



MSPO Certification: *Implementation and Smallholders Challenges*

**ISCC Regional Stakeholders Dialogue
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Presentation Outline

- ❖ **Introduction**
 - Malaysian Oil Palm
 - Smallholders
- ❖ **MSPO Certification for Smallholders**
 - Implementation
 - Government Support
 - MPOB Focus
- ❖ **Challenges**
- ❖ **Certified Smallholders**
- ❖ **Conclusion**



Malaysian Oil Palm

OIL PALM PLANTED AREA BY STATE AS AT DECEMBER 2015 (HECTARES)

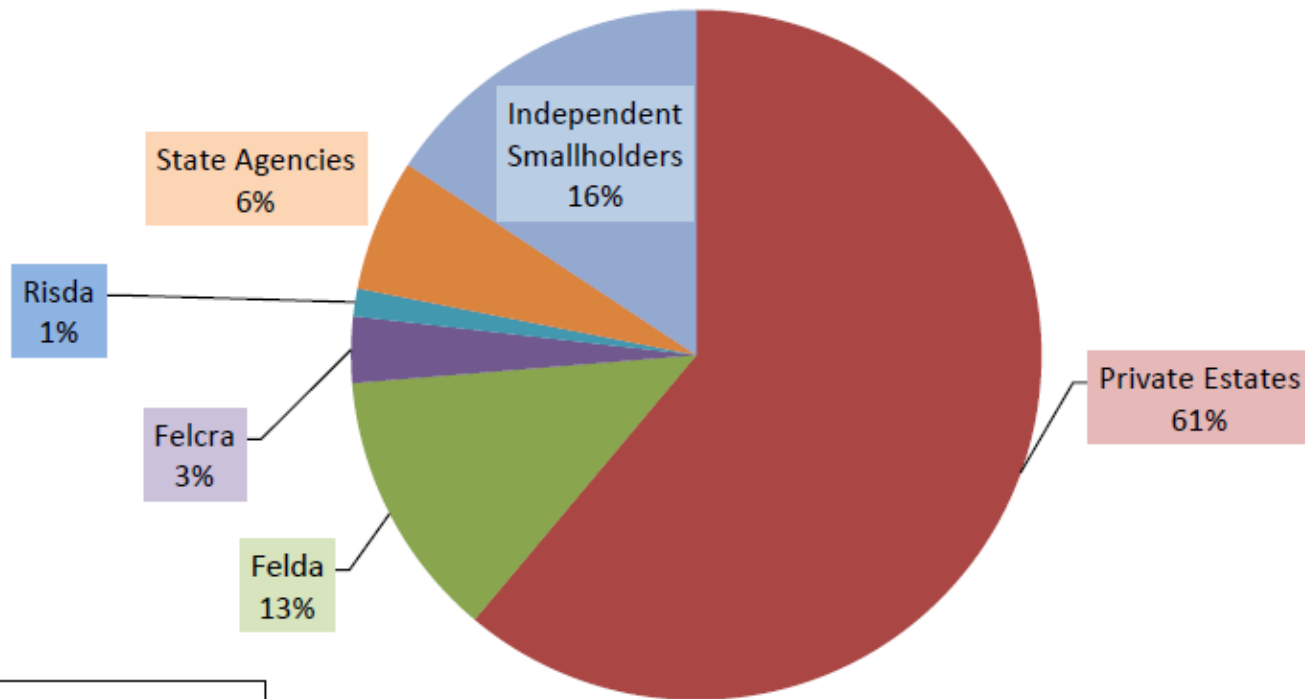
STATE	MATURE	%	IMMATURE	%	TOTAL	%
JOHORE	665,795	90.0	73,788	10.0	739,583	13.1
KEDAH	81,905	93.9	5,339	6.1	87,244	1.5
KELANTAN	106,314	70.0	45,659	30.0	151,973	2.7
MALACCA	50,272	92.1	4,331	7.9	54,603	1.0
NEGERI SEMBILAN	152,021	85.5	25,720	14.5	177,741	3.1
PAHANG	627,210	86.5	98,029	13.5	725,239	12.9
PERAK	350,073	87.9	48,241	12.1	398,314	7.1
PERLIS	287	97.6	7	2.4	294	0.0
PENANG	13,657	94.5	790	5.5	14,447	0.3
SELANGOR	126,318	92.0	11,018	8.0	137,336	2.4
TERENGGANU	141,409	81.9	31,178	18.1	172,587	3.1
PENINSULAR MALAYSIA	2,315,261	87.1	344,100	12.9	2,659,361	47.1
SABAH	1,375,229	89.1	168,994	10.9	1,544,223	27.4
SARAWAK	1,168,907	81.2	270,452	18.8	1,439,359	25.5
SABAH & SARAWAK	2,544,136	85.3	439,446	14.7	2,983,582	52.9
MALAYSIA	4,859,397	86.1	783,546	13.9	5,642,943	100.0

