

# Challenge of Smallholder Certification

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ISCC Technical Committee South East Asia

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- 1. Indonesian Oil Palm Smallholder**
- 2. Challenge for Sustainable Certification**
- 3. Transformation**

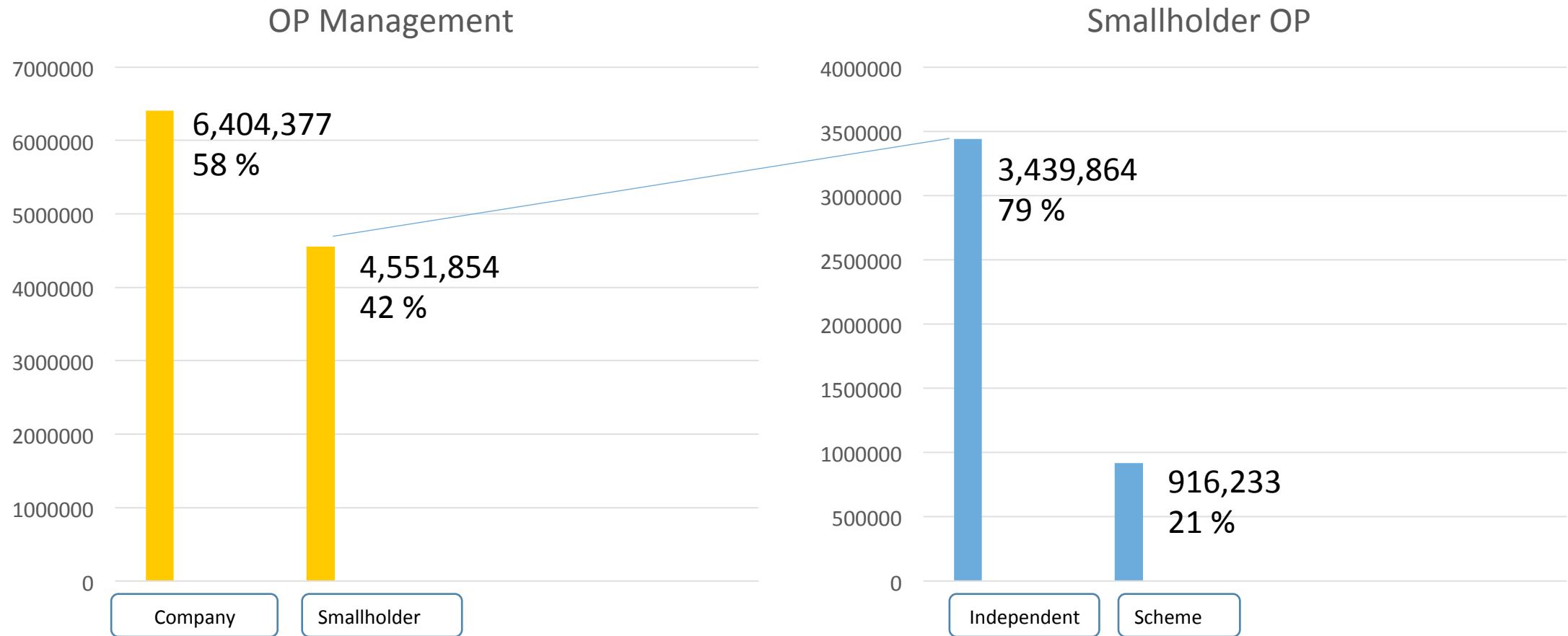
# **1. Indonesian Oil Palm Smallholder**

