



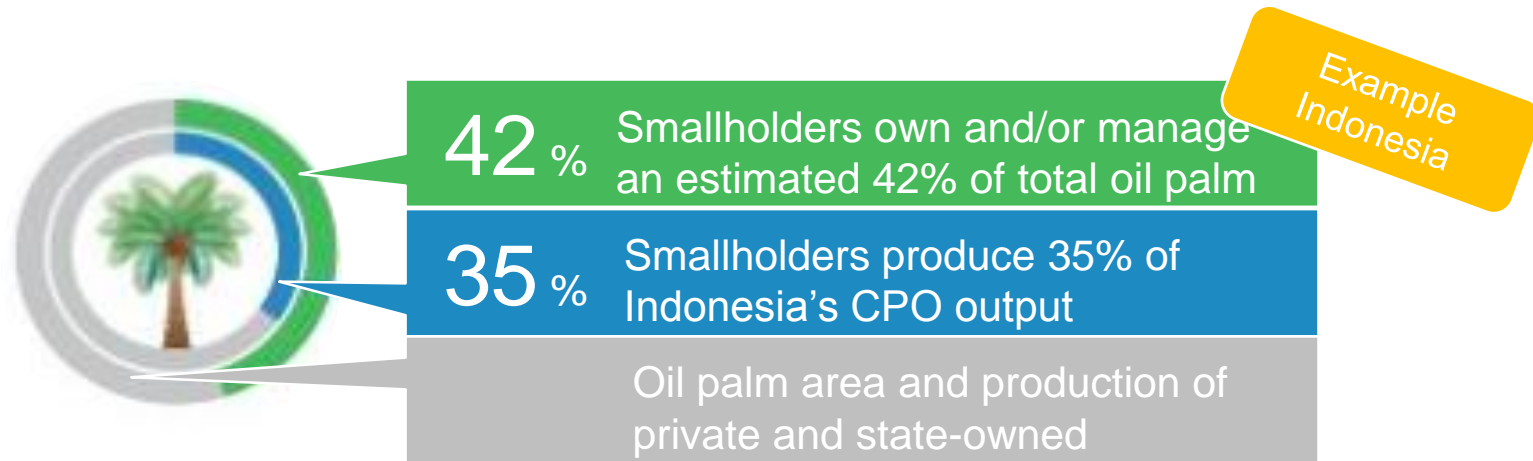
Smallholder Solutions for Palm

Andreas Feige, ISCC System GmbH



Why smallholder certification is important and why ISCC set up an independent smallholder certification program

Millions of smallholders produce oil palm and depend on it



- Future growth will mainly be driven by smallholders
- Due to low yields the pressure on land will increase – it is highly likely that this development will drive further deforestation and non sustainable practices
- Without smallholder capacity building sustainable cultivation practices are at risk

➔ ISCC decided in 2016 to develop a certification concept which takes into account especially independent smallholder needs

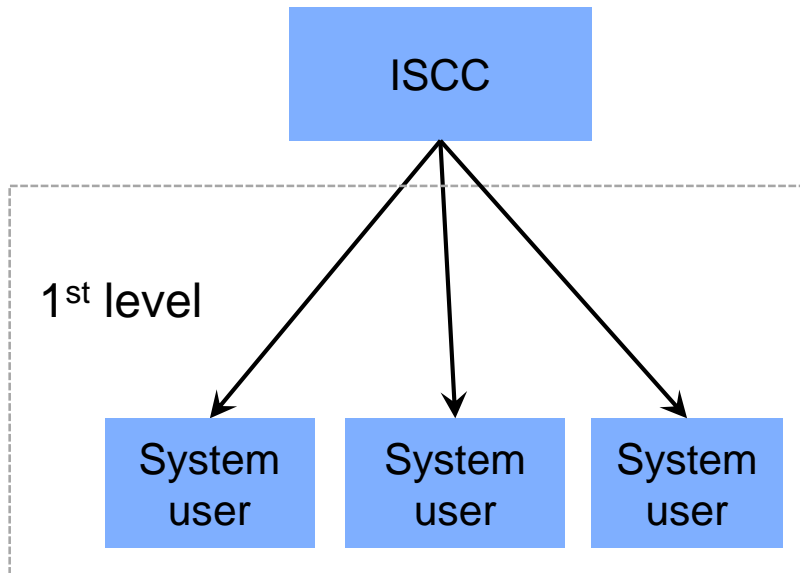
Setting up a certification concept which really serves smallholder needs was not an easy task – many challenges to be tackled

