Challenges of Making Independent Smallholder Certification Work

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1 Independent Oil Palm Smallholder and Certification
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Independent Oil Palm Smallholder and Certification

Dani Rahadian Hidayat
About 10,956,231 Ha (2014) Oil Palm Plantation in Indonesia
(the updated data 14,030,573 Ha (2018))

Sources: RSPO market data
Ditjenbun, Kementan 2014
Oil Palm Smallholder Categories

1. Beginner (individual) Oil Palm Smallholder
2. Intermediate Oil Palm Smallholder
3. Advance Oil Palm smallholder
Oil Palm Independent Smallholder

1. Credit
2. Insurance
3. Agro-input
4. Information
5. Market

 enter the value chain

Cooperatives
Production Business Unit
Lending Business
Agro-input Business Unit
Transportation Business Unit

Internal Control System
International Farmer Group
Farmers 1, 2, 3, 4, 5

Farmer Organization

Good Agriculture Practice
Increasing Yield & Quality
Better income

Transformation

Social & Environmental Aspects
Quality Control
Sustainable Production

Yield Making

Yield Taking

Source: AidEnvironment, Global Sustainability Associates and Tirosos Facet, 2013, results of the Smallholder Diagnostic Survey.
ISH Inclusiveness to ISCC Value Chains

Smallholder ISCC certified

ISCC certified palm oil mills

Committed Manufacture to source only ISCC certified

Committed retailers to source only from ISCC certified

External parties

Agents/Traders

Eco sensitive consumers

OFF TAKER DRIVEN
ISCC Value Chains Can Be Disconnected / ISH Excluded
Certification Cost Structures To Define Inclusiveness To Any Certification System

Certified FFB

- Conventional Practice
- Net Revenue Conventional Practice
- Sustainable Practice
- Sustainable Net Revenue

Conventional practice cost

- Central Office Group certification standard operational cost
  * Quality compliance
  - Direct cost for certification (Audit)
Field Experiences on ISH ISCC Certification
Sufyan Sahuri
ISCC Certification benefit for the ISH

- To improve oil palm plantation maintenance
- To increase the amount of production based on seed quality
- To protect the environment
- To raise awareness to protect the safety during the plantation operation
- ISH organisation developed
- Complied with existing law and regulation
- Accessed the information regarding oil palm plantation world
Expectation

- There will be sustainable FFB production increasement
- There will be some added value in terms of price to reward certified FFB
- There will be more attention for ISH from either government or companies
Challenges

- Less interest from ISH communities on certification program since they used to apply traditional oil palm agriculture practices
- How to transform ISH communities in implementing oil palm agriculture practices
- There still less attention from off-taker on ISCC certified FFB
Constraints

- There have not been any off takers for ISCC certified FFB from CO KUD Makarti.
- It is hard to recruit new group certification member since most of ISH land title (Surat Keterangan Tanah) was issued by sub-district office (Kecamatan) while the auditors asked for the highest land title issued by central government (Surat Hak Milik) in regard to land legality.
- The prospective member hesitate to join the ISCC group certification since they demand cash and on time payment as it implemented by the small traders/agents when they pay the ISH’s FFB.
- The relationship between the ISH and offtaker has not been implemented harmoniously in order to get mutual benefit.
Recomendation

- There are some black campaign against Palm Oil but it should be reminded that **not** all smallholder farmers conducted violation.
- There should be a fair deal (win-win) between Smallholder with their ISCC certified oil palm fruits off taker.
- Safe the oil palm independent smallholder farmers through sustainable palm oil certification.
Thank You for The Attention

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