Roles & Responsibilities of Private Sector for Smallholders Support

By Sawit Kinabalu Group
MPOB’s Definition

- **Smallholder**
  - Oil palm grower that owned less than 40.26 ha land.

- **Oil Palm Plantation/Estate**
  - Oil palm grower that owned more than 40.26 ha land

- **Mediumholder**
  - Oil palm grower that owned between 40.26 ha to 1000 ha land

- **Oil Palm Plantation/Estate**
  - Oil palm grower that owned more than 1000 ha land
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The Introduction

- The pilot project was introduced in November 2018 by The EMPA Chairman, the GMD of Sawit Kinabalu Group En. Masri Pudin.
- Start in West Coast of Sabah. (Kudat & Beaufort)
- Information was gathered with the help of the smallholders association, MPOCC & MPOB.
- The pilot project is not limited to only getting everyone to be certified by December 2019.
- WHY?
  - To support the National goal to produce 100% CSPO by 2020.
  - To ensure the survival of the Palm Oil Industry.
  - To improve the livelihood Smallholders in Sabah.
The Objectives

- Improved the Management System
- Improved the Productivity
- Improved the Income
The Steps

Individual Smallholder
- Lack of resources
- High Production Cost

Group Smallholder
- Sharing resources
- Voluntarily

Cluster
- Mill as center
- Resources will be shared
- Organized
- Internal audit

Cooperative/Company
- Additional income
- Reduce Production Cost
- Business Opportunity

Sustainable Certification
- Improves Smallholders technology
- Improve FFB Quality
- Increase Productivity
The Steps

Cooperatives/Company
- Additional Income
- Reduce Production Cost
- Business Opportunity

Sustainable Certification
- Improves Smallholders Oil Palm Technology
- Increase FFB Productivity & Quality
- Sustain Oil Palm Productivity

Increase income

Cluster

Group Smallholder

Individual Smallholder

The Steps
The How?

- The most difficult part is to convince the growers to accept the idea that Sustainability Certification can improved their livelihood.

1% Improvement of OER = RM15-RM25/mt Improvement of FFB Price

- The members will share RM1/mt with the group to cover the cost of managing the group. SKG will also contributes RM1/mt to the group.
The Progress

- A total of 150 Smallholders from various association have shown their interests in the project. (for e.g Persatuan Pekebun Kecil, Pertubuhan Peladang, Koperasi Mampan)
The Challenges

- There is no platform in dealing with matters relating to palm oil industry in Sabah.
- The Smallholders/Mediumholders doesn't want to cooperate.
- Data for the growers was very limited.
- Legal requirement was not comply.
- Land status, express condition is not oil palm.
“Malaysia is committed to sustainable development. We have taken steps, for example in improving production methods to ensure that our palm oil production is sustainable. By December 2019, the Malaysian Sustainable Palm Oil (MSPO) standard will become mandatory. This will ensure that every drop of palm oil produced in Malaysia will be Certified sustainable by 2020”

Tun Dr Mahathir Mohamad
United Nation General Assembly 2018
Terima Kasih