Program challenges

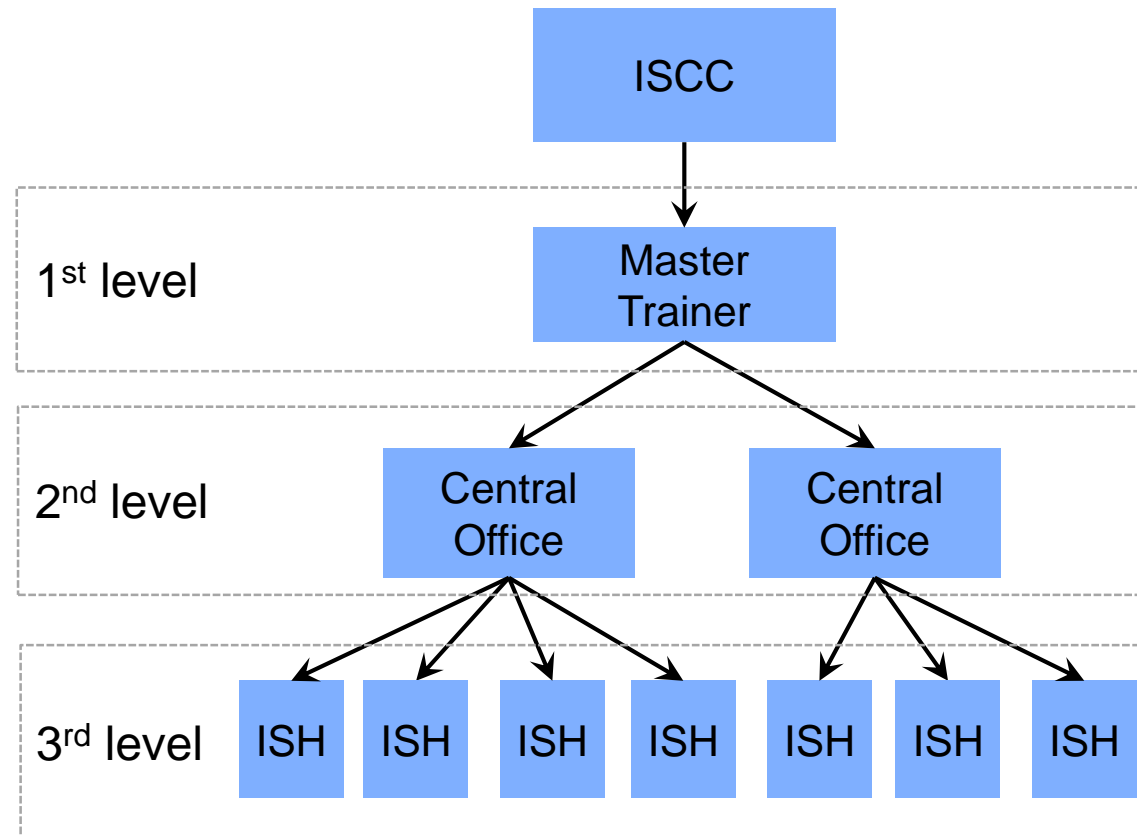
- Smallholder Capacity Building / Access to Know-How
 - Language
 - Training
 - Requirements from more than one certification system (e.g. ISCC, ISPO)
 - Chemical handling, storage and disposal
 - Provision of reliable GIS data (location of fields, polygons, maps)
 - Assessment of sustainability risks and proof of “No Land Use Change” after 2008 (Forest, Biodiverse and Carbon Rich Areas, Deep Peat or No-Go Areas)
 - Management of a large group of members
- Yield increase
- Understanding cost/benefit relations and economic sustainability
- Access to funds and finance

