

How to make Independent Smallholder Certification Happen?



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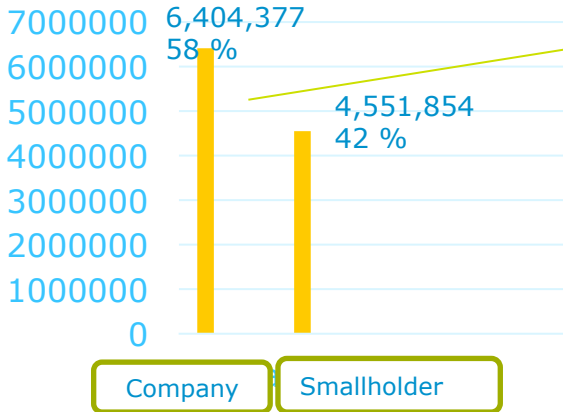
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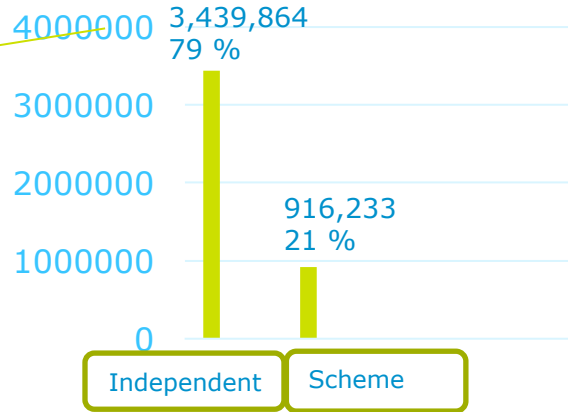
Introduction: Challenges

