**
- Daerah Beluran
- Daerah Kinabatangan
- Daerah Kunak
- Daerah Tongod
- Daerah Keningau
- Daerah Tawau

**SPOC (N0.) Smallholder (N0.) Area (Ha)**

<table>
<thead>
<tr>
<th>SPOC (N0.)</th>
<th>Smallholder (N0.)</th>
<th>Area (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>23</td>
<td>42,397</td>
<td>170,229</td>
</tr>
</tbody>
</table>

**Extension Officers (TUNAS)**

**TUNAS (N0.)**

<table>
<thead>
<tr>
<th>Peninsular</th>
<th>Sabah</th>
<th>Sarawak</th>
</tr>
</thead>
<tbody>
<tr>
<td>156</td>
<td>51</td>
<td>56</td>
</tr>
</tbody>
</table>
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 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
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

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
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:
1. Legume cover crops
2. Terraces

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
Project Funding

• **Short term**
  - Grant from government
  - MPOB operational budget

• **Long term**
  - Funded by cooperative

• **Government assistance**
  - New planting, replanting and certification

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**Estimated Cost of Certification per SPOC**

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

Note: Based on SPOC Telupid, Sabah
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.

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.
THANK YOU