



## PAPER 2

**Creating A New Sustainable  
Landscape For Organized  
Smallholders**

# CSPOKI 2019

# **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**

MSPO KL 2019

# BACKGROUND

Needs to  
implement  
Sustainability  
Standard

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

# BACKGROUND

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

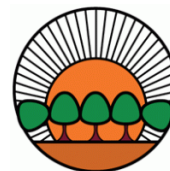


## Independent Smallholders

- 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

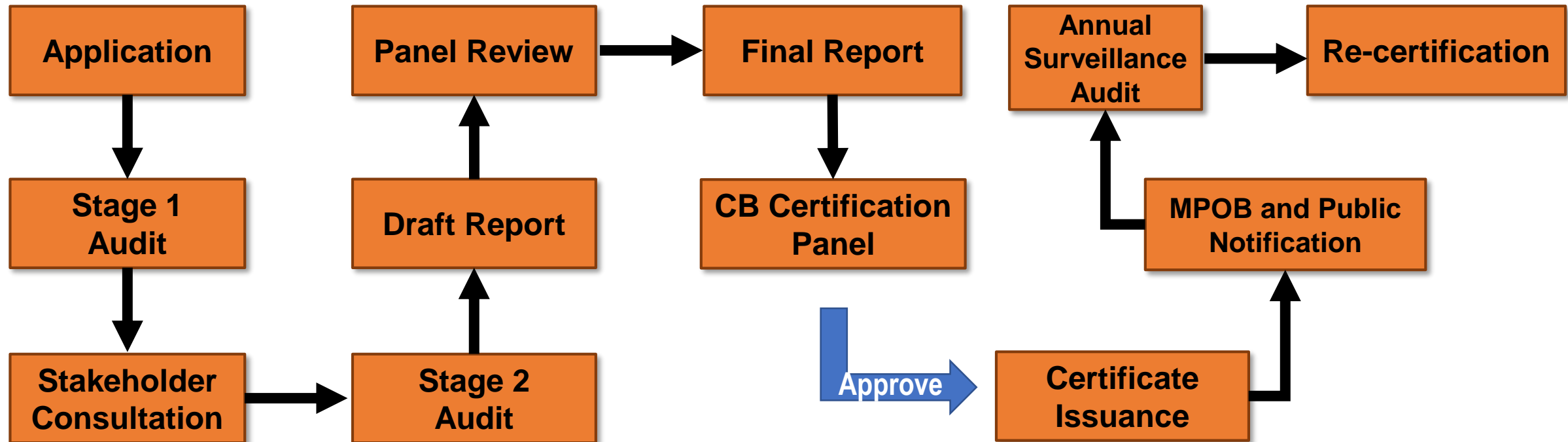
- Smallholdings managed by government agencies such as FELDA, FELCRA, RISDA, SALCRA and other state agencies
- Total area: 1,268,365 ha