About 10,956,231 Ha Oil Palm Plantation in Indonesia

OP Management

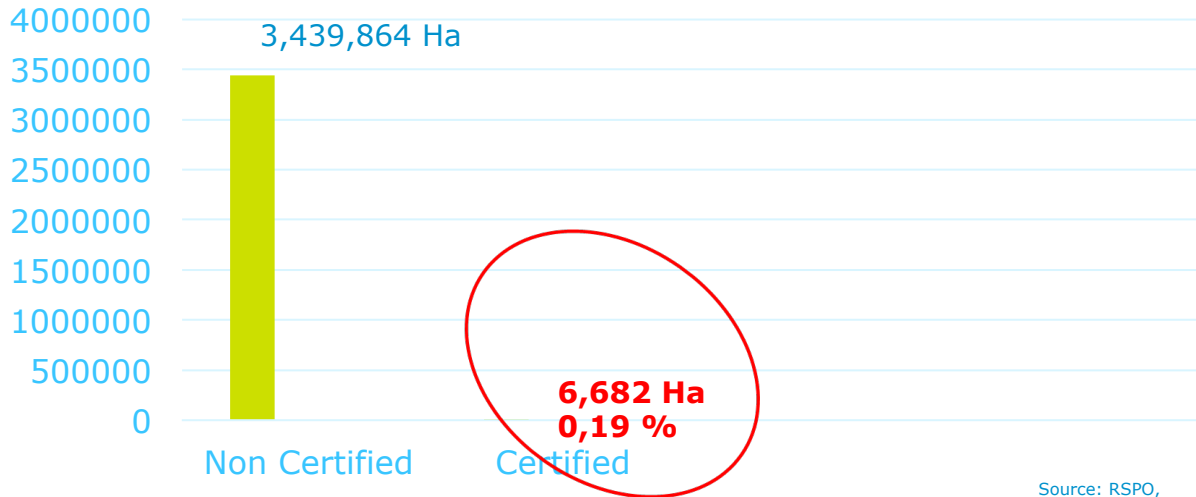


Smallholder OP



Sources: RSPO market data
Ditjenbun, Kementan 2014

Introduction: Challenges



Source: RSPO,
2016

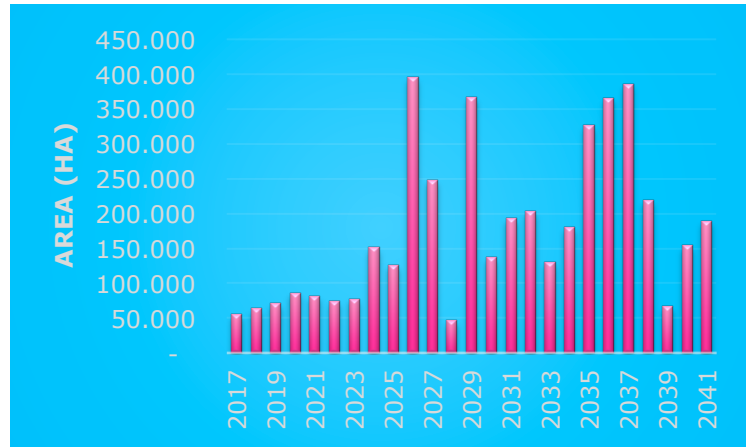
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SMART DEVELOPMENT WORKS

Introduction: Challenges

- Up to 2016 approximately \pm 384,594 ha of smallholder plantation need to replant (planting age > 25 years)
- In the next 25 years (2017-2041) is estimated 175,168 ha per year on average.



Source: Tree Crop Estate Statistics of Indonesia 2014-2016,
Directorate General of Estate Crops

Introduction: Challenges

Costs of certification or plantation business?

- Plantation management/GAP
- Legality
- Environmental/Social impact assessments
- Institutional capacity
- Quality control systems
- Traceability
- Audits

How to maintain certification?

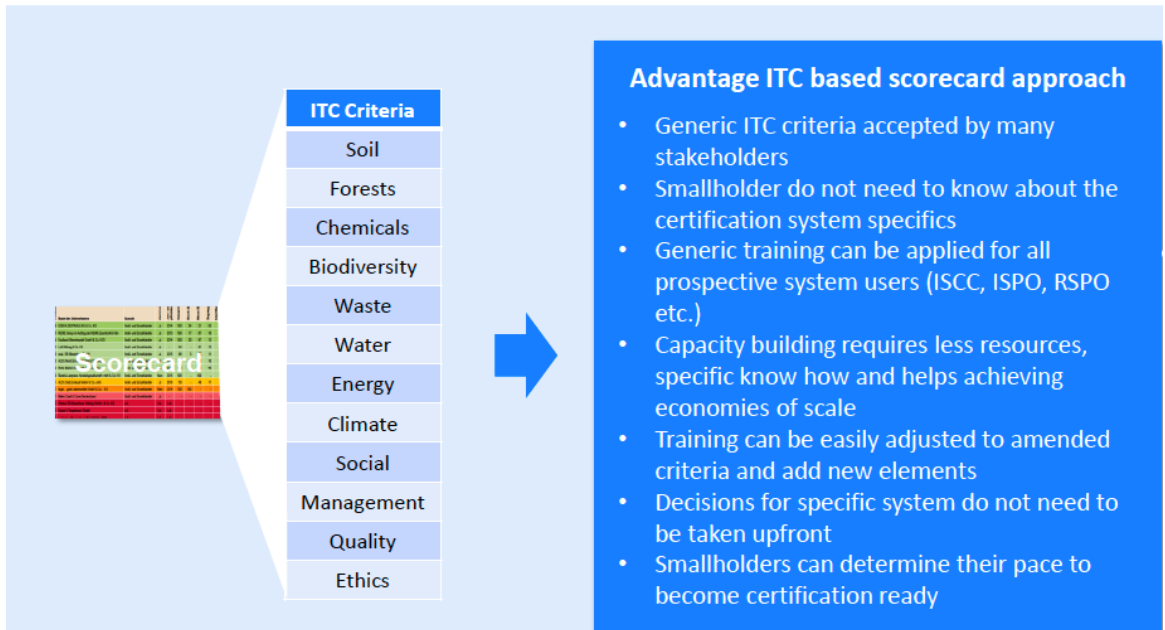
System needs for Scale

- A system that costs less and demands less in terms of technical capacity, but does not compromise the rigour of the standard