Source : Economics and Industry Division, MPOB



Malaysian Oil Palm

**DISTRIBUTION OF OIL PALM PLANTED AREA BY
CATEGORY AS AT DECEMBER 2015**



Source: MPOB

Source : Economics and Industry Division, MPOB

Malaysian Oil Palm

- ❖ In the global market, palm oil has to face sustainability challenges in order to be competitive and gain market access including the smallholders.
- ❖ As a commodity it also has to fulfill the requirements of the laws of the importing countries.



Smallholders

❖ Independent smallholders

- Individual farmers who own or leases less than 40 Ha of an oil palm farm and manage the farm themselves.
- May employ workers to carry out their farming activities
- Total smallholders : 220,023
- Total area : 876, 252.10 Ha

❖ Organized smallholders

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



Grouping of Smallholders

❖ SPOC

- 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.
- SPOCs established : 37 (active)

❖ Other types of Grouping

- Dealers
- Mills
- Estates



MSPO Certification for Smallholders

❖ Implementation

- Official implementation on 1st January 2015
- MSPO requirements for smallholders:
Independent – MSPO Part 2
Organized – MSPO Part 3



MS 2530-2:2013 – Malaysian Sustainable Palm Oil (MSPO) Part 2: General principles for independent smallholders



MS 2530-3:2013 – Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for oil palm plantations and organized smallholders