While the ISCC Basic training is a one-level approach in English, the smallholder training follows a three-level “Train-the-Trainer” concept

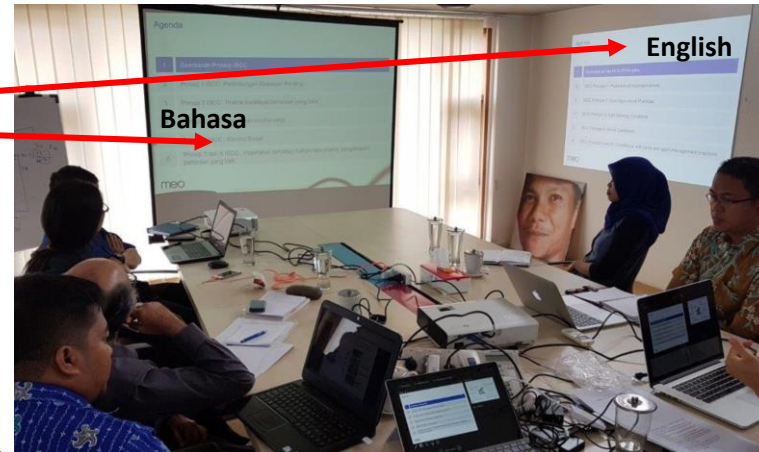
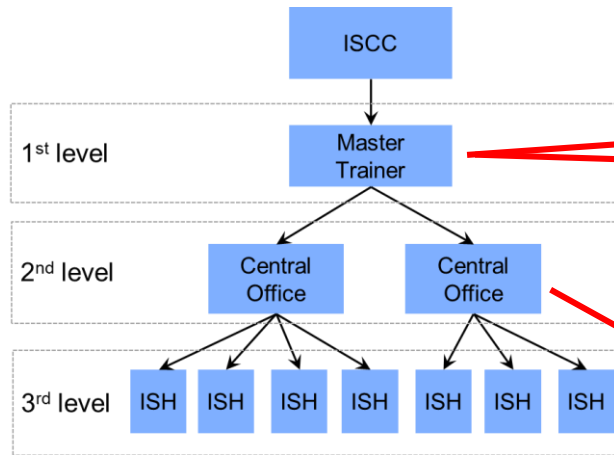
General ISCC Basic training



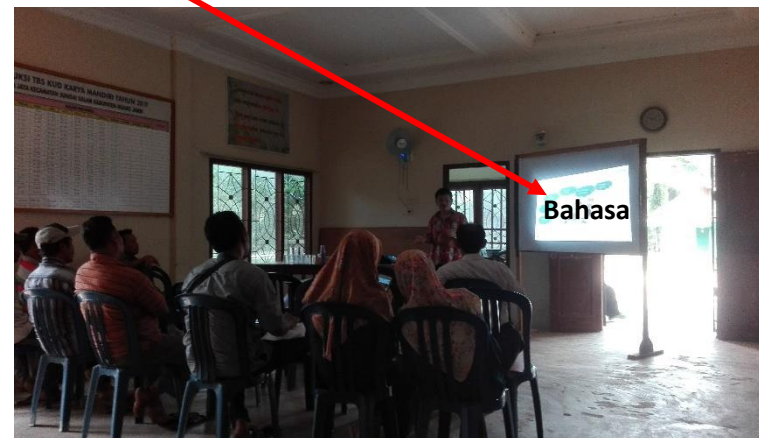
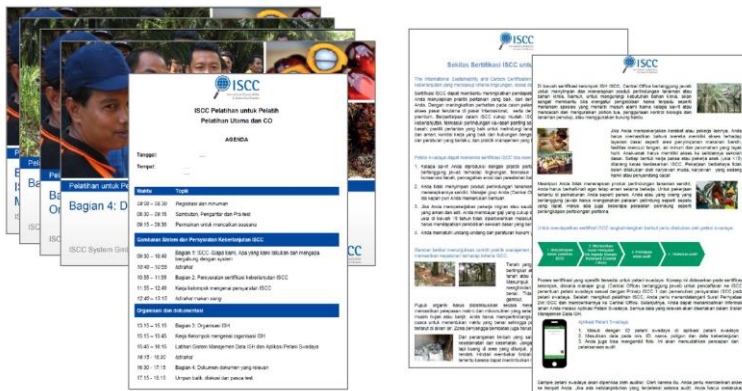
ISCC training for Independent Smallholders (ISH)