# Oil Palm Plantation In Indonesia



Source: PPKS

# About 10,956,231 Ha Oil Palm Plantation in Indonesia (2014)



# Sustainable Independent Smallholder (ISH) Certified and Non Certified



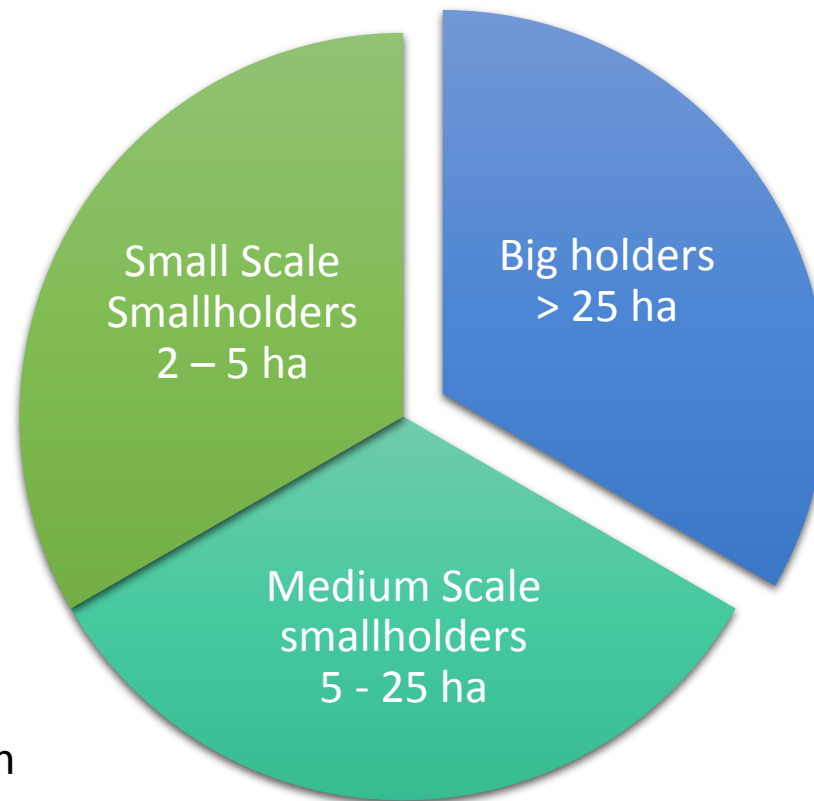
Source: RSPO, 2016

# Independent Oil Palm Smallholder (ISH) Categories

1. Beginner  
(individual)

2. Intermediate with  
weak farmer organization

3. Advance with  
strong farmer  