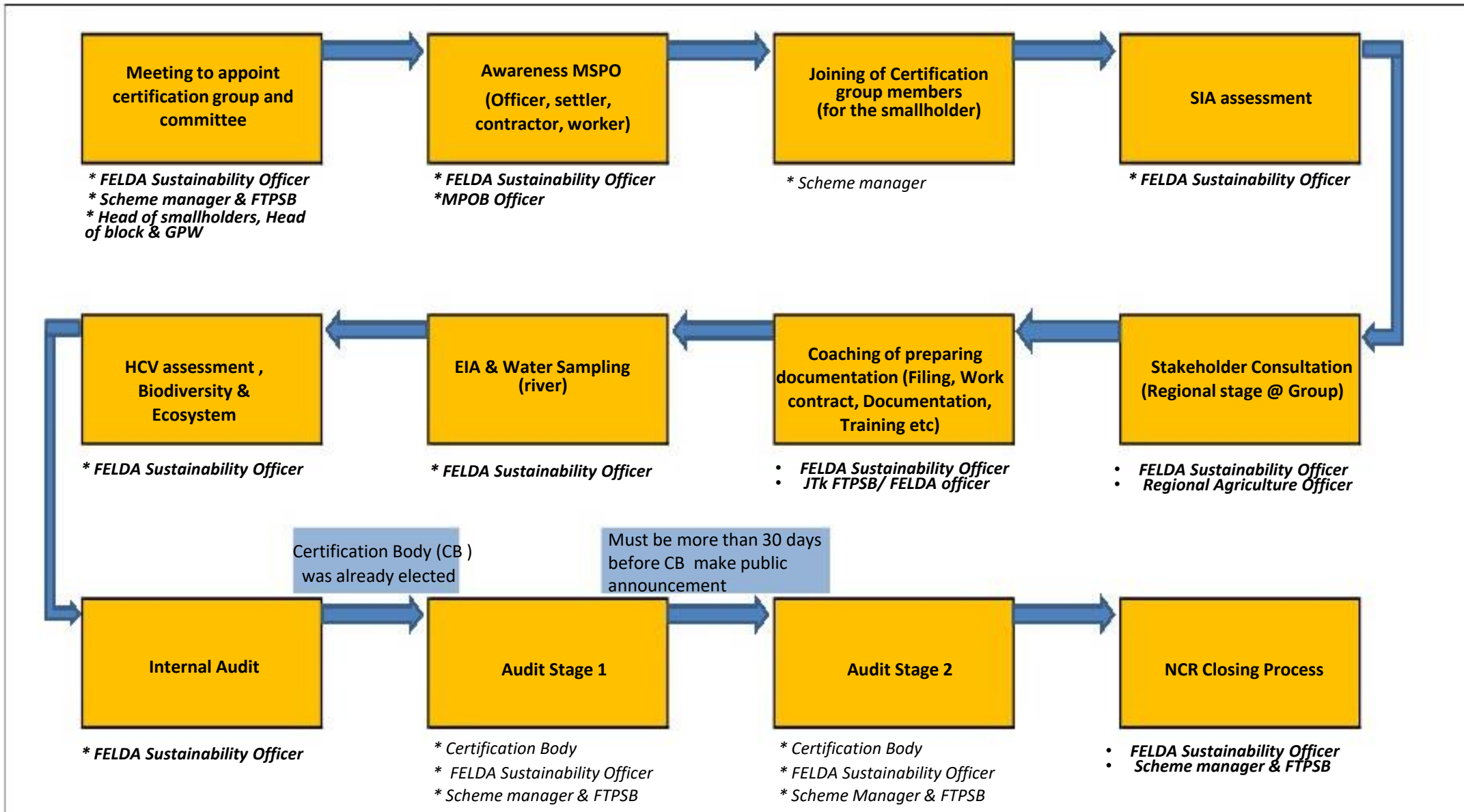
# **FELDA STRATEGY (ORGANISED SMALLHOLDER) IN MSPO CERTIFICATION MANAGEMENT**



# CERTIFICATION PROCEDURE OF MSPO CERTIFICATION SCHEMES



# FELDA MSPO PREPARATION AND CERTIFICATION PROCESS

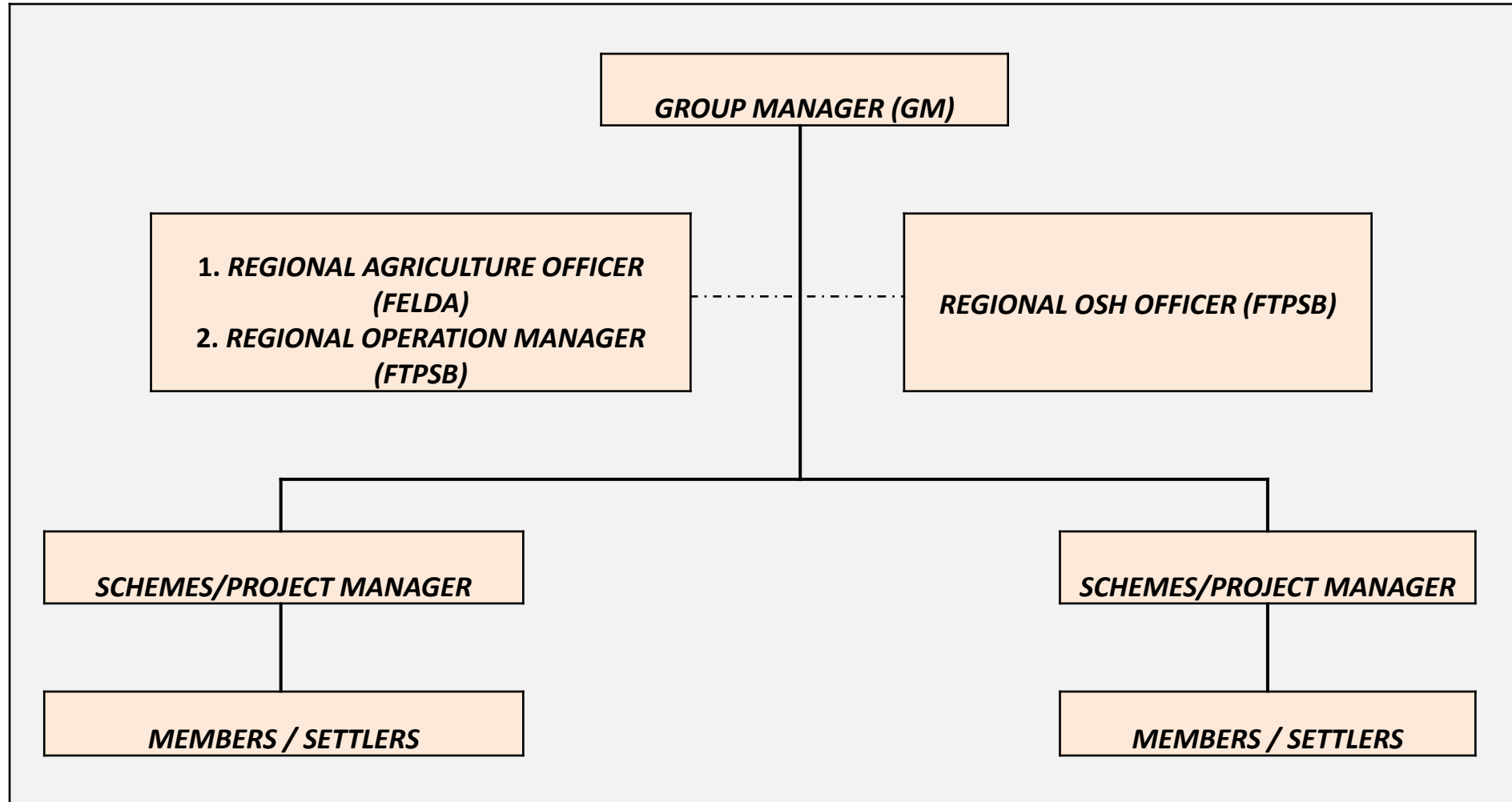


# CERTIFICATION PROGRAMME MSPO FELDA 2017 TO 2019

No	2017	2018				2019			
1	Raja Alias Group (1570 settlers) (4 Scheme)	Padang Piol Group (4 Scheme)	Krau Group (3 Scheme)	Gelanggi Group (4 Scheme)	Jengka 18 Group (Zone 1) (6 Scheme)	Tenggaroh Group (2,237 settlers) (9 Scheme)	Bkt Besar Group (1,939 settlers) (4 Scheme)	Panching Group (954 settlers) (3 Scheme)	Wa Ha Group (2,280 settlers) (5 Scheme)
2	Serting Hilir Group (Zon 2) (1,191 settlers) (5 Scheme)	Jengka 8 Group (7 Scheme)	Palong Group (5 Scheme)	Triang Group (6 Scheme)	