While the 1st level training for master trainers (and auditors) is in English and Bahasa, the 2nd and 3rd level training is in Bahasa only

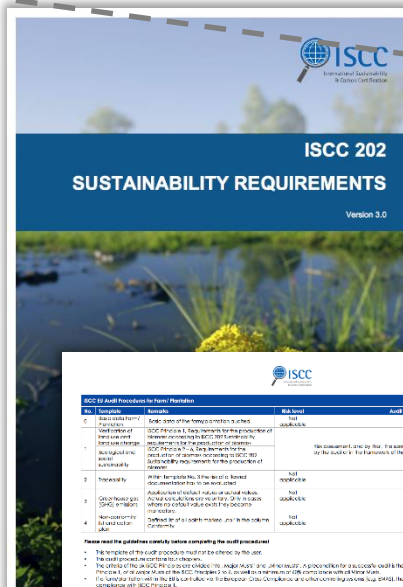


Supporting Material in Bahasa



Scorecard telah dikembangkan sebagai sintesis kategori dari Peta Standar ITC dan mencakup standar tambahan lainnya

Sustainability Management Criteria							
ENVIRONMENT AND SOCIAL (E&S) MANAGEMENT SYSTEMS: general principles							
Staff training on sustainability issues (environment, social, economic, quality, culture, health and safety...)	✓	Critical	✓	Within 3 years	✓	Critical	✗
Environmental risks and impacts	✓	Critical	✓	Within 1 year	✓	Short-term	✗
Assessment of soil condition	✓	Medium	✓	Within 3 years	✓	Immediate	✗
Assessment of water usage	✓	Critical	✓	Immediate	✓	Short-term	✗
Assessment of biodiversity risks and impacts	✓	Immediate	✓	Immediate	✓	Short-term	✗
Environment and social risks mitigation and performance improvement	✓	Medium	✓	Within 1 year	✓	Immediate	✗
Procedures to monitor and measure effectiveness of E&S management systems	✓	Critical	✓	Immediate	✓	Short-term	✗
Stakeholder analysis and engagement planning in E&S management systems	✓	Critical	✓	Immediate	✗	Critical	✗
Verification of business licenses and other mandatory certificates	✗		✗		✓		✗
Corporate Social Responsibility policy	✗		✓		✗		✗
Compliance with local social and environmental laws and regulations	✓	Critical	✓	Immediate	✓	Critical	✗
Compliance with local zoning and protected or heritage area requirements	✗		✗		✓	Short-term	✗
Respect of natural or cultural heritage	✗		✗		✓	Within 1 year	✗
Local communities access to livelihoods (land & aquatic resource, transport and housing)	✗		✗		✓	Short-term	✗
Supply Chain Responsibilities							
Market data and analysis	✓	Critical	✗		✗		✗
Criteria for setting-up contracts with traders	✓	Short-term	✓	Within 3 years	✗		✗
Criteria relating to traceability of inputs / varieties and records of materials used	✗		✗		✓	Within 1 year	✗
Criteria related to (re)ponsible intensification of productivity	✓	Short-term	✓	Within 3 years	✗		✗
Criteria relating to policies encouraging clients, staff and suppliers to consider sustainability issues (reduce GHG emissions, waste, water use...)	✗		✗		✓	Critical	✗
Criteria for local micro business/incubation/facilitation	✓	Critical	✗		✗		✗