organization



## **2. Challenges for Sustainable Certification**



1. Credit

2. Insurance

3. Agro-input

4. Information

5. Market

Lack access to

OP  
Independent  
Smallholder



Farmer  
Organization

Good  
Agriculture  
Practice

Increasing  
yield

Better  
income

Transformation

Social &  
Environmental  
Aspects

Quality  
Control

Sustainable  
Production



# Beginner ISH - In-efficient Marketing



**Palm Oil Mill**



**Intermediary 1  
as Market**



**Intermediary 2  
as Market**



**Farmer  
1**



**Farmer  
2**



**Farmer  
3**



**Farmer  
4**



**Farmer  
5**



**Farmer  
6**



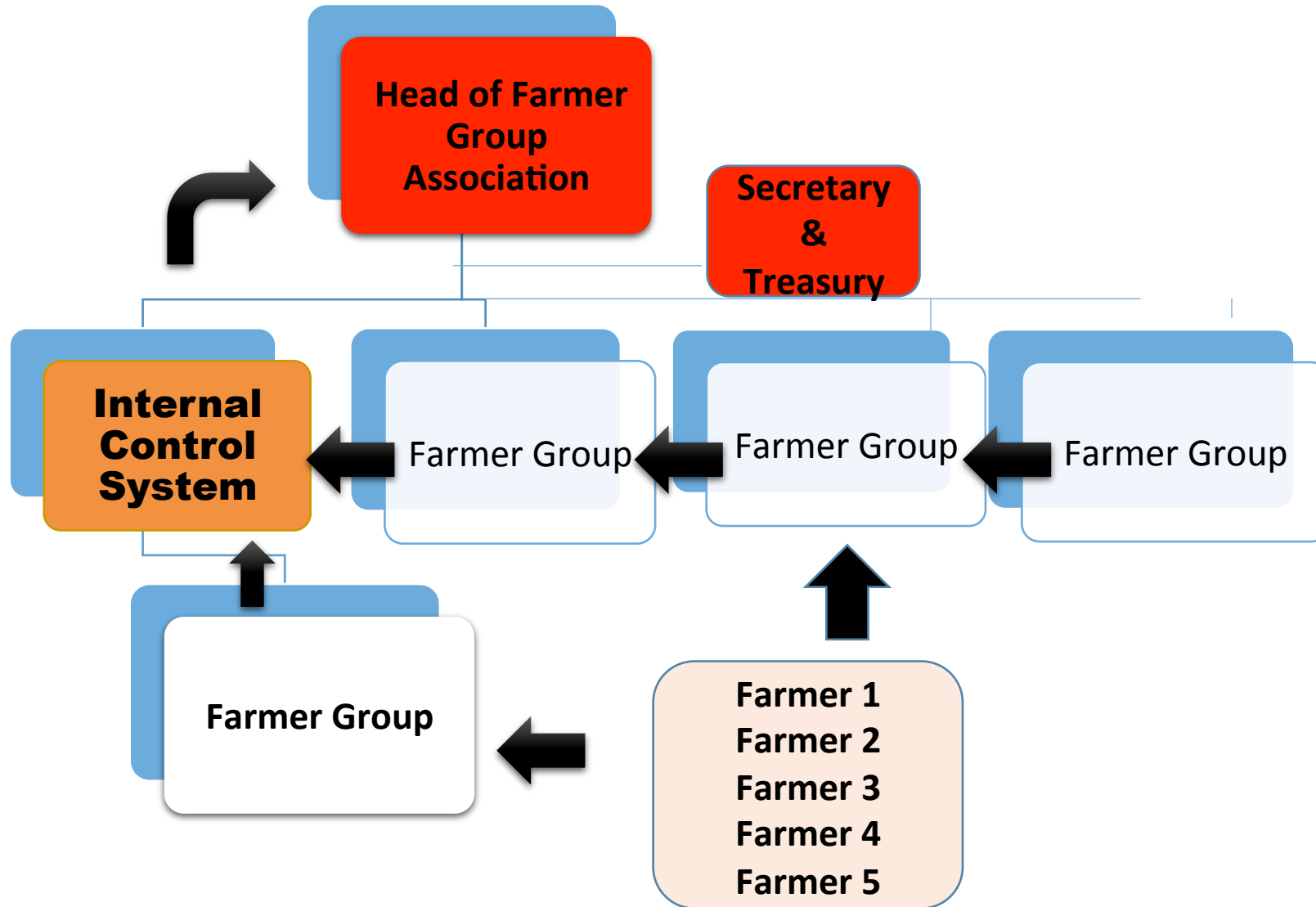
**Farmer  
7**



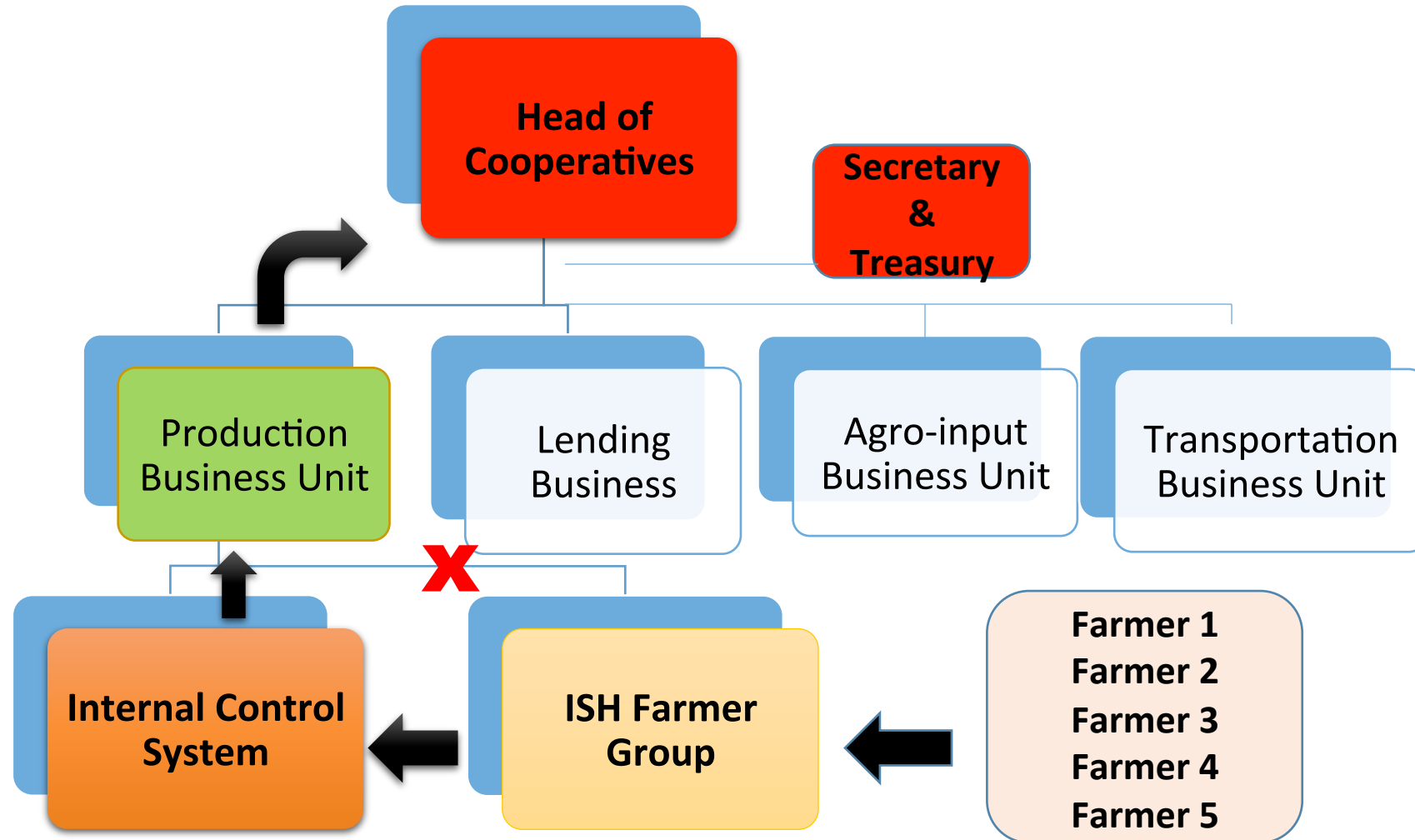
**Farmer  
8**



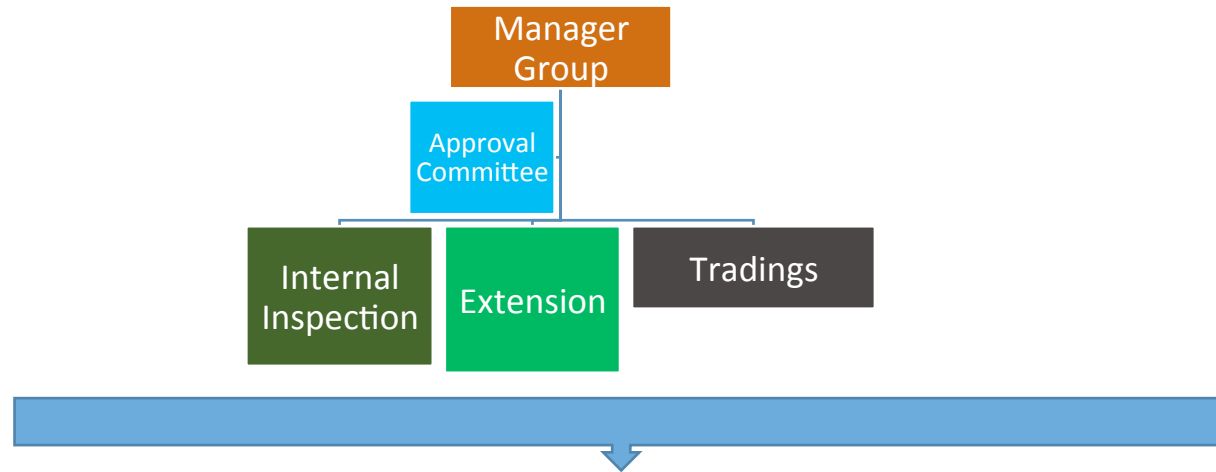
# Intermediate ISH - Farmer Group Association



