RSPO RT10 – Preparatory Cluster 2 - Smallholders

SMALLHOLDER OIL PALM GROWERS IN PNG

Ian Orrell and Gina Koczberski

- Overview of smallholder project areas
- Types of smallholders & their characteristics
- Smallholder motivation to achieve certification
- Achieving certification in practice
PALM OIL PRODUCTION AREAS

Rainfall 1800 - 5000 mm / year
Sunshine min of 2000 h / year
Temperature between 22 – 32°C
Altitude less than 500 m above SL

Factors that affect growth:
Kimbe
Mt. Hagen
Daru
Port Moresby
Rabaul
Kavieng
Wewak
Vanimo
Lae
Alotau
Popondetta
Gusap

1967 Hoskins palm oil project
1969 Bialla palm oil project
1976 Popondetta palm oil project
1985 Milne Bay palm oil project
1987 New Ireland palm oil project
2005 Ramu palm oil project

PLANTED AREA & FFB PRODUCTION

Area Estimates Dec 2011 (ha)

<table>
<thead>
<tr>
<th>Project Area</th>
<th>Plantation</th>
<th>Smallholder+</th>
<th>Total</th>
<th>% s/h</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hoskins (NBPOL, WNB)</td>
<td>36,127</td>
<td>25,906</td>
<td>62,033</td>
<td>41.8%</td>
</tr>
<tr>
<td>Popondetta (NBPOL, Kula Group)</td>
<td>8,533</td>
<td>11,835</td>
<td>20,368</td>
<td>58.1%</td>
</tr>
<tr>
<td>Milne Bay (NBPOL, Kula Group)</td>
<td>11,136</td>
<td>1,900</td>
<td>13,036</td>
<td>14.6%</td>
</tr>
<tr>
<td>New Ireland (NBPOL, Kula Group)</td>
<td>5,466</td>
<td>2,386</td>
<td>7,852</td>
<td>30.4%</td>
</tr>
<tr>
<td>Ramu (NBPOL, RAIL)</td>
<td>10,665</td>
<td>260</td>
<td>10,945</td>
<td>2.4%</td>
</tr>
<tr>
<td>Bialla (Hargy Oil Palms)</td>
<td>10,670</td>
<td>13,140</td>
<td>23,810</td>
<td>55.2%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>82,617</td>
<td>55,427</td>
<td>138,044</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>59.8%/ 40.2%</td>
</tr>
</tbody>
</table>

FFB Production in 2011 (tonnes)

<table>
<thead>
<tr>
<th>Project Area</th>
<th>Plantation</th>
<th>Smallholder+</th>
<th>Total</th>
<th>% s/h</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hoskins</td>
<td>989,432</td>
<td>464,904</td>
<td>1,424,036</td>
<td>32.6%</td>
</tr>
<tr>
<td>Popondetta</td>
<td>212,096</td>
<td>167,864</td>
<td>379,960</td>
<td>44.2%</td>
</tr>
<tr>
<td>Milne Bay</td>
<td>237,221</td>
<td>13,634</td>
<td>250,854</td>
<td>5.4%</td>
</tr>
<tr>
<td>New Ireland</td>
<td>118,505</td>
<td>20,710</td>
<td>139,215</td>
<td>14.9%</td>
</tr>
<tr>
<td>Ramu</td>
<td>89,000</td>
<td>1,344</td>
<td>90,344</td>
<td>1.5%</td>
</tr>
<tr>
<td>Bialla</td>
<td>228,597</td>
<td>205,798</td>
<td>434,396</td>
<td>47.4%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,844,851</td>
<td>573,954</td>
<td>2,418,805</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>67.9%/ 32.1%</td>
</tr>
</tbody>
</table>
PNG ‘ASSOCIATED’ SMALLHOLDERS

• FFB market monopsony
• Characteristics of both ‘Scheme’ and ‘Independent smallholders
• Full authority over their own land and farming systems choices

WHO ARE THESE PEOPLE WE CALL SMALLHOLDERS?

<table>
<thead>
<tr>
<th>Project Area</th>
<th>LSS</th>
<th>VOP</th>
<th>CRPB+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hoskins</td>
<td>2,368</td>
<td>4,156</td>
<td>977</td>
<td>7,501</td>
</tr>
<tr>
<td>Popondetta</td>
<td>1,128</td>
<td>4,580</td>
<td>0</td>
<td>5,708</td>
</tr>
<tr>
<td>Milne Bay</td>
<td>0</td>
<td>781</td>
<td>0</td>
<td>795</td>
</tr>
<tr>
<td>New Ireland</td>
<td>0</td>
<td>1,410</td>
<td>0</td>
<td>1,410</td>
</tr>
<tr>
<td>Ramu</td>
<td>0</td>
<td>130</td>
<td>0</td>
<td>130</td>
</tr>
<tr>
<td>Bialla</td>
<td>1,660</td>
<td>1,858</td>
<td>26</td>
<td>3,544</td>
</tr>
<tr>
<td>Total</td>
<td>5,170</td>
<td>12,915</td>
<td>1,003</td>
<td>19,088</td>
</tr>
</tbody>
</table>

At least 200,000 dependent for their livelihoods on smallholder oil palm blocks
LAND SETTLEMENT SCHEME ISSUES:

Factors affecting LSS production:
- Population & economic pressure
- Household conflicts over income & labour
- Farm management practices
- Land Tenure

VILLAGE OIL PALM ISSUES:

Factors affecting VOP production:
- Economic motivation
- Low level of interest
- Poor literacy and education levels
- Management of social & cultural obligations
CUSTOMARY RIGHTS PURCHASE BLOCK ISSUES:

Factors affecting CRPBs:
• Block management is relatively good
• Long-term land tenure insecurity
• Disputes and evictions
• Modified CLUA

MOTIVATION TO ACHIEVE CERTIFICATION

• Awareness of and support for RSPO P&Cs
• Other issues compete for smallholder’s attention
• RSPO premium insufficient to incentivise smallholders
• PNG milling companies paying an ‘encouragement’ bonus
• Payment timed to have largest impact
SMALLHOLDER CERTIFICATION IN PRACTICE

• All milling companies and smallholder service providers are involved
• Two main aspects to achieving smallholder compliance:
  1. Strict control of new plantings
  2. Coordinated awareness, support and monitoring to encourage and influence good practice

CONTROL OF NEW PLANTINGS

Planting Approval Form (PAF)
• Applicant details
• Land ownership & title
• State of road access
• Simple HCV appraisal
• Block location sketch
• Sketch showing topography and environmental features
• Buffer zone requirements
• Slope assessment
Constraints to effective smallholder engagement

- Limited capacity of Government extension service
- Low literacy & education levels
- Low adoption rates of extension messages
- Poor smallholder attendance at field days
- Overriding cultural & socio-economic factors

Using ICT to improve smallholder engagement

- Many blocks have DVD players
- Majority of blocks have one or more mobile phones
SUMMARY

• The lives of smallholder are not simple
• Land tenure arrangements dictate the main smallholder types & characteristics
• Social & cultural obligations and conflicts affect engagement and incentivisation
• Insufficient RSPO premium to engage smallholders’ interest, so companies are paying an ‘encouragement’ bonus
• All companies and organisations engaging with smallholders are RSPO members
• Compliance is achieved by strict control of new smallholder plantings and coordinated programmes to influence smallholders re GAP and other RSPO requirements
• Low levels of education and illiteracy affect engagement strategies
• New developments in ITC and high levels of uptake by smallholders provide significant opportunities

THANK YOU