MSPO Certification for Smallholders

❖ Government Support

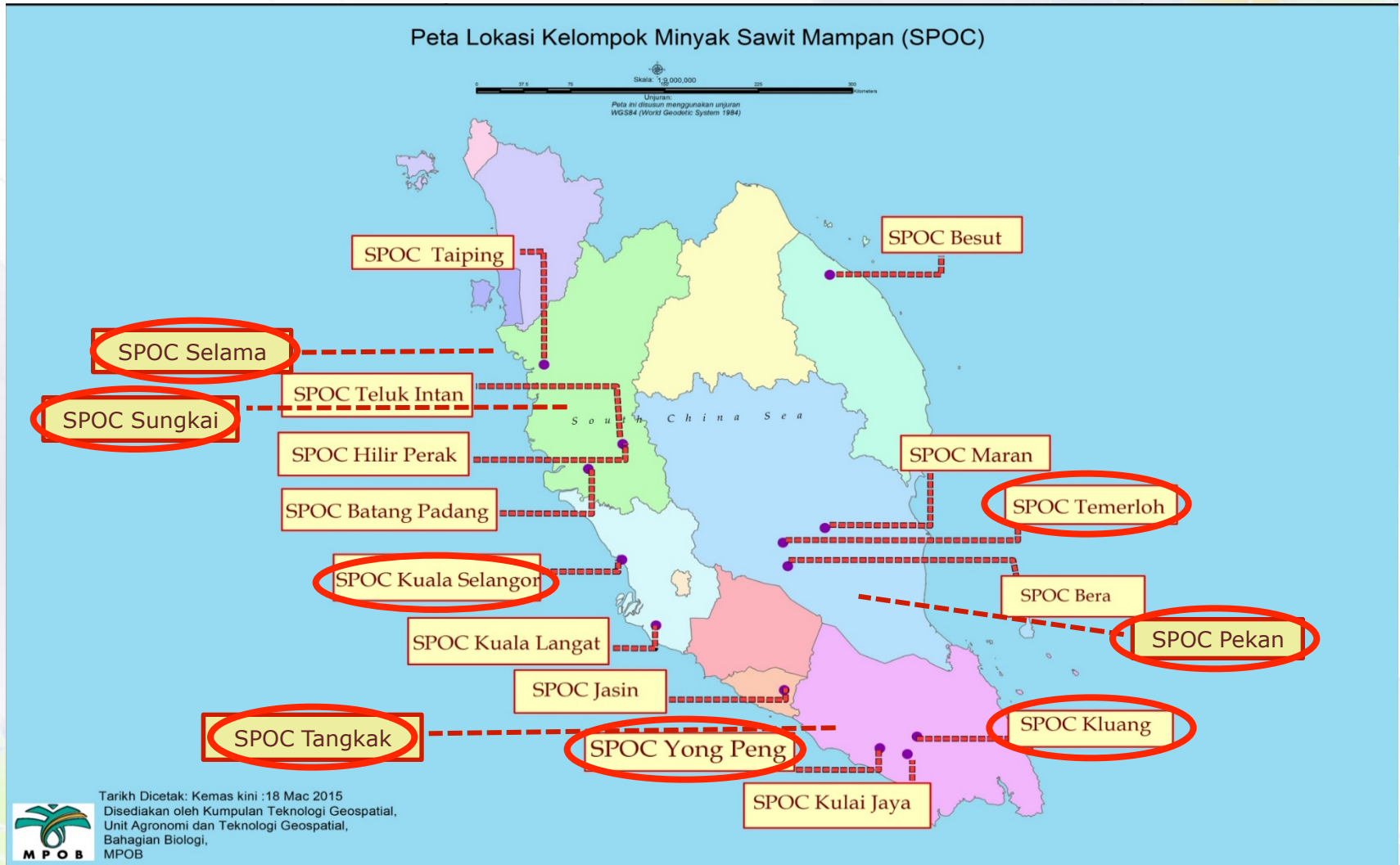
- Financial support
- MSPO Fund : 50 mill
- The 11th Malaysia Plan (RMK-11) : 2.6 mill for the year 2016