# Advance ISH - Cooperatives - efficient marketing

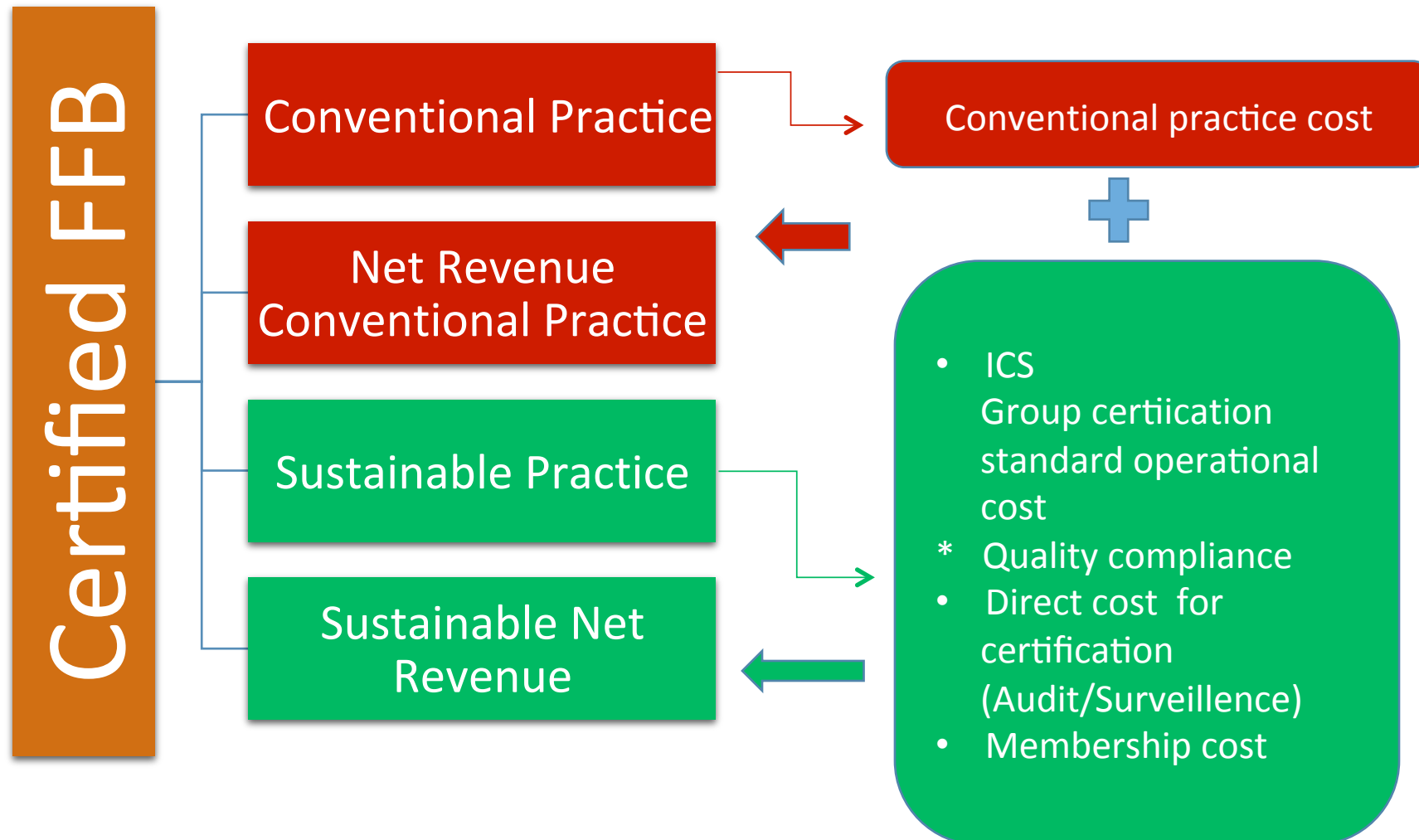


# Internal Control System (ICS)/Quality Control

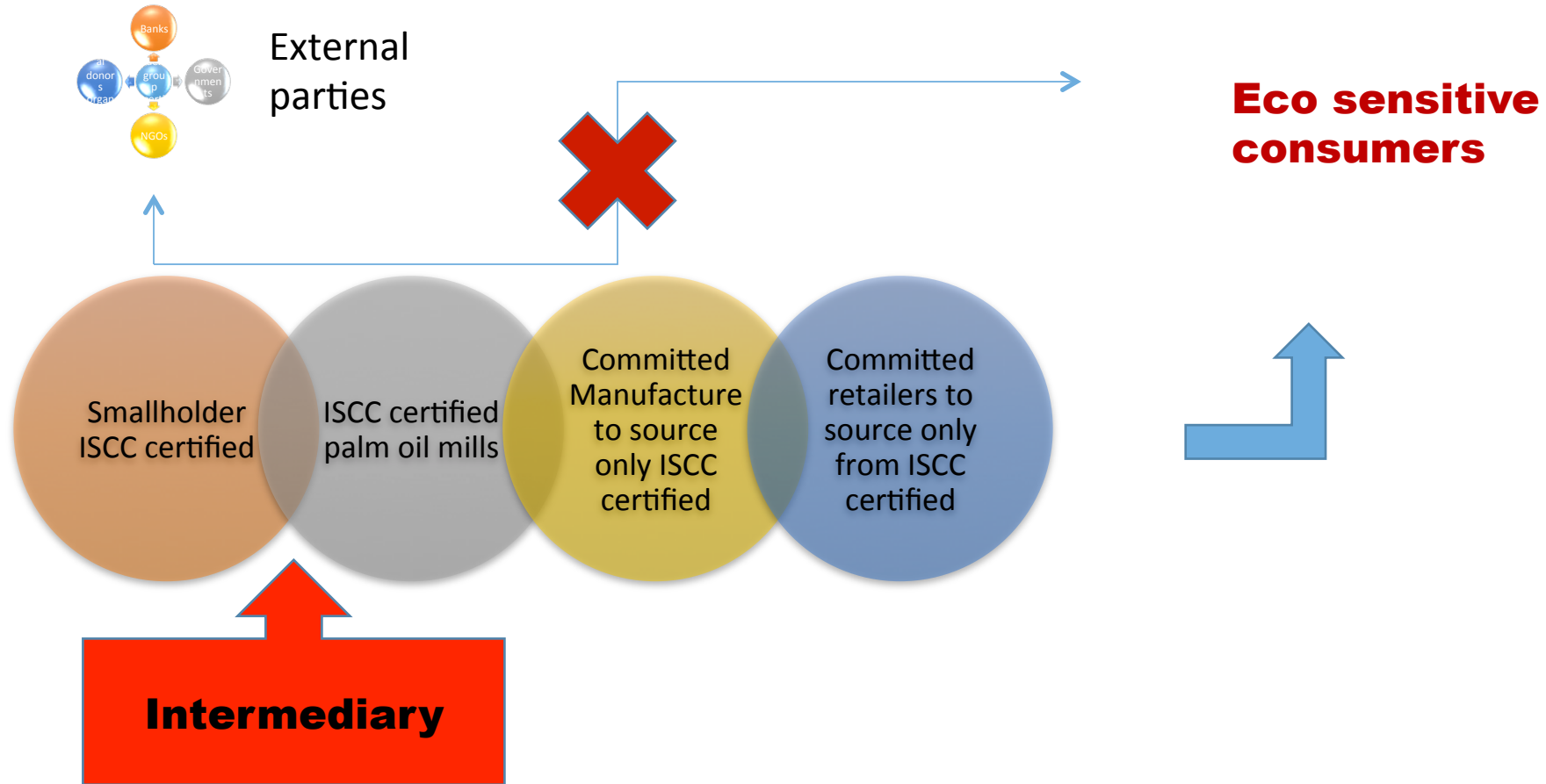


**Oil Palm Smallholders as members**

# Cost Structures

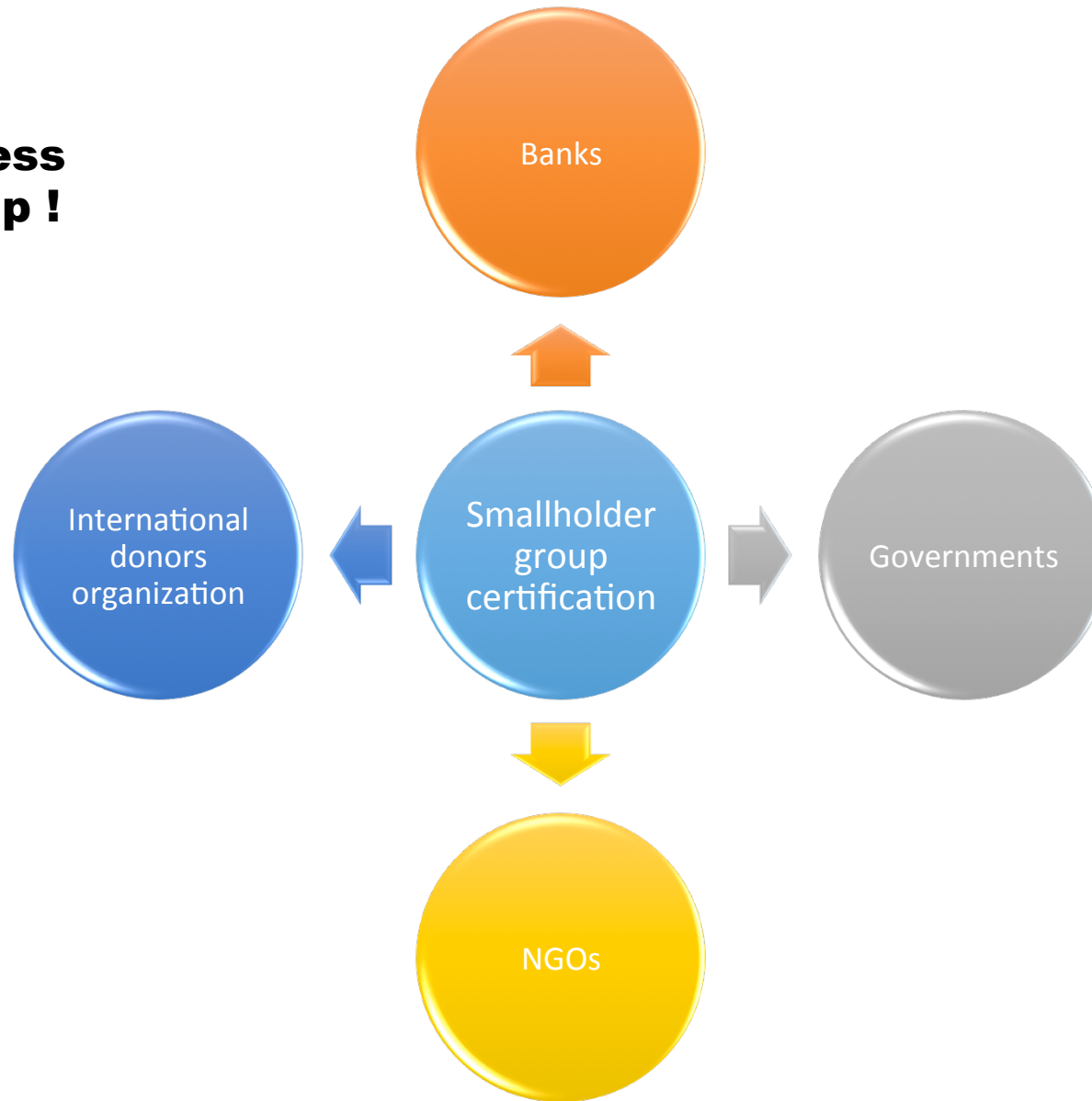


# Independent Smallholder Palm Oil Value Chains

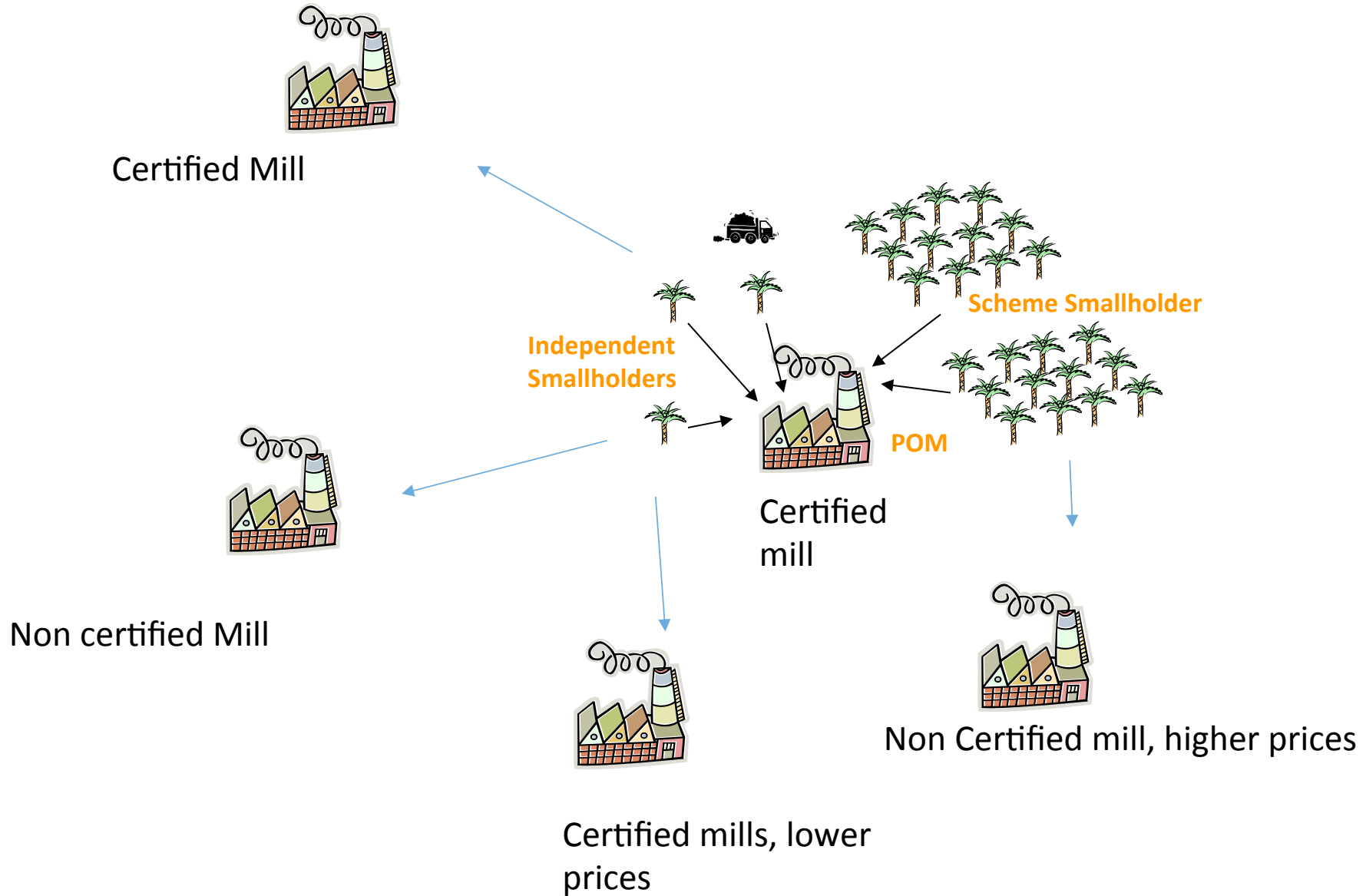