No.	Sample	Sample	Risk level	Audit status
1	Traceability	Sample 1: Audit data on the supply chain is not traceable to the origin of the product.	High	Not audited
2	Traceability	Sample 2: Audit data on the supply chain is not traceable to the origin of the product.	High	Not audited
3	Traceability	Sample 3: Audit data on the supply chain is not traceable to the origin of the product.	High	Not audited

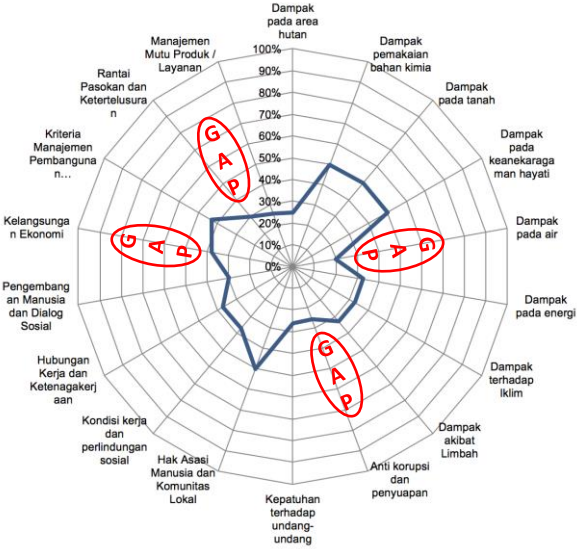
SUSTAINABILITY SCORECARD										
ENVIRONMENTAL	Environmental risks and impacts	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Assessment of soil condition	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Assessment of water usage	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Assessment of biodiversity risks and impacts	✓	✓	✓	✓	✓	✓	✓	✓	✓
SOCIAL	Staff training on sustainability issues	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Environmental risks and impacts	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Assessment of soil condition	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Assessment of water usage	✓	✓	✓	✓	✓	✓	✓	✓	✓
ECONOMICAL	Market data and analysis	✗	✗	✗	✗	✗	✗	✗	✗	✗
	Criteria for setting-up contracts with traders	✗	✗	✗	✗	✗	✗	✗	✗	✗
	Criteria relating to traceability of inputs	✗	✗	✗	✗	✗	✗	✗	✗	✗
	Criteria related to (re)ponsible intensification of productivity	✗	✗	✗	✗	✗	✗	✗	✗	✗

Ca. **200** kategori penilaian
(Sumber kategori berasal dari: RSPO, SAI, UNILEVER, ISCC, FAIRTRADE)

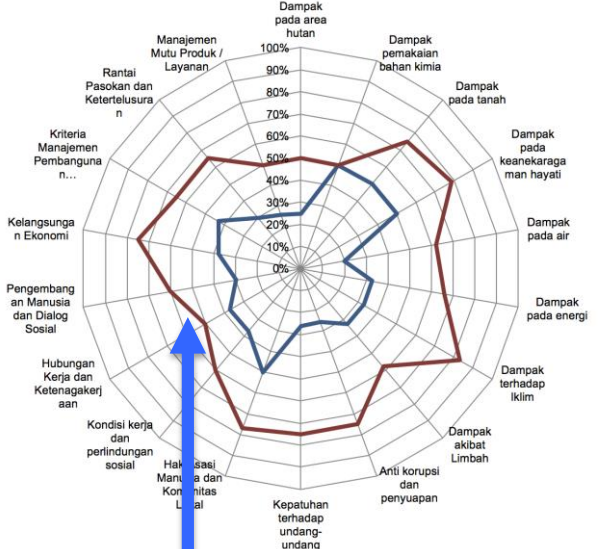
115 kategori penilaian

132 Kategori penilaian

Identifikasi kesenjangan/GAP menyoroti juga kebutuhan pelatihan bagi petani swadaya



Fase 1 – Sebelum pelatihan



Peningkatan kapasitas!

