Experience in Including Independent Smallholders in a Sustainable Supply Base

RSPO
Roundtable on Sustainable Palm Oil

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RT12 2014 Kuala Lumpur MALAYSIA
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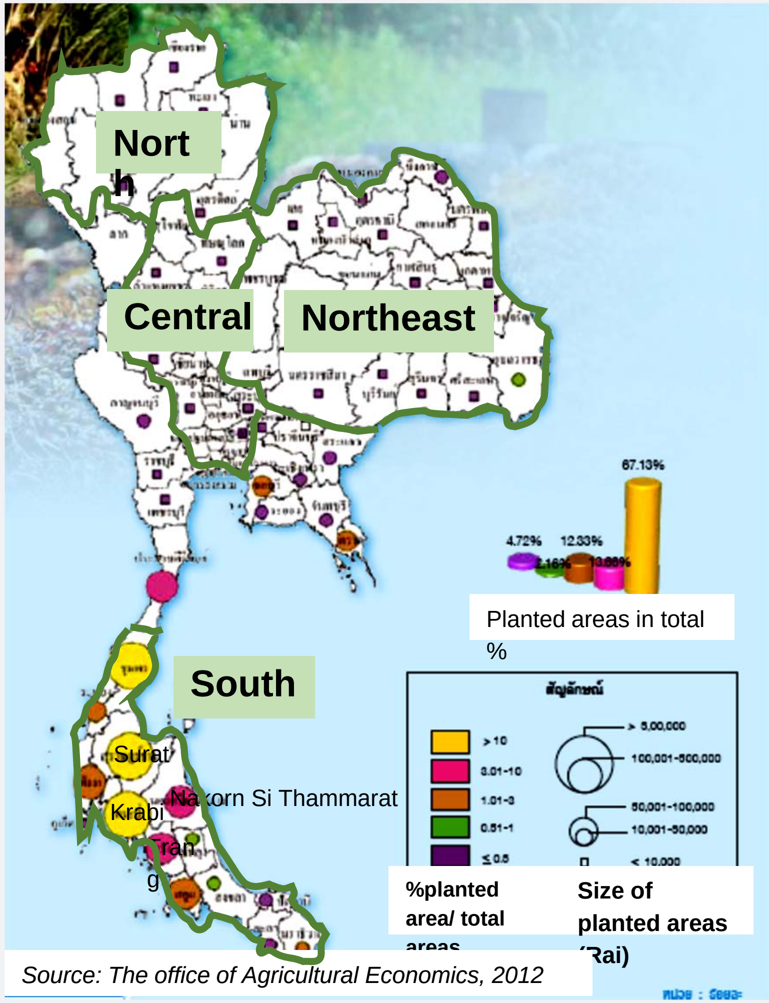
SUSTAINABILITY
WHAT'S NEXT?

CERTIFIED SUSTAINABLE PALM OIL TM
RSPO

Thailand: Palm oil productivity year 2013-2014



	(Ha.)		(ton)	(ton)
	Planted areas	production areas	Yield production	yield per area (ha)
Thailand in total	720,631	663,706	13,327,260	20.1
South region	623,755	584,954	12,250,651	20.9
By province cover project areas				
Surat thani	168,406	159,909	3,576,949	22.4
Krabi	158,279	154,735	3,551,344	23
Trang	25,456	23,917	469,150	19.6
Nakorn Si Thammarat	52,865	48,852	901,819	18.5

Smallholders in Thailand

- Over 120,000 smallholders who own less than 50 ha.
- Average income: 141,134 THB. /household/year (4,700 USD)
- Size of land holding: 4 ha./household
- Mainly using household labour
- Self- Organized Managed Finance

Thailand: Challenges towards sustainability

- Request from downstream industries, not directly to farmers
- Small farm size & too low income to take risk for something new
- Difficulty to change behaviour in farm management
- Independent >> New group formation needed
- Fragmented production areas

Project Overview

Management meeting 2014

Downstream Initiative

Partially funded

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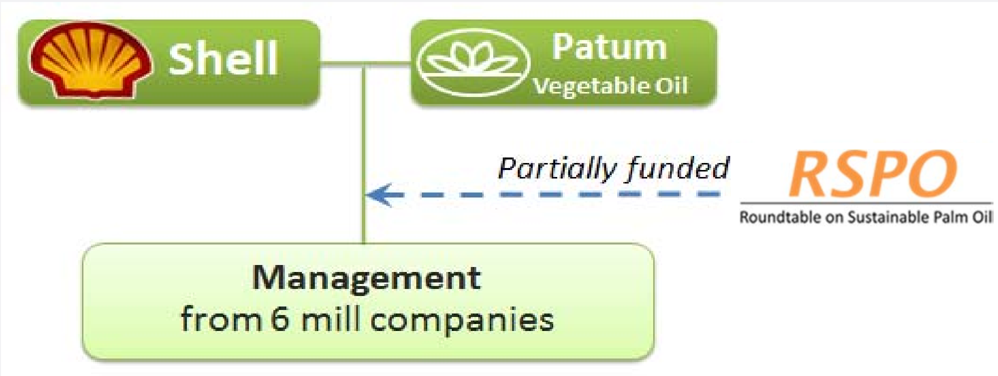
Management
from 6 mill companies

