Creating A New Sustainable Landscape For Organized Smallholders
PRESENTATION OUTLINE

1. Background
2. Basic Information of FELDA
3. FELDA Strategy (Organised Smallholder) in MSPO Certification Management
4. Progress of MSPO FELDA Certification
5. Issues
6. Solutions
7. Conclusion
BACKGROUND

Needs to implement Sustainability Standard

- Market access
- Continual improvement
- Productivity
- Market competition
- High cost of existing sustainability scheme such as RSPO
Federal Land Development Authority (FELDA) was established on July 1, 1956 under the Land Development Ordinance of 1956 for the development of land and relocation with the objective of poverty eradication through the cultivation of oil palm and rubber. The FELDA function is to carry out projects of land development and agricultural activities, industrial and commercial social economy.

In 1990, FELDA was no longer recruiting new settlers. Government has entrusted FELDA to stand with their own financial and become a statutory body that can generate their own income to support various development through a variety of businesses. Consequently, from 1996 onwards the government does not channel any provision to the schemes. In an effort to generate income, FELDA has launched a number of private corporate entities primarily to ensure complete value chain of its core activities. Among the largest are FELDA Holding Berhad, Felda Plantation Sdn Bhd and Felda Global Ventures (FGV). To ensure the increase in income of settlers, Koperasi Permodalan Felda (KPF) was established.

Today, Felda continues to carry major role by providing adequate and modern facilities on the schemes, ensuring the next generation of explorers educated to enhance the socio-economic and quality of life and ensuring the schemes can generate various economic activities as well as bridging the gap between urban and small urban areas.

FELDA focus is to be the 'Economic Powerhouse' in generating economic activities in 2020 through its structural program with a wide range of human capital potential.
BASIC INFORMATION OF FELDA
SMALLHOLDERS IN MALAYSIA

Type of Smallholders

Organized Smallholders: 315,293
Independent Smallholders: 234,707

Total Smallholders: 550,000

Sources: MPOB
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

Sources: MPOB
FELDA STRATEGY (ORGANISED SMALLHOLDER) IN MSPO CERTIFICATION MANAGEMENT
CERTIFICATION PROCEDURE OF MSPO CERTIFICATION SCHEMES

Application → Stage 1 Audit → Stakeholder Consultation → Panel Review → Draft Report → Stage 2 Audit → Final Report → CB Certification Panel → Annual Surveillance Audit → Re-certification

MPOB and Public Notification → Certificate Issuance → Approve
FELDA MSPO PREPARATION AND CERTIFICATION PROCESS

- Meeting to appoint certification group and committee
  - * FELDA Sustainability Officer
  - * Scheme manager & FTPSB
  - * Head of smallholders, Head of block & GPW

- Awareness MSPO (Officer, settler, contractor, worker)
  - * FELDA Sustainability Officer
  - * MPOB Officer

- Joining of Certification group members (for the smallholder)
  - * Scheme manager

- SIA assessment
  - * FELDA Sustainability Officer

- HCV assessment, Biodiversity & Ecosystem
  - * FELDA Sustainability Officer

- EIA & Water Sampling (river)
  - * FELDA Sustainability Officer

- Coaching of preparing documentation (Filing, Work contract, Documentation, Training etc)
  - * FELDA Sustainability Officer
  - * MPOB Officer
  - * Regional Agriculture Officer

- Stakeholder Consultation (Regional stage @ Group)
  - * FELDA Sustainability Officer

- Certification Body (CB) was already elected

- Must be more than 30 days before CB make public announcement

- Internal Audit
  - * FELDA Sustainability Officer

- Audit Stage 1
  - * Certification Body
  - * FELDA Sustainability Officer
  - * Scheme manager & FTPSB

- Audit Stage 2
  - * Certification Body
  - * FELDA Sustainability Officer
  - * Scheme Manager & FTPSB

- NCR Closing Process
  - * FELDA Sustainability Officer
  - * Scheme manager & FTPSB
**CERTIFICATION PROGRAMME MSPO FELDA 2017 TO 2019**