Fase 2 – Setelah pelatihan



Pelatih



Changes required for the storage of chemicals with spraying transferred from individuals to trained spraying teams

Before



After

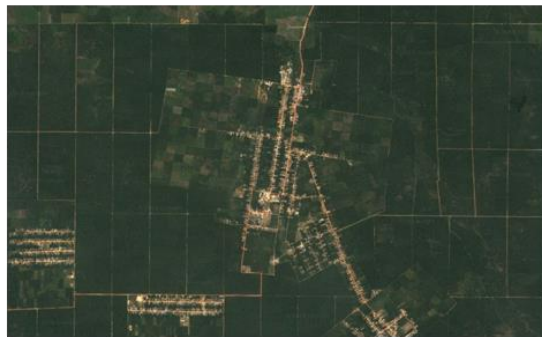


How to determine the location of a smallholder field? The ISCC Mobile App allows easy and consistent data collection in the field

Origin of FFBs is often unknown



Where is the ISH field located?



Field polygon collection by using of the Smallholder App

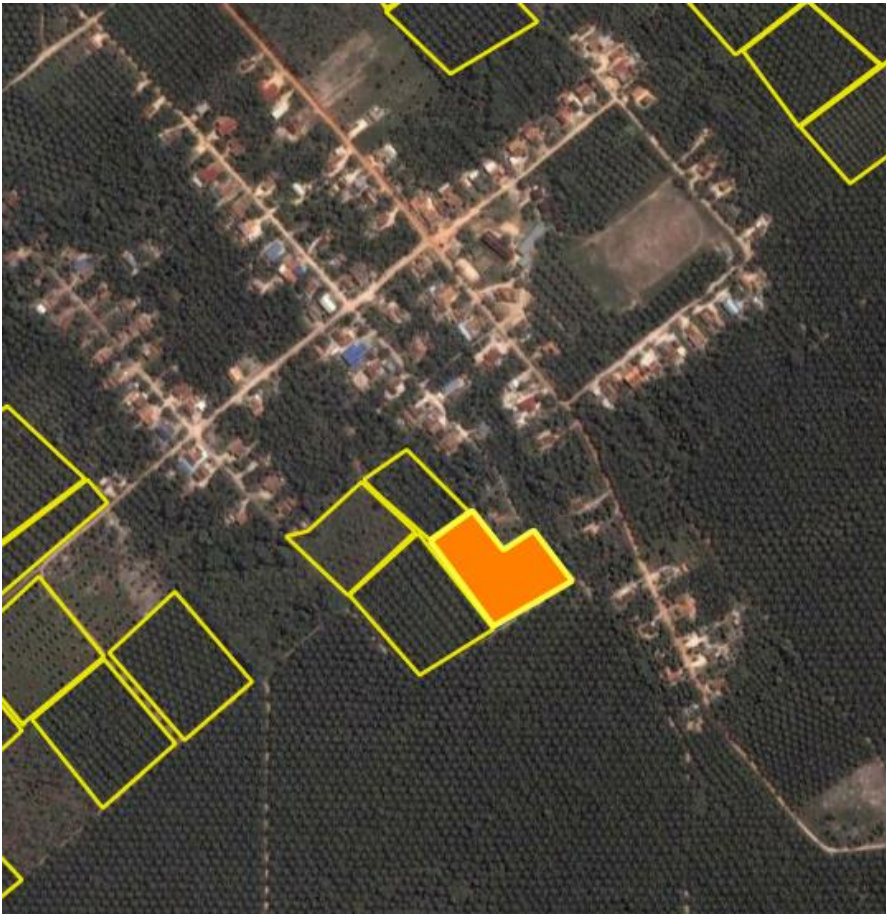


Collect polygons



Correct polygons

Is the smallholder field eligible for ISCC certification? Do smallholders have the capacity to provide reliable proofs?



Is the field located in:

- Hotspots and/or high-risk areas?
- Located within No Go Areas?
- Recently deforested areas?