Strategies for Scaling: Suggested way forward

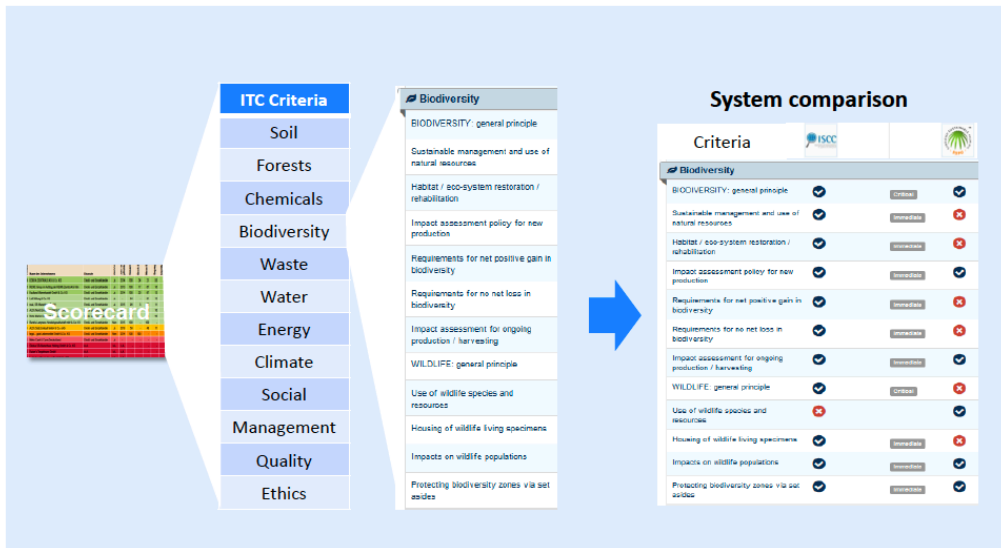
- 1) Linking Systems: Provide assurance on risks through legal compliance where possible
 - 1) use benchmarks/ Scorecards
- 2) Risk Based Approach:
 - 1) Assessment and assurance at jurisdiction/landscape level, and others at SH group level
 - 2) Simplified systems to demonstrate compliance
 - 3) Recognising step-wise approaches to full compliance
- 3) Target Selection and Aggregation
 - 1) Focus on advanced farmers to test and adjust system
 - 2) Institutional capacity development: Farmer group and Cooperative development/strengthening
 - 3) Accepting self-assessments and internal audits as adequate assurance on compliance, linked to less frequent, less intensive external audits

Strategies for Scaling : Linking Systems



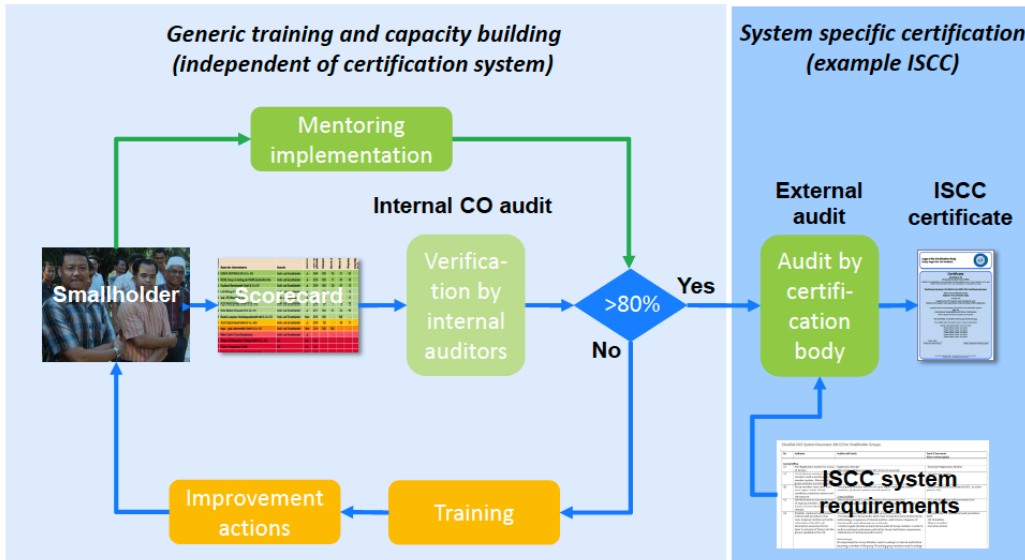
Strategies for Scaling : Linking Systems