<table>
<thead>
<tr>
<th>No</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Raja Alias Group (1,570 settlers) (4 Scheme)</td>
<td>Padang Piol Group (4 Scheme)</td>
<td>Krau Group (3 Scheme)</td>
<td>Tenggaroh Group (2,237 settlers) (6 Scheme)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Gelanggi Group (4 Scheme)</td>
<td>Bkt Besar Group (1,939 settlers) (9 Scheme)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Jengka 18 Group (Zone 1) (6 Scheme)</td>
<td>Panching Group (954 settlers) (3 Scheme)</td>
</tr>
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<td></td>
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<td>Wa Ha Group (2,280 settlers) (5 Scheme)</td>
</tr>
<tr>
<td>2</td>
<td>Serting Hilir Group (Zon 2) (1,191 settlers)</td>
<td>Jengka 8 Group (7 Scheme)</td>
<td>Palong Group (5 Scheme)</td>
<td>Chiku Group (1,876 settlers) (8 Scheme)</td>
</tr>
<tr>
<td></td>
<td>(5 Scheme)</td>
<td></td>
<td>Triang Group (6 Scheme)</td>
<td>Bkt Kepayang Group (1,590 settlers) (3 Scheme)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Jengka 18 Group (Zone 2) (5 Scheme)</td>
<td>Semenchu Group (2,421 settlers) (4 Scheme)</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>Kahang Group (1,179 settlers) (3 Scheme)</td>
</tr>
<tr>
<td>3</td>
<td>Bukit Sagu Group (712 settlers) (2 Scheme)</td>
<td>Lepar Utara Group (3 Scheme)</td>
<td>Palong Timur Group (5 Scheme)</td>
<td>Tersang Group (1,896 settlers) (7 Scheme)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Bkt Mendi Group (6 Scheme)</td>
<td>Gugusan Chalok (1,399 settlers) (5 Scheme)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Jerangau Barat Group (3 Scheme)</td>
<td>Gugusan Sahabat (680 settlers) (5 Scheme)</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td>Neram Group (2,826 settlers) (6 Scheme)</td>
</tr>
<tr>
<td>4</td>
<td>Selancar Group (712 settlers) (2 Scheme)</td>
<td>Jengka 3 Group (Zone 1) (4 Scheme)</td>
<td>Jengka 21 Group (7 Scheme)</td>
<td>Adela Group (1,805 settlers) (4 Scheme)</td>
</tr>
<tr>
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<td></td>
<td>Keratong 3 Group (2,488 settlers) (5 Scheme)</td>
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<td></td>
<td>Umas Group (776 settlers) (5 Scheme)</td>
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<td></td>
<td></td>
<td>Segamat Group (2,018 settlers) (3 Scheme)</td>
</tr>
<tr>
<td>5</td>
<td>Lepar Hilir Group (4 Scheme)</td>
<td>Jengka 3 Group (Zone 2) (5 Scheme)</td>
<td>Serting Hilir Group (Zon 1) (9 Scheme)</td>
<td>Air Tawar Group (2,194 settlers) (4 Scheme)</td>
</tr>
<tr>
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<td>Kerteh Group (2,151 settlers) (6 Scheme)</td>
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<td>Mempapa Group (2,130 settlers) (6 Scheme)</td>
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<td></td>
<td></td>
<td>Jelai Group (1,663 settlers) (7 Scheme)</td>
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<tr>
<td>6</td>
<td>Besout Group (5 Scheme)</td>
<td>Keratong 9 Group (5 Scheme)</td>
<td>Maokil Group (8 Scheme)</td>
<td>Kemahang Group (1,208 settlers) (4 Scheme)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Kulai Group (1,578 settlers) (3 Scheme)</td>
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<tr>
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<td></td>
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<td></td>
<td>Penggeli Group (1,634 settlers) (4 Scheme)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Utara Group (725 settlers) (6 Scheme)</td>
</tr>
<tr>
<td>7</td>
<td>Trolak Group (5 Scheme)</td>
<td>Jerangau Baru Group (2 Scheme)</td>
<td>Pasoh Group (6 Scheme)</td>
<td>Belitong Group (1,620 settlers) (6 Scheme)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lok Heng Group (1,753 settlers) (4 Scheme)</td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td>Sg. Tengi Group (1,870 settlers) (4 Scheme)</td>
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<td>Melaka Group (433 settlers) (4 Scheme)</td>
</tr>
</tbody>
</table>