→ How can the field polygons be checked?



The ISH Data Management System checks automatically fields against ISCC Principle 1

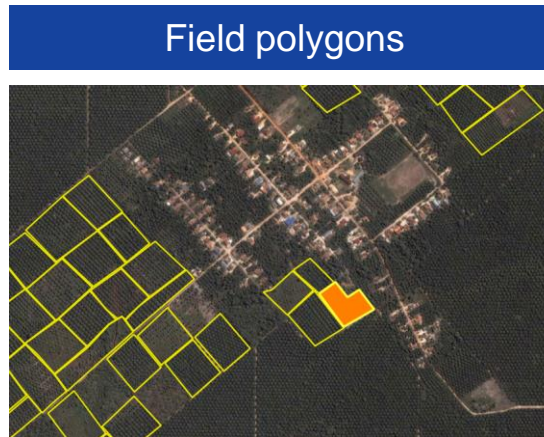
Smallholder Management System

The ISH Data Management System allows to automatically verify ISCC Principle 1

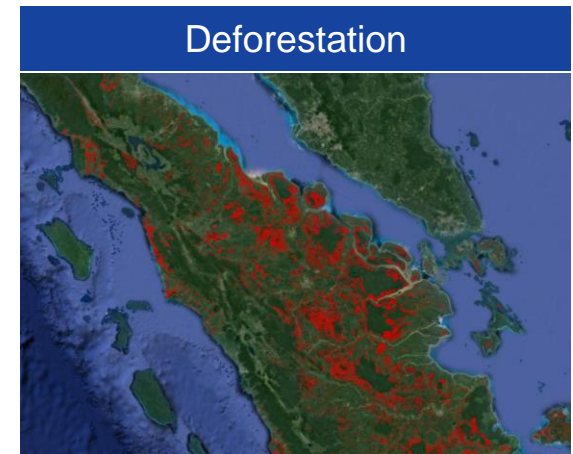
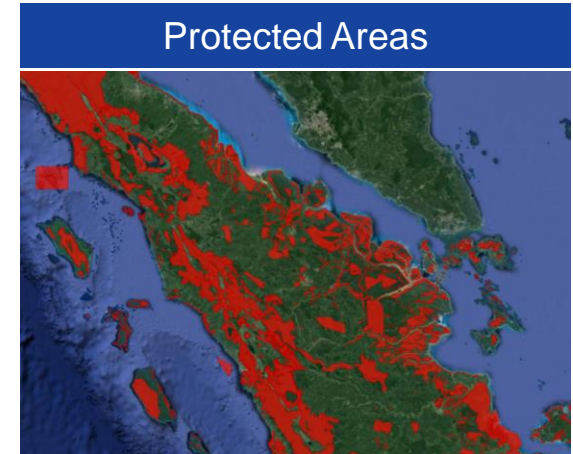
- Identification of protected areas
 - Peatlands
 - National Parks
 - Biosphere Reserves
 - Intact Forest Landscapes
 - Ramsar Sites
 - and others
- Identification of deforestation

Benefits

- No GIS and remote sensing knowledge required
- Fast and credible sustainability assessments



Check overlaps with protected areas and deforestation



Managing a group of certified smallholders, their data and new members – all facilitated by the GRAS ISH Module

The ISH database allows to:

- Add new members
- Assign unique IDs for each smallholder
- Identify already certified members
- Add land titles
- Upload pictures
- Add polygons