# External parties to independent smallholder value chains

**Find access to start up !**

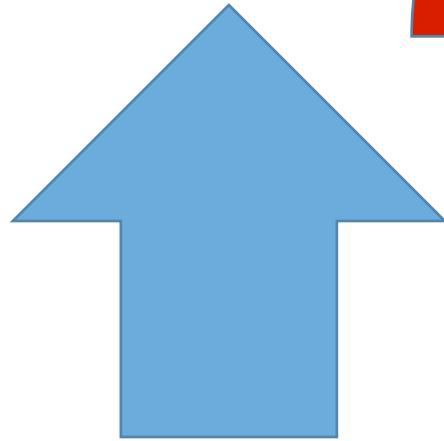




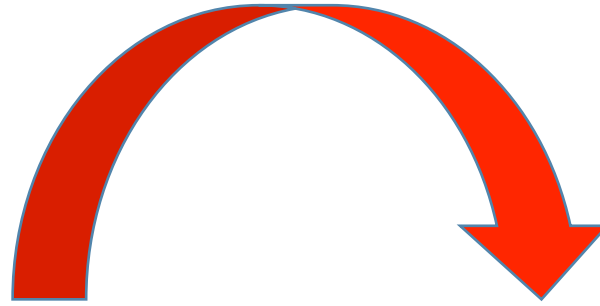


## **3. Transformation**

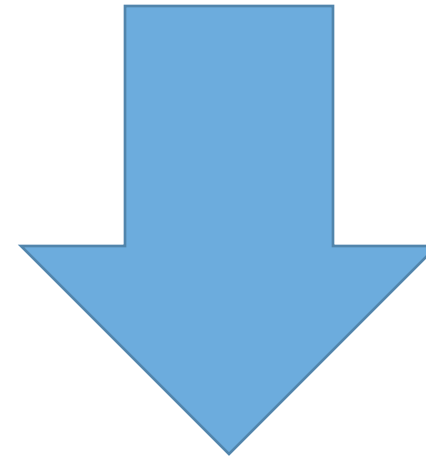
**Transformation**



**Conventional  
agriculture  
methods**



**Legality,  
biodiversity,  
social**



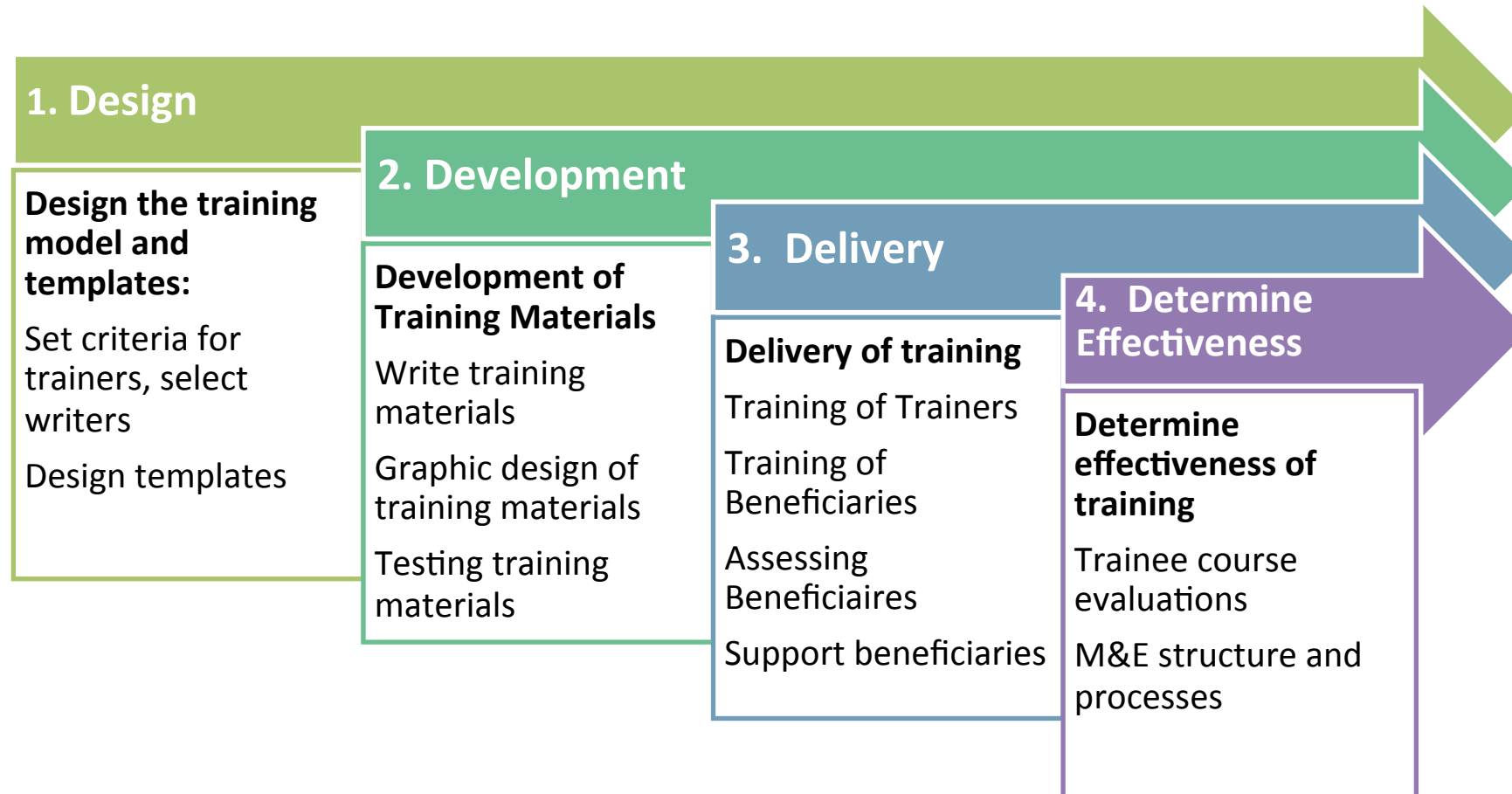
# Method: Responsible sourcing from smallholder

- Combining demands from buyers for risk mitigation in supply chains with support to smallholders to help them improve their livelihoods and production



The unique approach of the RSS is that it combines two components or 'pillars', **both of which must be implemented.**

# Inclusive Business Tools: High Impact Training development Process



# Example: Better Management Practices for Palm Oil Farming

Poor practices in Palm Oil Farming leading to low yields



High Impact Training in Better Management Practices for Palm Oil Farming lead to high yields



# Training modules development for smallholders in progress

- 1. Cooperatives Development**
- 2. Farmer Group Development**
- 3. Internal Control System (Quality Control) Development**
- 4. Access to finance**

Thank you for your attention

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