**NOTE**

- **Felda Ijok and Felda Lasah (MSPO Pilot Project)**
- Involves 3 certification groups (11 Scheme)
- Involves 26 certification groups
- Involves 28 certification groups
- TOTAL certification groups: 57

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<table>
<thead>
<tr>
<th>NO</th>
<th>YEAR</th>
<th>SCHEME NUMBER</th>
<th>AREA (HECTARE)</th>
<th>NOTE</th>
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<tbody>
<tr>
<td>1</td>
<td>2015</td>
<td>2</td>
<td>3,868.34</td>
<td>Felda Ijok and Felda Lasah (MSPO Pilot Project)</td>
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<tr>
<td>2</td>
<td>2017</td>
<td>11</td>
<td>15,241.79</td>
<td>Involves 3 certification groups (11 Scheme)</td>
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<td>3</td>
<td>2018</td>
<td>136</td>
<td>209,381.78</td>
<td>Involves 26 certification groups</td>
</tr>
<tr>
<td>4</td>
<td>2019</td>
<td>137</td>
<td>204,228.67</td>
<td>Involves 28 certification groups</td>
</tr>
<tr>
<td>5</td>
<td>TOTAL</td>
<td>286</td>
<td>432,720.58</td>
<td>57 certification groups</td>
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**KEY HIGHLIGHTS : MSPO Certifications**

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<tr>
<th>Area</th>
<th>Status</th>
<th>Note</th>
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<tr>
<td>Sustainability Update 2019</td>
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<tr>
<td></td>
<td></td>
<td><strong>Progress of Certification</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>MSPO by schemes</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Target</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Achieved</strong></td>
</tr>
<tr>
<td></td>
<td>N0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>Audited externally in 2015-2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Target 149</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Achieved 149</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Target to be MSPO certified in 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Target 137</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Achieved 77</td>
</tr>
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<td></td>
<td>3</td>
<td>Target to be audited externally in 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Target 137</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Achieved 100</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Annual Surveillance Audit 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Target 149</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Achieved 126</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Certify all 286 schemes (57 groups)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Target 286</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Achieved 251</td>
</tr>
</tbody>
</table>

|                           |                               | **Update**                               |
|                           | N0                            |                                          |
|                           | 1                             | To Date Audited                          |
|                           |                               | 249/286 schemes                          |
|                           | 2                             | To Date Certified                         |
|                           |                               | 217/286 schemes                          |
## PROGRESS OF MSPO FELDA CERTIFICATION
(for the current year only - 2019)

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>No. of Groups</th>
<th>No. of Schemes</th>
<th>No. of Settlers</th>
<th>Area of Planting (Ha)</th>
<th>% Achieved 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Certified MSPO (2019)</td>
<td>15 Group</td>
<td>77 Schemes</td>
<td>27,493</td>
<td>116,262</td>
<td>56.93</td>
</tr>
<tr>
<td>2</td>
<td>Completed Audit Stage 2</td>
<td>6 Group</td>
<td>23 Schemes</td>
<td>7,713</td>
<td>35,927.09</td>
<td>17.59</td>
</tr>
<tr>
<td>3</td>
<td>Completed Audit Stage 1</td>
<td>0 Group</td>
<td>0 Schemes</td>
<td>-</td>
<td>-</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>21 Group</td>
<td>100 Schemes</td>
<td>35,206</td>
<td>152,189.17</td>
<td>74.52</td>
</tr>
<tr>
<td></td>
<td>Target 2019</td>
<td>28 Group</td>
<td>137 Schemes</td>
<td>47,313</td>
<td>204,228.67</td>
<td></td>
</tr>
</tbody>
</table>

*Total area oil palm FELDA
57 Groups; 286 Schemes; 99,894 Settler; 432,720.58 ha
# PROGRESS OF MSPO FELDA CERTIFICATION until 1 November 2019

