Smallholders Certification and Challenges

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Malaysian Palm Oil Board
❖ Introduction

❖ Challenges

❖ Smallholder MSPO Certified Areas

❖ Conclusion
Introduction

Malaysian Smallholder

- 650,000 smallholders
- Area: 2.27 million hectares
- 40% total planted area
- Farmers who own or lease less than 40.46 hectares of an oil palm farm
- Currently average size of land per smallholder is 3.9 hectares
- Current income per smallholder about RM1000 - RM2000 per month
Introduction

**Independent Smallholders**
Smallholders that are self-organized, self-managed and self-financed, and may also receive support or extension services from government.

**Organized Smallholders**
Smallholders that are organized, supervised or directly managed by the manager of the schemes such as FELDA, FELCRA, RISDA, SALCRA, SLDB and other state agencies.
MSPO Standard for Independent Smallholders

MS 2530-2:2013
General Principles for Independent Smallholders

- 7 principles
- 22 criteria
- 33 indicators
MSPO Standard for Organised Smallholders

MS 2530-3:2013
General Principles for Oil Palm Plantations and Organised Smallholders

- 7 principles
- 32 criteria
- 114 indicators
Challenges

- Legality of the land - Not all smallholders can demonstrate rights to their landholdings
- Distribution of smallholders – over 250,000 ISH & scattered
- Commitment from smallholders to implement MSPO
- Attitude towards sustainability certification, which is a burden and costly.
- Variation in the education level of smallholders
- Age of smallholders
- Environmental regulations
- Knowledge of market requirements
- Incomplete infrastructure and cost to install it
• Not all smallholders can demonstrate ownership of their land
• Their land is specific for certain crop such as rubber, coconut, rice, etc
• MPOB has look into the various category of land ownership
<table>
<thead>
<tr>
<th>Kategori</th>
<th>Status Pemilikan Tanah Pekebun Kecil Persendirian</th>
<th>Catatan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>a) Mempunyai geran</td>
<td>Layak.</td>
</tr>
<tr>
<td></td>
<td>b) Kegunaan Tanah: Pertanian atau sawit</td>
<td></td>
</tr>
</tbody>
</table>
| 2        | a) Mempunyai geran                           | a) Perlu menambah status penggunaan tanah kepada sawit dengan kelulusan Pejabat Tanah & Galian Negeri.  
|          | b) Kegunaan Tanah: Bukan untuk tanaman sawit (cth: makanan, koko, getah, dusun, nipah, dll.) | b) Layak untuk pensijilan MSPO apabila resit permohonan diterima. |
| 3        | a) Mempunyai geran                           | a) Mohon tukar syarat penggunaan tanah kepada tanaman sawit melalui Pejabat Tanah & Galian Negeri.  
|          | b) Tanaman padi / kelapa / tanaman yang digazetkan oleh Kerajaan Negeri | b) Layak untuk pensijilan MSPO apabila resit permohonan diterima. |
| 4        | a) Tanah Rizab Orang Asli                    | a) Perlu mendapat kebenaran Jabatan Kemajuan Orang Asli (JKOA) dan Pejabat Tanah & Galian Negeri.  
|          |                                              | b) Perlu mempunyai persempadanan tanah yang jelas. |
| 5        | a) Tiada geran (cth: tanah ceroboh, reserve jalan & sungai, dll.) | Tidak layak. |
| 6        | a) Tanah Native Customary Rights (NCR)       | Layak. |
|          | b) Mempunyai geran – Section 18, Sarawak Land Code |         |
| 7        | a) Tanah Native Customary Rights (NCR)       | Layak. |
|          | b) Telah diukur dan digazetkan sebagai Native Communal Reserve (NCR) – Section 6, Sarawak Land Code |         |
Issue: NCR land not clearly stated

Solution

1. To meet MSPO requirements, the following criteria can be used for verifying the ownership of smallholders oil palm area on native customary land (NCR):

   i. Has a grant - Section 18, Sarawak Land Code Land is measured and gazetted as NCR - Section 6, Sarawak Land Code Has been measured but not yet gazetted as NCR

   ii. Eligible but need to have a letter of authentication and land delineation plan from the State Land & Survey Department

2. Use a letter of confirmation of land ownership from the Village Head / Tuai Rumah
Scattered and need to be grouped for easy management. Sustainable Palm Oil Cluster refers to a group of independent smallholders within a specified boundary who are committed to implement GAP through the cooperative structure.

- **254,000 independent smallholders**
- **GROUPED**
- **162 clusters**

**Sustainable Palm Oil Clusters (SPOCs)**
Sustainable Palm Oil Clusters (SPOCs)

Each Cluster
Code Number
1500 – 2000 smallholders
~ 8000 ha
Sustainable Palm Oil Clusters (SPOCs)
Sustainable Palm Oil Cluster

- Cooperatives
- Industry
- NGOs
- Government
- Dealers
- Wild Asia
- Private
- Mills
- Smallholders
- Estates
Related Activities

- Grouping of smallholders into Sustainable Palm Oil Clusters (SPOCs) – number of SH, Group manager
- Profiling the smallholders under each SPOC
- Mapping of smallholders – GPS coordinates & boundary of SPOC/SH
- Develop e-trace system for easy application to participate in MSPO
- Strengthen the staff to assist the SPOC manager – in terms of numbers and knowledge
- For organized smallholders they grouped under schemes, cooperatives, project, etc
- The agencies normally have the profile of these smallholders
<table>
<thead>
<tr>
<th>JENIS</th>
<th>KETERANGAN</th>
</tr>
</thead>
</table>
| 1. | **1. **Jenis Operasi:  
- **2. **Status Perumahan:  
- **3. **Status Perlengkapan:  
- **4. **Status Pembinaan:  
- **5. **Status Pengetahuan:  
- **6. **Status Pengujian:  |