❖ MPOB Focus

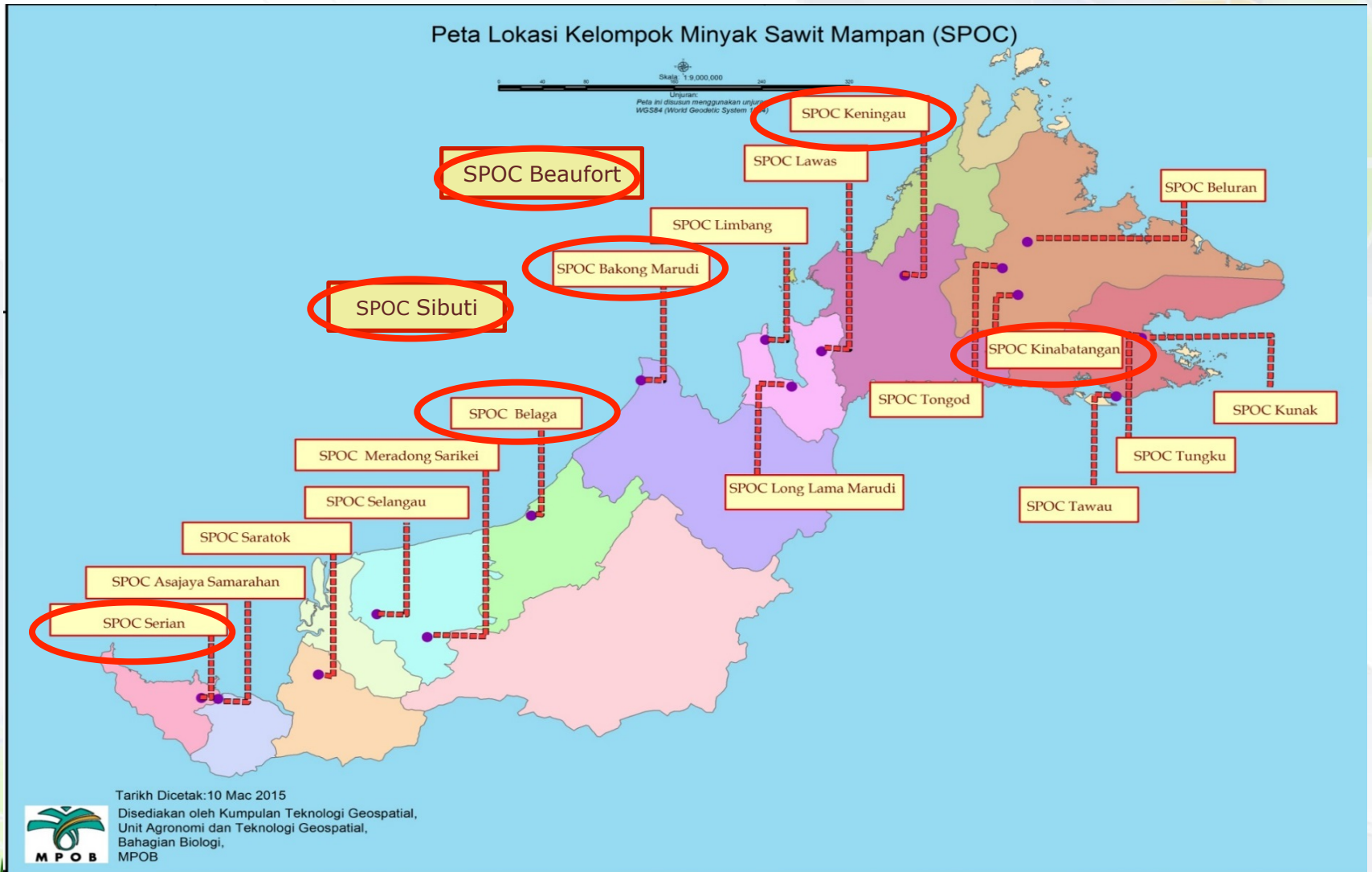
- To include smallholders in sustainability certification (2016 : 15 SPOCs)
- To help smallholders adopt more sustainable and productive practice
- Provide technical assistance and training
- Provide PPE
- Provide storage facility
- Provide financial for certification fee

Location Map of SPOC in Peninsula Malaysia



18 SPOCs were established (8 SPOCs to be MSPO certified in 2016)

Location Map of SPOC in Sarawak and Sabah



19 SPOCs were established (7 SPOCs to be MSPO certified in 2016)

Challenges

- ❖ **Acceptance of MSPO Certification by smallholders**
 - sustainability certification is new to smallholders
 - never been audited before
- ❖ **Mentality of smallholders - sustainability certification create more burden**
 - additional work and cost – establishment of recording systems for traceability, verification and monitoring
- ❖ **Lack of knowledge on what are the principles and criteria for certification and how to comply with**
 - Not all smallholders are literate and able to read/ understand the requirements



Challenges

- ❖ **Legality of the land – Sabah & Sarawak**
 - not able to show the land ownership/user rights
 - land disputes/overlapping
- ❖ **Disposal of chemical/domestic wastes**
 - no proper storage prior to disposal
 - empty chemical containers, fertilizers bag were not disposed appropriately
 - burning of domestic wastes
 - less access to the authorized waste collector



Certified Smallholders

❖ Independent smallholders

- 7 SPOCs – Kuala Langat, Hilir Perak, Saratok, Bera, Selangau, Kulaijaya
- Total area : 1,475.65 Ha

Beluran,

5,343.99 Ha

❖ Organized smallholders

- 2 Schemes : FELDA Lasah, FELDA Ijok
- Total area : 3,868.34 Ha



Conclusion

- ❖ Palm oil market is changing, hence, the **smallholders have to adopt the sustainability requirements** to ensure access to the market in the long term.
- ❖ **Smallholders** are vital part of the global palm oil supply chain, but they are **often less productive and sustainable** than big growers.
- ❖ One way to help these smallholders increase their productivity while reducing the environment impact is through **sustainability certification**.



See You at PIPOC 2017

14 - 16 November 2017
Kuala Lumpur Convention Centre,
Kuala Lumpur, Malaysia



Thank You