Contribution

Facilitation

Project Overview

Management Level



Operating Level

- ***Tailor-made model***
- ***Work with them <u>BUT</u> let them decide***

Pj. Advisor

Project Manager

Simplified to work

Mill working team

Group committee

Group members

Changes in farm practice

From July 2012…

6 mill companies

9 farmer groups

812 farmers

Good partnership

Moving towards RSPO on Sustainability pathway **To 2015**

Key Performance Indicators(KPIs)

Enhancing capacity of Thai oil palm partners for sustainable palm oil project

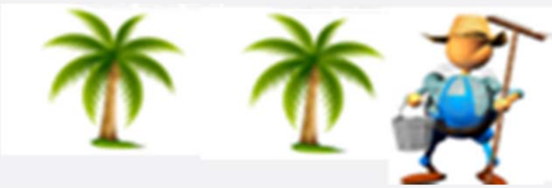
KPIs	Target	2012	2013	2014	2015 (e)
KPI 1: Minimum number of smallholders joined the project	1,500 smallholders	1,500	1,800	1,800	1,800
Number of companies to achieve supply chain certification by RSPO **KPI 2: In 2014** **KPI 3: By end June 2015**	 3 companies 5 companies			 3	 5
Percentage of farmers certified **KPI 4: By end 2014** **KPI 5: By end June 2015**	 30% certified ~50% certified			 600	 ~1,000

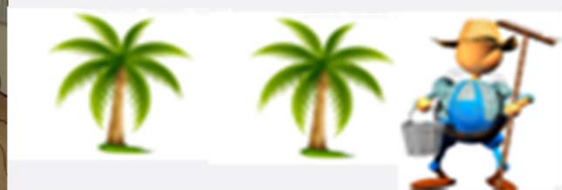
812 farmers to be certified by 2014 5,710 ha of planted areas

Project work models

- **Scale up and enhance GIZ pilot working model**
  - Supply chain based cooperation model
  - Different levels of engagement by the mills

- **Farmers cooperative**
  - Sub-group of cooperative membership as internal pilot
  - Voluntary involvement of cooperative members





How to go for Certification

Understanding the process

1. Raise awareness /trainings

2. Group formation/ICS

3. RSPO certification

Clear roles and responsibilities to take

Sustainable palm oil

Supports from the project

1. Facilitate/give advice on group management and RSPO certification
2. Provide a series of trainings on sustainable palm oil
3. Gather/develop documents/materials
4. Technical support based on their needs
5. Mediate among farmer groups-mills-downstream companies

List of Training Courses

2013

- ✓ GPS and mapping
- ✓ RSPO for smallholders
- ✓ Farm management/Fertilizer application
- ✓ Internal Control System under group certification (ICS)
- ✓ Occupational Health and Safety (OHS)
- ✓ High Conservation Value areas (HCV)

2014

- ✓ Thai Laws/Integrated Pest Management (IPM)
- ✓ Community & group participatory/ Social &Environmental Assessment (SEIA)
- ✓ Farm management II
- ✓ OHS II
- ✓ HCV & ICS group assessors
- ✓ Group leadership
- ✓ GAP Analysis

Project publishing materials

Project brochure

Record Book

Project publishing materials

Mills contribution to farmer groups

- Assign team staff to working closely with farmer groups
- Join the group meetings continually with productive comments for improvement and development
- Support in database management
- Provide special privilege(s) for farmers who are project members i.e. fast track lane for FFB purchasing, EFB without any charge and premium FFB price
- Contribute fund to the group for project activities

Challenges we are facing…

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Strengths

- Good management level support from all partners
- Responsible working team in each mill
- Tailor-made model allows to adapt to local context and working style
- Have existing RSPO documents & manuals available
- Farmers awareness on good agricultural practice is increasing due to
- government policy, AEC and RSPO

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Weaknesses

- Different level of RSPO knowledge in partnering mills
- Partners have difficulties with updating database: load of data related to RSPO requirements
- Fragmented production areas of farmers
- Behavior change especially on document recording required
- High expectation on premium price

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Opportunities

- External support available i.e. RSPO funding
- Supporting smallholders is a current trend

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Threats

- High cost of membership and auditing fee
- Lack of linkage among mill-middlemen farmers

Way forward

- Pre-audits conducted in **Sep – Oct 2014**
- Currently groups work on implementing the improvement plan
- Prepare all groups for certification
- Certification audits scheduled for **Dec 2014 - January 2015**
- Continuous trainings to group members through group / mill
- Expect to receive certification in **March 2015**
- Link farmers to market for RSPO certified palm oil

Enhancing capacity of Thai oil palm partners for sustainable palm oil project

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