Towards Inclusive Palm Oil Supply Chains

Globally thirty per cent of palm oil is produced by smallholders. Their share of planted area is even higher, as they achieve lower yields than corporate plantations. Inclusion of smallholders and raising their yields presents an opportunity to increase production of palm oil, without conversion of new lands.

While RSPO is making great efforts to be inclusive, less than one per cent of the RSPO certificates have been issued to independent smallholders. The challenges faced with respect to smallholders certification are:

• Costs and efforts needed for smallholder certification are substantial and relatively higher than for estates;
• Smallholders have limited resources to invest in certification and need to earn back any investments in a shorter time period than estates;
• In many cases the absence of a certified mill in the surroundings makes that no premium is paid for sustainable palm fruit;
• There is limited technical support and access to inputs required to produce sustainably and demonstrate compliance.

Solidaridad aims to drive the inclusion of smallholders in global palm oil supply chains by creating scalable farmer-first business cases. We do this by implementing field projects with local partners, aimed at introducing better business and agricultural practices and engaging brands and other supply chain parties to contribute. In this way we create examples of sustainable, inclusive palm oil supply chains that can be copied by other smallholder groups, companies and sector organizations.

Solidaridad is a not for profit network organization operating from ten regional offices on five continents. We envision a world in which all we produce, and all we consume, can sustain us all while respecting the planet, each other and the next generation. We bring together commodity supply chain actors and engage them in innovative solutions to improve production, ensuring the transition to a sustainable and inclusive economy that maximizes the benefit for all.

For information about Solidaridad and the Solidaridad office in your region: www.solidaridadnetwork.org/palmoil

JOIN THE PALM OIL PROGRAMME!

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If your company is interested to assist in cracking this nut, please do get in touch. Together we can move towards an inclusive palm oil supply chain.

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Solidaridad’s major financial partners are:

Dutch Ministry of Foreign Affairs
Henkel
Johnson & Johnson
RSPO

Globally thirty per cent of palm oil is produced by smallholders, but so far less than one per cent of RSPO certificates have been issued to independent smallholder groups. Farmer-first approaches are needed to motivate smallholders to produce sustainably, especially if they produce for local, non certified markets.

Smallholder inclusion is key

Solidaridad works together with relevant players in the palm oil supply chain to build sustainable and inclusive palm oil supply chains.
Developing National Initiatives to transition palm oil sectors towards RSPO:
- Honduras Palm Oil Association & WWF: The Sustainable Honduran Palm Oil Project (PASH), stimulates countrywide implementation of RSPO, and includes ten companies representing 81% of total Honduran palm oil production as well as 5,000 families of oil palm producers and workers.
- Agrobit: working with 5 palm oil mills in Colombia to demonstrate the benefits of RSPO compliance and good agricultural practices, covering 80,000 hectares, of which half are smallholdings. Fedepalma, the national federation of oil palm cultivators, is supporting nationwide outreach to 59 mills.
- Natural Habitats Group & ANCUPA: Training 900 smallholders in RSPO compliance in Ecuador, to be scaled up nationwide by the national association of palm oil cultivators.

Improving Labour Conditions through RSPO implementation:
- ILO & WWF: Improving labour conditions, health and safety performance on five palm oil estates in Guatemala, representing 30% of the country’s production area, through RSPO certification. Solidaridad also supports the finalization and outreach of the Guatemalan RSPO National Interpretation.
- Agropalma: Reduction of the number of work accidents among 3,500 land labourers by 56% on Agropalma’s estate in Brazil. Its independent suppliers also formalized contracts with 595 field workers, meaning formalized labour is at more than 90%. This has created a model for improved citizenship, job stability and social security for workers.
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Investing in sector development and regional information exchange:
- Incubator and Access to Finance: provides access to seed capital, business development services and coaching to small and medium sized businesses in the oil palm sector.
- Web-based portal (www.oilpalmwestafrica.info) to disseminate information on good agricultural practices, processing technologies, and other relevant knowledge to promote innovation, productivity and profitability of the oil palm sector.

National Interpretations of RSPO:
- Supporting RSPO National Interpretation processes in Ghana, Ivory Coast and Nigeria. In 2012 and 2013 an RSPO Roadshow and oil palm sector scoping studies were organized with RSPO and Forest in Liberia, Ivory Coast, Cameroon and Gabon.

CHINA

As the second largest palm oil importer in the world, China plays a crucial role in mobilizing the global palm oil market towards sustainable production and consumption. In China, Solidaridad is engaging key palm oil importers, traders, processors and end-buyers as well as relevant government institutions to develop a multi-stakeholder platform or “China Hub.” This platform will stimulate mutual interaction and trust between overseas palm oil producers and domestic market players to accelerate the uptake of certified sustainable palm oil (CSPO) in China.

SOUTH-EAST ASIA

Inclusion of independent smallholders in RSPO supply chains:
- Keressa Mills & Plantations: RSPO certification of 54 smallholders in the Keressa supply base. Results: higher yields, reduced costs and better grading for smallholders. First smallholder Palm Kernel Expeller certificates were sold through this project.
- Cargill, Tian Siang Mill & Wild Asia: Developing a traceable sustainable supply chain with independent smallholders, a mill and palm fruit dealers in Perak, Malaysia. Results: secured buying for small farmers and a steady supply of certified sustainable, quality fruit to the refinery.
- Nestlé & Wild Asia: Supporting smallholder group certification in a biodiversity hotspot in Sabah, Malaysia. Goals: increase yields and income while preserving fragile environmental conditions.
- Setara: Organizing and training independent smallholders in Jambi, Sumatra, linking them to RSPO mills and developing local institutional capacity through Fasda to provide smallholder support.
- CUKK, Good Return & World Education: Smallholder support.
- NBPOL: Developing innovative models for re-planting smallholdings in Papua New Guinea.

Supporting businesses in developing innovative approaches towards smallholders:
- Asian Agri/PT IIS: Training 6,600 (plasma) smallholders and certification of 40,000+ hectares in the PT Inti Indosawit Subur supply base. A training curriculum was developed and tested at four mills.
- NBPOL: Developing innovative models for re-planting smallholdings in Papua New Guinea.

Implementing RSPO Labour Requirements across South-East Asia:
- Verité South-East Asia: Development of a toolkit on RSPO labour requirements & regulations for companies and certifying bodies to practically implement labour standards. The toolkit will be an RSPO-endorsed document. Verité is now conducting awareness trainings with auditors and companies.

WEST AFRICA

SUSTAINABLE WEST AFRICA PALM OIL PROGRAMME (SWAPP)

Stimulating best management practices (BMP) and uptake of RSPO certification by smallholders and mills:
- Training of 1,500+ smallholders in the supply base of Benso and Twifo palm oil mills (BOPP & TOPP).
- Supported certification of the first oil palm mill in Ghana, BOPP.
- Establishment of 30 BMP plots and the education of 400 small farmers in good agricultural practices.
- Average yields increased of 30% among smallholders.
- Will support RSPO certification of 2,000 independent smallholders through RSF grant by 2016.

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