Smallholder Solutions for Palm

Andreas Feige, ISCC System GmbH
Why smallholder certification is important and why ISCC set up an independent smallholder certification program

Millions of smallholders produce oil palm and depend on it

- Smallholders own and/or manage an estimated 42% of total oil palm area
- Smallholders produce 35% of Indonesia’s CPO output
- Oil palm area and production of private and state-owned

- Future growth will mainly be driven by smallholders
- Due to low yields the pressure on land will increase – it is highly likely that this development will drive further deforestation and non sustainable practices
- Without smallholder capacity building sustainable cultivation practices are at risk

ISCC decided in 2016 to develop a certification concept which takes into account especially independent smallholder needs
Setting up a certification concept which really serves smallholder needs was not an easy task – many challenges to be tackled

**Program challenges**

- Smallholder Capacity Building / Access to Know-How
  - Language
  - Training
  - Requirements from more than one certification system (e.g. ISCC, ISPO)
  - Chemical handling, storage and disposal
  - Provision of reliable GIS data (location of fields, polygons, maps)
  - Assessment of sustainability risks and proof of “No Land Use Change” after 2008 (Forest, Biodiverse and Carbon Rich Areas, Deep Peat or No-Go Areas)
  - Management of a large group of members

- Yield increase
- Understanding cost/benefit relations and economic sustainability
- Access to funds and finance
While the ISCC Basic training is a one-level approach in English, the smallholder training follows a three-level “Train-the-Trainer” concept.
While the 1\textsuperscript{st} level training for master trainers (and auditors) is in English and Bahasa, the 2\textsuperscript{nd} and 3\textsuperscript{rd} level training is in Bahasa only.
Scorecard telah dikembangkan sebagai sintesis kategori dari Peta Standar ITC dan mencakup standar tambahan lainnya.

*Ca. 200 kategori penilaian*  
(Sumber kategori berasal dari:: RSPO, SAI, UNILEVER, ISCC, FAIRTRADE)

115 kategori penilaian

132 Kategori penilaian
Identifikasi kesenjangan/GAP menyoroti juga kebutuhan pelatihan bagi petani swadaya

Fase 1 – Sebelum pelatihan

Fase 2 – Setelah pelatihan

Peningkatan kapasitas!
Changes required for the storage of chemicals with spraying transferred from individuals to trained spraying teams

Before

After

New pesticide storage room
How to determine the location of a smallholder field? The ISCC Mobile App allows easy and consistent data collection in the field.
Is the smallholder field eligible for ISCC certification?
Do smallholders have the capacity to provide reliable proofs?

Is the field located in:

- Hotspots and/or high-risk areas?
- Located within No Go Areas?
- Recently deforested areas?

→ How can the field polygons be checked?
The ISH Data Management System checks automatically fields against ISCC Principle 1

**Smallholder Management System**

The ISH Data Management System allows to automatically verify ISCC Principle 1

- Identification of protected areas
  - Peatlands
  - National Parks
  - Biosphere Reserves
  - Intact Forest Landscapes
  - Ramsar Sites
  - and others
- Identification of deforestation

**Benefits**
- No GIS and remote sensing knowledge required
- Fast and credible sustainability assessments

![Field polygons](image1)

Check overlaps with protected areas and deforestation

**Protected Areas**

**Deforestation**

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Managing a group of certified smallholders, their data and new members – all facilitated by the GRAS ISH Module

The ISH database allows to:

- Add new members
- Assign unique IDs for each smallholder
- Identify already certified members
- Add land titles
- Upload pictures
- Add polygons

- Access all collected smallholder data
- Access the field polygons with related information (e.g. applied pesticides)
- Access background satellite images
- Conduct sustainability analysis (deforestation, protected areas, fires, etc.)
- Print all smallholder data as report and save as PDF
Business model scenario settings and results can be saved for comparisons of the many certification implementation options.

### CENTRAL OFFICE BUSINESS MODEL

**Scenarios**

<table>
<thead>
<tr>
<th>Assessment date: 25.01.18 (format: dd.mm.yyyy)</th>
</tr>
</thead>
</table>

**Number of cooperatives:** 1  
**Yield increase:** 15%

**Number of small holders per cooperative:** 100  
**Activate fund:**

<table>
<thead>
<tr>
<th>Costs</th>
<th>One time (in 5 years)</th>
<th>Concurrent (in 5 years)</th>
<th>Total (in 5 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk and LUC Analysis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registration/certificate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preparation and service</td>
<td>6,502.41</td>
<td>1,482.13</td>
<td>7,984.54</td>
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<tr>
<td>External auditor</td>
<td>-</td>
<td>12,269.22</td>
<td>12,269.22</td>
</tr>
<tr>
<td>Training</td>
<td>2,021.08</td>
<td>-</td>
<td>2,021.08</td>
</tr>
<tr>
<td>Train the trainer</td>
<td>940.00</td>
<td>-</td>
<td>940.00</td>
</tr>
<tr>
<td>Infrastructure and investment</td>
<td>8,489.37</td>
<td>-</td>
<td>8,489.37</td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td>17,952.88</td>
<td>13,691.35</td>
<td>31,644.21</td>
</tr>
</tbody>
</table>

**Benefits**

| Price Premium ISCC EU       | -                      | 54,040.08               | 54,040.08          |
| Funds                       | -                      | 12,685.00               | 12,685.00          |
| **Total benefits**          | -                      | 66,725.08               | 66,725.08          |

**Balance**

|                        | 17,952.88              | 53,033.73               | 35,080.87          |

### RECORDED SCENARIOS

**Recorded Scenarios Results**

**Small growth scenario**

<table>
<thead>
<tr>
<th>Scenario 1 - Date: 22 Jan 2018</th>
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<tbody>
<tr>
<td>Active Fund: No</td>
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<tr>
<td>Yield increase: 10%</td>
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<tr>
<td>Number of cooperatives: 1</td>
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<tr>
<td>Number of SH per cooperative: 100</td>
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</table>

**Fund activation and higher yields**

<table>
<thead>
<tr>
<th>Scenario 2 - Date: 25 Jan 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Fund: Yes</td>
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<tr>
<td>Yield increase: 15%</td>
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<tr>
<td>Number of cooperatives: 1</td>
</tr>
<tr>
<td>Number of SH per cooperative: 100</td>
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**Costs**

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**Benefits**

| Price Premium ISCC EU | 37,993.39 | 54,040.08 |
| Funds | 12,685.00 | 12,685.00 |
| **Total benefits** | 37,993.39 | 66,725.08 |

**Balance**

|                        | 6,349.16 | 35,080.87 |
Last but not least: Don't throw the baby out with the bathwater*!

* Old German proverb, adapted in England in the 19th century

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**Banning palm oil for biofuels**

- EU biofuels market is the only sector exclusively requesting feedstocks which are not from biodiverse and carbon rich areas subject to land use change (LUC) after 2008

- Under the EU-RED compensation is not allowed
  - Palm-producing companies / smallholders: No need to further align with strict EU rules stopping deforestation and LUC of biodiverse and carbon-rich ecosystems
  - Regional advocates (officials, companies, NGOs) for better sustainability practices in SEA are left alone – hardliners will gain momentum again
Contact

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