Jengka 18 Group (Zone 2) (5 Scheme)	Chiku Group (1,876 settlers) (8 Scheme)	Bkt Kepayang Group (1,590 settlers) (3 Scheme)	Semenchu Group (2,421 settlers) (4 Scheme)	Kahang Group (1,179 settlers) (3 Scheme)
3	Bukit Sagu Group (712 settlers) (2 Scheme)	Lepar Utara Group (3 Scheme)	Palong Timur Group (5 Scheme)	Bkt Mendi Group (6 Scheme)	Jerangau Barat Group (3 Scheme)	Tersang Group (1,896 settlers) (7 Scheme)	Gugusan Chalok (1,399 settlers) (5 Scheme)	Gugusan Sahabat (680 settlers) (5 Scheme)	Neram Group (2,826 settlers) (6 Scheme)
4		Selancar Group (6 Scheme)	Jengka 3 Group (Zone 1) (4 Scheme)	Jengka 21 Group (7 Scheme)	Chini Group (8 Scheme)	Adela Group (1,805 settlers) (4 Scheme)	Keratong 3 Group (2,488 settlers) (5 Scheme)	Umas Group (776 settlers) (5 Scheme)	Segamat Group (2,018 settlers) (3 Scheme)
5		Lepar Hilir Group (4 Scheme)	Jengka 3 Group (Zone 2) (5 Scheme)	Serting Hilir Group (Zon 1) (9 Scheme)	Selendang Group (5 Scheme)	Air Tawar Group (2,194 settlers) (4 Scheme)	Kerteh Group (2,151 settlers) (6 Scheme)	Mempaga Group (2,130 settlers) (6 Scheme)	Jelai Group (1,663 settlers) (7 Scheme)
6		Besout Group (5 Scheme)	Keratong 9 Group (5 Scheme)	Maokil Group (8 Scheme)		Kemahang Group (1,208 settlers) (4 Scheme)	Kulai Group (1,578 settlers) (3 Scheme)	Penggeli Group (1,634 settlers) (4 Scheme)	Utara Group (725 settlers) (6 Scheme)
7		Trolak Group (5 Scheme)	Jerangau Baru Group (2 Scheme)	Pasoh Group (6 Scheme)		Belitong Group (1,620 settlers) (6 Scheme)	Lok Heng Group (1,753 settlers) (4 Scheme)	Sg. Tenggi Group (1,870 settlers) (4 Scheme)	Melaka Group (433 settlers) (4 Scheme)

