



# **Pre-certification conditions of independent oil palm smallholders**

**Assessing prospects for RSPO certification**

A science-for-policy brief by the SEnSOR programme

## Study Aim

The RSPO launched a **new Independent Smallholder (ISH) standard** to endorse sustainability certification for non-scheme oil palm smallholders. However, this is a **highly heterogeneous group** with varying levels of performance in terms of yields, access to markets, livelihoods, organizational capacity, and environmental sustainability. To achieve the RSPO's aim to **improve livelihoods** and **reduce negative environmental impacts**, this study explores differences in **smallholders' pre-certification conditions** and **prospects for certification** to develop strategies to target smallholders that are currently not reached by certification initiatives.

### Question 1: What kind of independent smallholders are currently RSPO certified?

We explored independent smallholder characteristics regarding socio-economic backgrounds, migration history, plasma experience, legality, group organization and plantation management practices, to examine how these aspects influence smallholders' position in the supply chain and eligibility for RSPO certification. Subsequently, we assessed what categories of smallholders are currently RSPO certified.

### Question 2: How do pre-certification conditions affect prospects for RSPO certification?

We examined certified smallholders' pre-certification conditions in relation to eligibility criteria for certification regarding legality, groups organization and good agricultural practices to see how these conditions affect prospects for certification.

## Methods

- We conducted a **literature review** to develop a **general typology** of independent oil palm smallholders in Indonesia.
- We **interviewed 19 group leaders** of RSPO certified smallholder groups and 3 groups in process towards certification, as well as **9 organizations involved in facilitating RSPO certification** for smallholders. We complemented data for all groups with audit reports.
- We followed up with **8 feedback discussions** with smallholder groups and facilitators to jointly reflect on the outcomes of this study.

## General typology of independent smallholders

- 1: **Non-plasma farmers:** planted oil palm outside of nucleus-plasma schemes. Little structural support from companies or government.
- 2: **Ex-plasma farmers:** history with plasma schemes, often transmigrants. After paying off plasma loans these smallholders became independent.
- 3: **Spontaneous migrants:** migrated independently to engage in oil palm sector, often ex-plantation labourers.
- 4: **Resident entrepreneurs:** local or migrant entrepreneurs engaged in multiple businesses, often control > 25 ha\*.
- 5: **Absent investors:** invest in oil palm from a distance, often control > 25 ha\*.

\* plots not registered as one estate.

## Findings

**Q 1:** What types of independent smallholders are currently RSPO certified?

- There are **31 RSPO certified independent smallholder groups** in Indonesia: 24 in Sumatra; 7 in Kalimantan
- The majority (77%) of these groups can be categorized as **ex-plasma farmers**, often transmigrants.
- This category has **clear land rights** and was **organized in groups** prior to certification.
- Ex-plasma plantations are usually planted with **tenera seeds** and often (partly) **centrally managed**; however, additional independent lands are often planted with **dura seeds** and **managed individually**. Non-plasma plots do not always have clear legality and are **more difficult to certify**.
- **19%** of the certified groups can be categorized as **non-plasma farmers** who have planted oil palm independently.
- This category experiences challenges to **organize in groups**, and often **lacks formal land titles** and business (STD-B) and environmental (SPPL) licenses.
- Plantations are often planted with **dura seeds** with lower oil extraction rates, and managed individually.
- One group was categorized as **resident entrepreneur**.

**Q 2:** How do pre-certification conditions affect prospects for certification?

- All certified groups were assisted by an **external facilitator**. Interviewees stated that certification is **not attainable** for independent smallholders **without external support**.
- Certification projects often **target** smallholder groups who have relatively stronger legal situations and more capacity for group organization.
- This creates a **bias towards ex-plasma smallholders**, who have formal land titles, and were organized in farmer groups and cooperatives under the plasma scheme.
- Both category 1 and 2 smallholders often **lacked agronomic training** on oil palm prior to certification. Therefore, interviewees regarded especially **training on good harvesting practices**, and **fertilizer application** to be key benefits of RSPO certification, as this increased yields and reduced rejection rates of FFB at the mill.
- Partly as a consequence of having planted dura palms, certified smallholder groups prefer to sell RSPO credits through an **online book and claim system** rather than **directly with a premium price**, because online credits are not dependent on the quality of FFB or agreements with mills.

## Recommendations

1. **The dependency of smallholders on external facilitators** is a key bottleneck for upscaling certification. To increase the number of facilitators, **RSPO certified groups could become facilitators** for aspirant groups in their area, if they are supported with funds and knowledge on RSPO requirements.
2. **Government replanting programs**, which require smallholders to organize in groups, provide opportunities to include independent smallholders in RSPO certification. Replanting is also a **critical moment for certified groups** to maintain their independent status and continue production according to RSPO standards.
3. **Ex-plasma** smallholders are likely to become **less prevalent in the future**, because under new plasma schemes (joint venture system) smallholders are often not directly engaged in the production process. Therefore it is crucial to find ways to include more **non-plasma smallholders** in certification programs. This may **require flexibility** vis-a-vis legality and group organization requirements.
4. More research is needed into non-traditional smallholders, including spontaneous migrants, resident entrepreneurs and absent investors because there is a knowledge gap regarding their access to RSPO certification.

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March, 2021

The project was funded by the Roundtable on Sustainable Palm Oil (RSPO)

**This science for policy brief is based on the findings from the following SEnSOR technical report:** Pre-certification conditions of independent oil palm smallholders. Assessing prospects for certification. (De Vos et al., 2021)



**Photo:** smallholder intercropping oil palm, banana and cassava in Central Kalimantan. **Photo credits:** Grace Sibarani