Action Plan for Smallholders Certification under MSPO

Malaysian Palm Oil Board

Sesi Konsultasi Mengenai
THE WAY FORWARD FOR MALAYSIAN SUSTAINABLE PALM OIL (MSPO) CERTIFICATION
16th February 2017
Hotel Marriot, Putrajaya
Presentation Outline

- Background
  - MSPO – Part 2
  - Oil Palm Planted Area December 2016

- Smallholders

- Current SHs Certified Premises

- Issues

- Solutions

- Strategy for Smallholders’ MSPO Certification

- Conclusion
BACKGROUND

Needs to implement Sustainability Standard

- Market access
- Continual improvement
- Productivity
- Market competition
- High cost of existing sustainability scheme such as RSPO
Oil Palm Planted Area by Category, 2016

- **Private Estates**: 3.51 Mn Ha (61.2%)
- **FELDA**: 0.71 Mn Ha (12.3%)
- **FELCRA**: 0.17 Mn Ha (3.0%)
- **RISDA**: 0.07 Mn Ha (1.2%)
- **State Agencies**: 0.34 Mn Ha (6.0%)
- **Independent Smallholders**: 0.93 Mn Ha (16.3%)

**Total Oil Palm Planted Area = 5.74 Mn Ha**
Total Smallholders: 550,000

Type of Smallholders:
- Organized Smallholders: 315,293
- Independent Smallholders: 234,707

Smallholders: 550,000
Independent & Organized Smallholders

Independent Smallholders

- Independent smallholders are individual farmers who own or leases less than 40 hectares of an oil palm farm and manage the farm themselves.
- Total smallholders: 234,707
- Total area: 933,948 ha

Organized Smallholders

- Smallholdings managed by government agencies such as FELDA, FELCRA, RISDA, SALCRA and other state agencies
- Total area: 1,268,365 ha
## Current SHs MSPO Certified Premises

<table>
<thead>
<tr>
<th>Premises</th>
<th>13</th>
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<tbody>
<tr>
<td>Area (ha)</td>
<td>6798.55</td>
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</table>
ISSUES

- Land
  - Legality of land – owner, lease, illegal, etc
  - Customary land
  - Land use change e.g. rubber to oil palm

- Cost of certification & infrastructure
- License
- Education level – variation is wide
- Management of holdings – aging owners
- Acceptance of change
- Compliance to regulations
- Deforestation, threat to biodiversity, peat emission
Land – close interaction between group manager with land office

Cost of certification & infrastructure
- Currently funded by government fund
- Future self finance through cooperative system

License – MPOB will assist

Good Agriculture Practice – productivity, labour

Education level – variation is wide

Acceptance of change

Compliance to regulations

Deforestation, threat to biodiversity, peat emission

Management of holdings – aging owners

Solutions

Regular Briefing
Close monitoring – internal audit
Update new regulation
Workers
Strategy for Smallholders
MSPO Certification
Grouping of Smallholders
Possible Types of Grouping
(1 group manager)

- Sustainable Palm Oil Cluster (SPOC)
- Smallholder as a manager to other smallholders in the group
- Growers & smallholders
- Mill & smallholders / plantations
- Dealers & Smallholders
- Cooperative
Sustainable Palm Oil Cluster (SPOC) refers to a group of independent smallholders within a specific boundary who are committed to produce palm oil through the cooperative structure.
SPOC Development Process

• SPOC – district in every state.

• Number of members for every identified SPOC will be based on the number of smallholders in each “mukim” under each district.

• Total of sampling number from each identified district will be based on the number of smallholders in each “mukim” within the district. For example: For a district comprising four (4) “mukim”, consisting 10,000 smallholders, the sampling number will be 100 (MSPO Risk Management Document)

- GAP
- Code of Practice
## Number of Smallholders

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<tbody>
<tr>
<td>1</td>
<td>SPOC to be certified</td>
<td>6</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>10</td>
<td>10</td>
<td>65</td>
</tr>
<tr>
<td>2</td>
<td>No of SH (Certified/to be certified)</td>
<td>388</td>
<td>744</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,132</td>
</tr>
<tr>
<td>3</td>
<td>Total SH</td>
<td>15,514</td>
<td>36,665</td>
<td>2988</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>55,167</td>
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Target 2016 - 2020
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<td>10</td>
<td>10</td>
<td>65</td>
</tr>
<tr>
<td>2</td>
<td>Certified Area (Ha)</td>
<td>1,435.94</td>
<td>3,227.02</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,662.96</td>
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<tr>
<td>3</td>
<td>Total SPOC area (Ha)</td>
<td>55,962.00</td>
<td>108,302.03</td>
<td>15,369.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>179,633.03</td>
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Dealer of fruits (DF)

1) DF Kluang  
2) DF Yong Peng
Organized Smallholders

Agency

712,956 Ha

76,155 Ha

175,169 Ha

State Agency

348,226 Ha

51,072 Ha

25,975 Ha
## Projected Area to be Certified

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<tr>
<td><strong>FELDA</strong></td>
<td>3,868.34</td>
<td>Nil</td>
<td>67,427.26</td>
<td>178,239</td>
<td>392,125.8</td>
<td>712,956</td>
</tr>
<tr>
<td><strong>RISDA</strong></td>
<td>Nil</td>
<td>Nil</td>
<td>7,615.5</td>
<td>342,69.75</td>
<td>64,731.75</td>
<td>76,155</td>
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<tr>
<td><strong>FELCRA</strong></td>
<td>Nil</td>
<td>Nil</td>
<td>17,516.9</td>
<td>78,826.05</td>
<td>148,893.7</td>
<td>175,169</td>
</tr>
<tr>
<td><strong>GOVERNMENT/STATE AGENCY</strong></td>
<td>Nil</td>
<td>Nil</td>
<td>34,822.6</td>
<td>156,701.7</td>
<td>295,992.1</td>
<td>348,226</td>
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<tr>
<td><strong>Cumulative Total</strong></td>
<td></td>
<td></td>
<td>127,382.3</td>
<td>448,036.5</td>
<td>901,743.3</td>
<td>1,312,506</td>
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Basis calculation:
- 2017: 10% certified area
- 2018: 25% certified area
- 2019: 55% certified area
- 2020: 100% certified area
## Certified Organized Smallholders

<table>
<thead>
<tr>
<th>No</th>
<th>SPOC</th>
<th>Number of SH</th>
<th>Area (ha)</th>
<th>Certified date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FELDA Lasah</td>
<td>387</td>
<td>887.05</td>
<td>2015</td>
</tr>
<tr>
<td>2</td>
<td>FELDA Ijok</td>
<td>599</td>
<td>2,981.29</td>
<td>2015</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>986</strong></td>
<td><strong>3,868.34</strong></td>
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Total Certified Area
6,798.55ha
With the implementation of MSPO certification for smallholders, they become the suppliers of sustainable FFBs for the production of sustainable palm oil.

Oil palm planting helps eradicate poverty as per Sustainable Development Goal

Palm oil enhances the living standard of smallholders & with production of S-FFBs they may get incentive from the buyers.
Conclusion

- Funds are provided to assist smallholders to implement MSPO certification
- National certification scheme addresses issues on sustainability specifically for oil palm, which is an agricultural crop. It is a reflective of the UN Global Compact Food and Agriculture Business Principles
- Palm oil has the greatest potential to overcome food insecurity
Ensuring the continued success and competitiveness of Malaysian Palm Oil

Thank You