ITC based sustainability criteria allow efficient comparison between certification systems at one's fingertips



Strategies for Scaling : Linking Systems

Applying the scorecard approach allows flexible training of smallholders towards certification readiness

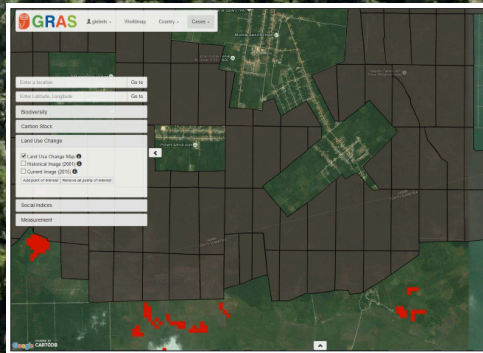
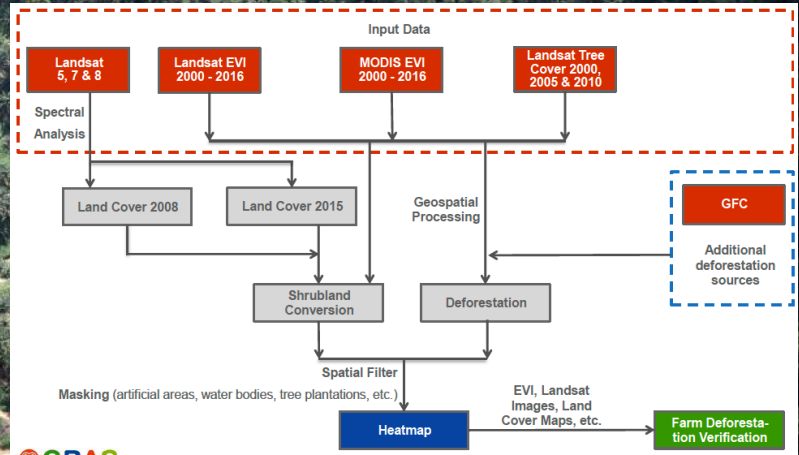
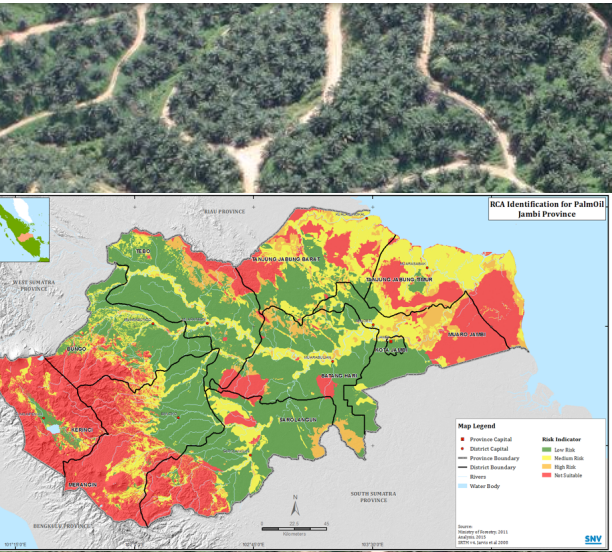


Strategies for Scaling: Risk Based Approach

Recognise where risk is low and stable => streamline with process of external verification.