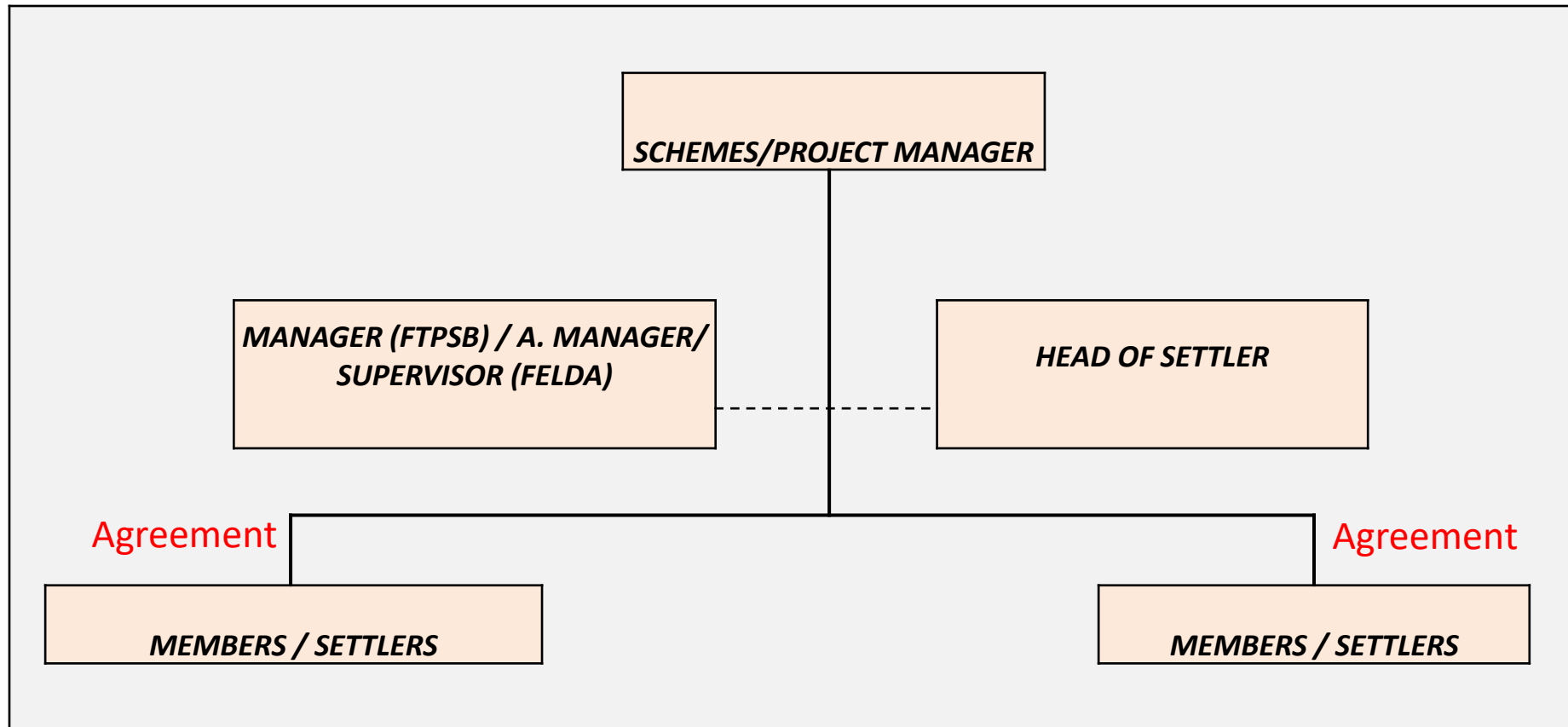
NO	YEAR	SCHEME NUMBER	AREA (HECTARE)	NOTE
1	2015	2	3,868.34	Felda Ijok and Felda Lasah (MSPO Pilot Project)
2	2017	11	15,241.79	Involves 3 certification groups (11 Scheme)
3	2018	136	209,381.78	Involves 26 certification groups
4	2019	137	204,228.67	Involves 28 certification groups
5	TOTAL	286	432,720.58	57 certification groups

# CERTIFICATION COMMITTEE CHART





# CERTIFICATION COMMITTEE CHART BY SCHEMES/PROJECT



KEY HIGHLIGHTS : MSPO Certifications

Area	Status	Note			
Sustainability Update 2019		NO	Progress of Certification	MSPO by schemes	
				Target	Achieved
		1	Audited externally in 2015-2018	149	149
		2	Target to be MSPO certified in 2019	137	77
		3	Target to be audited externally in 2019	137	100
		4	Annual Surveillance Audit 2019	149	126
		5	Certify all 286 schemes (57 groups)	286	251
		NO	Progress of Certification	Update	
		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)

