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

- Backeround
 - · MSPO—Part2
 - Oil Palm Planted Area
 December 2016
- Smallholders
- Current SHs Certified Premises

- **i** Issues
- Solutions
- Strategy for Smallholders' MSPO Certification
- Conclusion



BACKGROUND

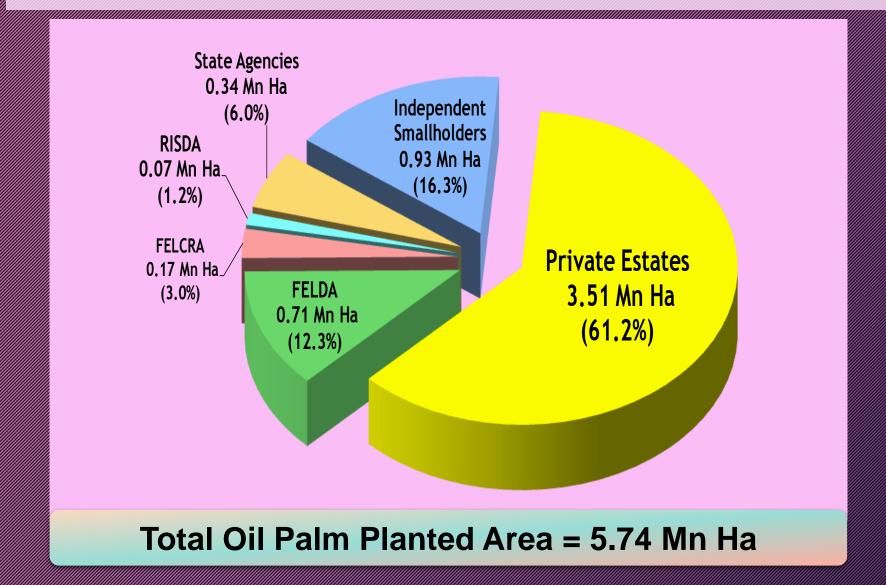
Needs to implement Sustainability Standard

- Market access
- Continual improvement
- Productivity
- Market competition
- High cost of existing sustainability scheme such as RSPO



Oil Palm Planted Area by Category, 2016







SMALLHOLDERS





Organized Smallholders

Independent Smallhold<u>ers</u>

226<u>74</u>77 (877)







Independent & Organized Smallholders



Independent Smallholders

- The legal states and the least of the least
- Total smallholders 234.707
- · Total area / 988/948/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



Premises	13		
Area (ha)	6798.55		





ISSUES

- * Land
 - Legality of land overner lease, illegal, etc.

 - Lantal Use abange e.g. dubber to oil palm
- Cost of certification & infrastructure
- XIIcense
- Education level variation is wide
- Management of holdings aging owners
- Acceptance of change
- Compliance to regulations
- Deforestation, threat to biodiversity, peat emission





Solutions

- 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



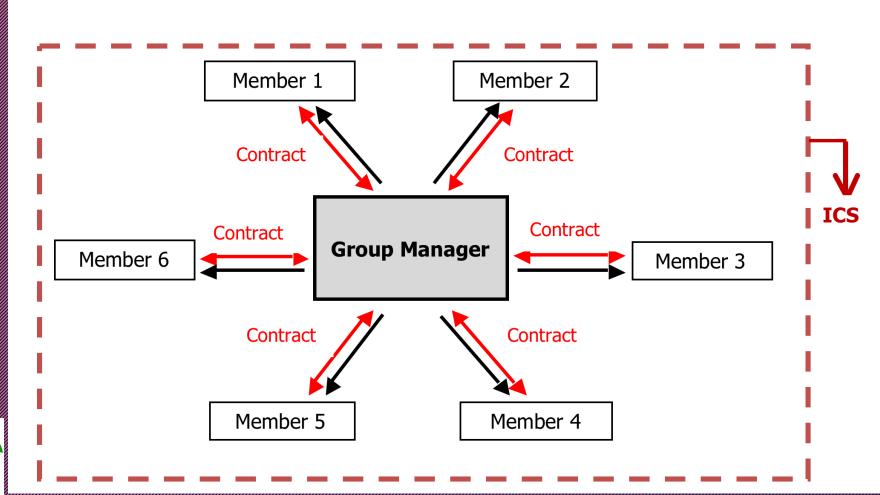
Regular Briefing
Close monitoring – internal
audit
Update new regulation
Workers



Strategy for Smallholders MSPO Certification



Grouping of Smallholders







Independent Smallholders

SPOC

Sistematole Palm Office (SPOC)

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Sinal holders with a specific boundary

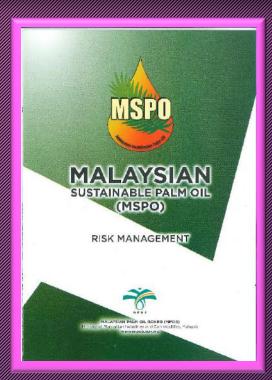
Sinal holders with a spe





SPOC Development Process

- SPOC district in every Skare
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 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)



Target 2016 - 2020

Number of Sinchline lears

No.	Item	2015	2016	2017	2018	2019	2020	Total
1	SPOC to be certified	6	15	15	15	10	10	65
2	No of SH (Certified/ to be certified	388	744	-	-	-	-	1,132
3	Total SH	15,514	36,665	2988	<u>-</u>	-	-	55,167

Target 2016 - 2020

No.	ltem	2015	2016	2017	2018	2019	2020	Total
1	SPOC to be certified	6	15	15	15	10	10	65
2	Certified Area (Ha)	1,435.94	3,227.02	-	-	-	-	4,662.96
3	Total SPOC area (Ha)	55,962.00	108,302.03	15,369.00	<u>-</u>	-	-	179,633.03

Dealer of fruits (DF)



2) Dif Yong Pang





Organized Smallholders



712,956 Ha

348,226 Ha



76/155 Ha



51,072 Ha



25,975 Ha



175,169 Ha



Projected Area to be Certified

	2015	2016	2017	2018	2019	2020
FELDA	3,868.34	Nil	67,427.26	178,239	392,125.8	712,956
RISDA	Nil	Nil	7,615.5	342,69.75	64,731.75	76,155
FELCRA	Nil	Nil	17,516.9	78,826.05	148,893.7	175,169
GOVERNMENT/ STATE AGENCY	Nil	Nil	34,822.6	156,701.7	295,992.1	348,226
Cumulative Total			127,382.3	448,036.5	901,743.3	1,312,506

Basis calculation:

2017: 10% certified area; 2018: 25% certified area; 2019: 55% certified area; 2020: 100% certified area



Certified Organized Smallholders

No	SPOC	Number of SH	Area (ha)	Certified date
1	FELDA Lasah	387	887.05	2015
2	FELDA Ijok	599	2,981.29	2015
	Total	986	3,868.34	











Total Certified Area 6,798.55ha











Conclusion

- 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