- Landscape/Jurisdictional level risk assessment
 - Make some safe assumptions about absence of risk without need for external verification
 - Focus verification on areas of significant risk,
- Rely on remote verification, using satellite imagery and 3rd party data
 - Reduce frequency of verification
- Make full use of self verification by SH group
- Accept stepwise compliance

Example landscape risk assessment/ zoning Siting Tool & GRAS



Kud Makarti	
Area size:	584.39 ha
Number of polygons:	22
Identified Risks	
• Biodiversity No Go:	None
• Carbon Stock/Peatland:	2.4 km
• Detection on LUC map:	No

Strategies for Scaling: Risk Based Approach

- 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



1. LAND RIGHTS AND CONFLICTS



2. DEFORESTATION AND LAND CONVERSION



3. LABOUR RIGHTS AND WORKING CONDITIONS



1. BETTER YIELDS AND FOOD SECURITY

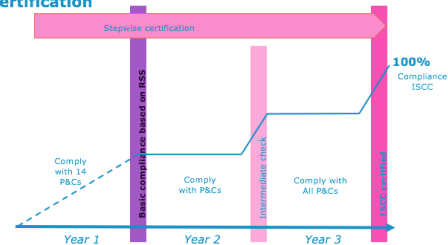


2. IMPROVED LIVELIHOODS AND INSTITUTIONS



3. BETTER AGRICULTURAL PRACTICES

RSS as a step wise approach toward ISCC certification



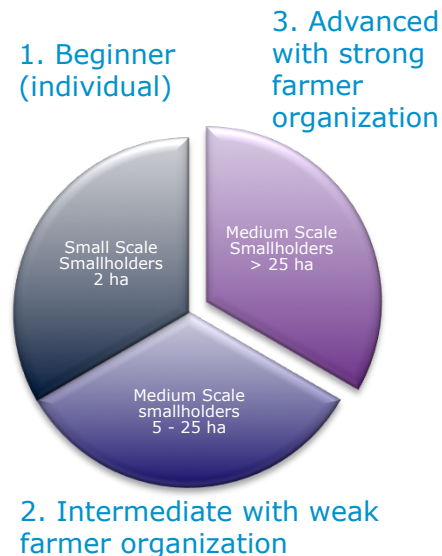
Strategies for Scaling : Target Selection and Aggregation

- Institutional capacity => farmer groups (technical), Cooperatives (economic organization)
 - Access to agro input (KUD)
 - Access to information (KUD)
 - Credit / Insurance done by the cooperative (KUD)
 - Access to market (KUD)
- Plantation Management => Providing Extension Services
- Legality => Supporting dialogue with regional government

Strategies for Scaling : Target Selection and Aggregation

Which type of smallholders should ISCC target for inclusion?

- 1. Advanced:** Those who are already compliant with P&Cs but lack the capability, opportunity and motivation to demonstrate it
- 2. Intermediate:** Those who might achieve compliance with modest investment over 1-2 years – a level of investment that could conceivably be justified by price premiums/avoided penalties
- 3. Beginner:** Those who might achieve compliance with greater investment (\$300/SH +) over a longer period. *(what would be the plan for bringing in the investment to cover extra costs and incentivise continued engagement?)*
- 4. Uncertified:** Those who are never likely to be in a position to comply with ISCC P&Cs and procedures (as currently framed), but nevertheless could significantly improve the sustainability of their production practices.



Roles for ISCC

1. Convening stakeholders

1. Joining multi-stakeholder discussions for shared analysis & learning
2. To agree common solutions to common problems
3. Linking supply chain actors with sustainability initiatives

2. Market access: Here ISCC should have something to add in enabling secure access to reliable, lucrative markets for SH produce that complies with the standard.

3. Support platforms for sharing knowledge & awareness: GRAS, Guidance on GAP, Institutional development, Traceability

4. Resourcing: ISCC might provide some seed money for piloting change, but not at a scale to drive large scale transformation. The bulk of resources should come from investment by supply chain actors, including SHs themselves (probably with facilitated access to finance) and often from public funding through PPPs

**Thank you for
your attention**

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