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

\*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

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

\*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



Before



After





# Social Responsibility Programme For Smallholder





# Awareness MSPO Programmes In Every Schemes





# Signage In Some Schemes Area



Before



After







## 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

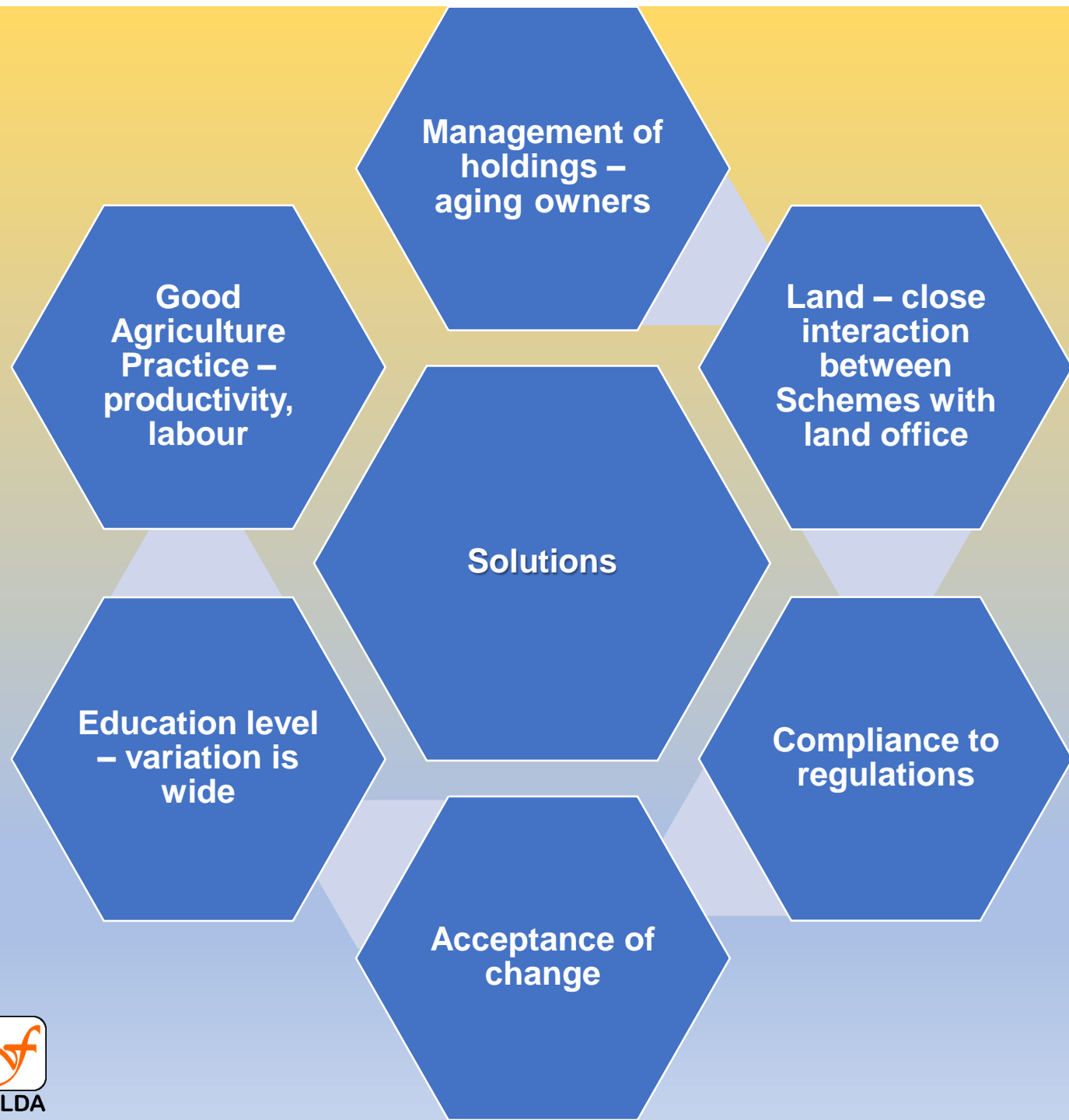
## ❖ Deforestation, threat to biodiversity, peat emission





# Major NCR Summary

No		Issues
1	Sosial	Poor management of Contractor (contractors' workers do not have a pay slip and contract agreement)
		Poor grievances management
		Poor worker's living condition
		Issue on minimum wages for contractors' workers.
2	Environment	Poor management of solid waste (land fill) and scheduled waste.
		Legal requirement not meet ( competent person)
		Poor OSH management ( PPE, Medical Surveillance, HIRARC),
		No Fire Certificate for certain building
		Poor management of riparian buffer zone
3	Best Practices	Mismatch of total estate area: land title versus estate perimeter area.
		Estate Map obsolete and not represent current estate condition.
		Soil series not present or not up to date.
		Poor IPM management, Some legal requirement are not in practices.



### 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

- ✓ **Regular Briefing**
- ✓ **Close monitoring – internal audit every year**
- ✓ **Update new regulation**
- ✓ **Workers welfare**

# 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](http://www.felda.gov.my)



Felda Official



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LKTP