**Tanda**  
- **8. **Status Perumahan:  
- **9. **Status Perlengkapan:  
- **10. **Status Pembinaan:  
- **11. **Status Pengetahuan:  
- **12. **Status Pengujian:  |

**Catatan**  
- **13. **Jumlah Unit:  
- **14. **Jumlah Perumahan:  
- **15. **Jumlah Perlengkapan:  
- **16. **Jumlah Pembinaan:  
- **17. **Jumlah Pengetahuan:  
- **18. **Jumlah Pengujian:  |

**Tanda**  
- **19. **Status Perumahan:  
- **20. **Status Perlengkapan:  
- **21. **Status Pembinaan:  
- **22. **Status Pengetahuan:  
- **23. **Status Pengujian:  |

**Catatan**  
- **24. **Jumlah Unit:  
- **25. **Jumlah Perumahan:  
- **26. **Jumlah Perlengkapan:  
- **27. **Jumlah Pembinaan:  
- **28. **Jumlah Pengetahuan:  
- **29. **Jumlah Pengujian:  |

**Tanda**  
- **30. **Status Perumahan:  
- **31. **Status Perlengkapan:  
- **32. **Status Pembinaan:  
- **33. **Status Pengetahuan:  
- **34. **Status Pengujian:  |

**Catatan**  
- **35. **Jumlah Unit:  
- **36. **Jumlah Perumahan:  
- **37. **Jumlah Perlengkapan:  
- **38. **Jumlah Pembinaan:  
- **39. **Jumlah Pengetahuan:  
- **40. **Jumlah Pengujian:  |

**Tanda**  
- **41. **Status Perumahan:  
- **42. **Status Perlengkapan:  
- **43. **Status Pembinaan:  
- **44. **Status Pengetahuan:  
- **45. **Status Pengujian:  |

**Catatan**  
- **46. **Jumlah Unit:  
- **47. **Jumlah Perumahan:  
- **48. **Jumlah Perlengkapan:  
- **49. **Jumlah Pembinaan:  
- **50. **Jumlah Pengetahuan:  
- **51. **Jumlah Pengujian:  |

**Tanda**  
- **52. **Status Perumahan:  
- **53. **Status Perlengkapan:  
- **54. **Status Pembinaan:  
- **55. **Status Pengetahuan:  
- **56. **Status Pengujian:  |

**Catatan**  
- **57. **Jumlah Unit:  
- **58. **Jumlah Perumahan:  
- **59. **Jumlah Perlengkapan:  
- **60. **Jumlah Pembinaan:  
- **61. **Jumlah Pengetahuan:  
- **62. **Jumlah Pengujian:  |
Commitment from smallholders to implement MSPO

Attitude towards sustainability certification, which is a burden and costly.

Variation in the education level of smallholders

Environmental regulations

Knowledge of market requirements

Age of smallholders
Activities Conducted by MPOB

- Training on MSPO – awareness and field training
- MSPO documents preparation – Policy/SOPs/records
- Internal Audit
- MSPO Audit – Stage 1, Stakeholder Consultation, Stage 2 and corrective actions
- GAP apps to assess the performance of smallholder’s operations
- MSPO ICT tool to assess the performance of smallholder’s readiness to implement MSPO
ICT Tools

Collaboration with Solidaridad
Issue: Oil palm cultivation in areas not suitable such as slopes of >25 degrees or buffer/riparian zone

Solution
1. Raise awareness of smallholders on environmental protection through continuous training
2. Recommend smallholders to build terraces for steep terrain and hilly areas during new planting and replanting of oil palm
3. Recommend smallholders not to conduct any chemical spraying around the buffer zone areas
4. Placement of signs in areas of high biodiversity
Financial Assistance for Smallholders

Issue: Incomplete infrastructure and cost to install it

Solution

Financial assistance for smallholders:
- MSPO Fund
- RMK-11

Scope of assistance:
- Technical assistance and training
- Personal Protective Equipment (PPE)
- Storage facility
- Certification Fees
Organized Smallholders

Organised smallholders:
- Training on MSPO – awareness
- GAP Analysis

Financial assistance for smallholders:
- MSPO Fund

Scope of assistance:
- Technical assistance and training
- Certification Fees
<table>
<thead>
<tr>
<th>31 October 2018</th>
<th>Total Area (ha)</th>
<th>Unit Certified</th>
<th>Area certified (ha)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Smallholders</td>
<td>979,758</td>
<td>70 clusters</td>
<td>15,166.59</td>
<td>1.5</td>
</tr>
<tr>
<td>Organized Smallholders</td>
<td>1,287,958</td>
<td>66 schemes/groups</td>
<td>119,535.66</td>
<td>9.3</td>
</tr>
</tbody>
</table>
Conclusion

✧ Even though certified oil palm smallholders area is low, the process towards sustainability in terms of education has started.

✧ MPOB is working closely with other agencies and organizations to hasten small holders’ MSPO certification.

✧ With the implementation of MSPO certification for smallholders, they will be part sustainable suppliers of FFBs.
Funds are provided to assist smallholders to implement MSPO certification

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

Palm oil has the greatest potential to overcome food insecurity
Thank you

Ensuring the continued success and competitiveness of Malaysian Palm Oil