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>No. of Groups</th>
<th>No. of Schemes</th>
<th>No. of Settlers</th>
<th>Area of Planting (Ha)</th>
<th>% Achieved 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Certified MSPO (2015, 2017 &amp; 2018)</td>
<td>27 Groups</td>
<td>140 Schemes</td>
<td>48,852</td>
<td>211,753.86</td>
<td>75.80</td>
</tr>
<tr>
<td></td>
<td>Certified MSPO (2019)</td>
<td>15 Groups</td>
<td>77 Schemes</td>
<td>27,493</td>
<td>116,262.08</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Completed Audit Stage 2</td>
<td>8 Groups</td>
<td>34 Schemes</td>
<td>11,442</td>
<td>52,665.14</td>
<td>12.17</td>
</tr>
<tr>
<td>3</td>
<td>Completed Audit Stage 1</td>
<td>0 Groups</td>
<td>0 Schemes</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>50/57 Groups</td>
<td>251/286 Schemes</td>
<td>87,787</td>
<td>380,681.08</td>
<td>87.97</td>
</tr>
</tbody>
</table>

*Total area oil palm FELDA
57 Groups; 286 Schemes; 99,894 Settler; 432,720.58 ha
Coaching Programme With Smallholder And Worker

Sosial Impact Assessment

Awareness programme to workers

MSPO Coaching for smallholder
Training Programme for smallholder With Other Agencies
Environment Programmes
Social Responsibility Programme For Smallholder
Awareness MSPO Programmes In Every Schemes
Signage In Some Schemes Area
Biodiversity And Ecosystem Programmes
ISSUES

❖ Land
  ➢ Legality of land – owner, illegal, etc
  ➢ 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
## Major NCR Summary

<table>
<thead>
<tr>
<th>No</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Sosial</strong></td>
</tr>
<tr>
<td></td>
<td>Poor management of Contractor (contractors’ workers do not have a pay slip and contract agreement)</td>
</tr>
<tr>
<td></td>
<td>Poor grievances management</td>
</tr>
<tr>
<td></td>
<td>Poor worker’s living condition</td>
</tr>
<tr>
<td></td>
<td>Issue on minimum wages for contractors’ workers.</td>
</tr>
<tr>
<td>2</td>
<td><strong>Environment</strong></td>
</tr>
<tr>
<td></td>
<td>Poor management of solid waste (land fill) and scheduled waste.</td>
</tr>
<tr>
<td></td>
<td>Legal requirement not meet (competent person)</td>
</tr>
<tr>
<td></td>
<td>Poor OSH management (PPE, Medical Surveillance, HIRARC),</td>
</tr>
<tr>
<td></td>
<td>No Fire Certificate for certain building</td>
</tr>
<tr>
<td></td>
<td>Poor management of riparian buffer zone</td>
</tr>
<tr>
<td>3</td>
<td><strong>Best Practices</strong></td>
</tr>
<tr>
<td></td>
<td>Mismatch of total estate area: land title versus estate perimeter area.</td>
</tr>
<tr>
<td></td>
<td>Estate Map obsolete and not represent current estate condition.</td>
</tr>
<tr>
<td></td>
<td>Soil series not present or not up to date.</td>
</tr>
<tr>
<td></td>
<td>Poor IPM management, Some legal requirement are not in practices.</td>
</tr>
</tbody>
</table>
✓ Regular Briefing
✓ Close monitoring – internal audit every year
✓ Update new regulation
✓ Workers welfare

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

Deforestation, threat to biodiversity, peat emission
- Currently work with related agencies

Solutions
- Management of holdings – aging owners
- Good Agriculture Practice – productivity, labour
- Education level – variation is wide
- Acceptance of change
- Compliance to regulations
- Land – close interaction between Schemes with land office

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CONCLUSION

With the implementation of MSPO certification for smallholders, they become the suppliers of sustainable FFBs for the production of sustainable palm oil.

Funds are provided to assist smallholders to implement MSPO certification.

Oil palm planting helps eradicate poverty as per Sustainable Development Goal and has the greatest potential to overcome food insecurity.

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 enhances the living standard of smallholders & with production of sustainable FFBs they may get incentive from the buyers.
THANK YOU

FELDA
03-21912191
www.felda.gov.my