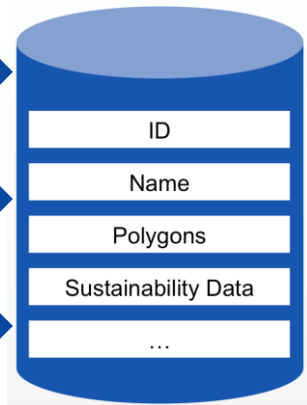
Register
Central
Office



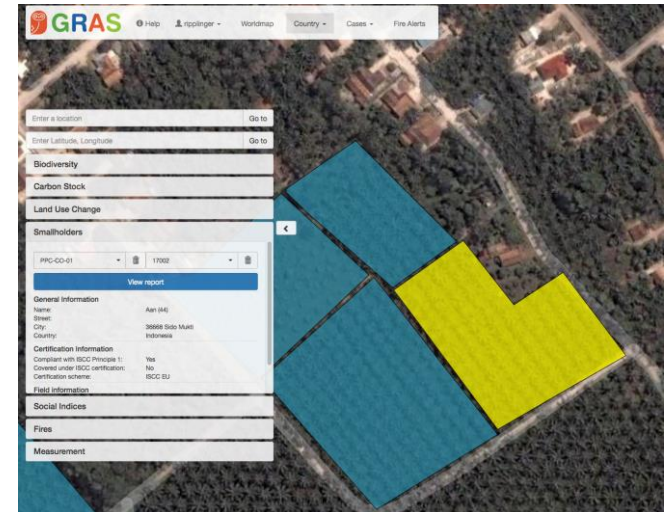
Add ISH
data



Update
ISH data



GRAS ISH Module



- Access all collected smallholder data
- Access the field polygons with related information (e.g. applied pesticides)
- Access background satellite images
- Conduct sustainability analysis (deforestation, protected areas, fires, etc.)
- Print all smallholder data as report and save as PDF

Business model scenario settings and results can be saved for comparisons of the many certification implementation options

CENTRAL OFFICE BUSINESS MODEL

Scenarios

Assessment date:
(format: dd.mm.yyyy)

Number of cooperatives: Yield increase:

Number of small holders per cooperative: Activate fund:

Costs	One time (in 5 years)	Concurrent (in 5 years)	Total (in 5 years)
Risk and LUC Analysis	-	-	-
Registration/ certificate	-	-	-
Preparation and service	6.502,41	1.482,13	7.984,54
External auditor	-	12.209,22	12.209,22
Training	2.021,08	-	2.021,08
Train the trainer	940,00	-	940,00
Infrastructure and Investment	8.489,37	-	8.489,37
Total costs	17.952,86	13.691,35	31.644,21
Benefits			
Price Premium ISCC EU	-	54.040,08	54.040,08
Funds	-	12.685,00	12.685,00
Total benefits	-	66.725,08	66.725,08
Balance	-	53.033,73	35.080,87

RECORDED SCENARIOS

	Notes on Scenario	Notes on Scenario
Recorded Scenarios Results	Small growth scenario	Fund activation and higher yields

	Scenario 1 - Date: 22 Jan 2018	Scenario 2 - Date: 25 Jan 2018
Active Fund:	No	Yes
Yield increase:	10%	15%
Number of cooperatives:	1	1
Number of SH per cooperative:	100	100

Costs	Scenario 1 - Date: 22 Jan 2018	Scenario 2 - Date: 25 Jan 2018
Risk and LUC Analysis	-	-
Registration/ certificate	-	-
Preparation and service	7.984,54	7.984,54
External auditor	12.209,22	12.209,22
Training	2.021,08	2.021,08
Train the trainer	940,00	940,00
Infrastructure and Investment	8.489,37	8.489,37
Total costs	31.644,21	31.644,21
Benefits		
Price Premium ISCC EU	37.993,39	54.040,08
Funds	-	12.685,00
Total benefits	37.993,39	66.725,08
Balance	6.349,18	35.080,87

Last but not least: Don't throw the baby out with the bathwater*!



* Old German proverb, adapted in England in the 19th century



Banning palm oil for biofuels

- EU biofuels market is the only sector exclusively requesting feedstocks which are not from biodiverse and carbon rich areas subject to land use change (LUC) after 2008
- Under the EU-RED compensation is not allowed
- Palm-producing companies / smallholders: No need to further align with strict EU rules stopping deforestation and LUC of biodiverse and carbon-rich ecosystems
- Regional advocates (officials, companies, NGOs) for better sustainability practices in SEA are left alone – hardliners will gain momentum again



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