

## MINUTES OF MEETING 5<sup>TH</sup> SMALLHOLDER WORKING GROUP

### Minutes for 5<sup>th</sup> Smallholder Working Group Meeting

Date : 15/4/2014 (full day) & 16/4/2014 (half day)

Start Time : 09.00 am

Venue : Capri by Fraser Hotel, Kuala Lumpur, Malaysia

### ATTENDANCE

#### Members and Alternates

1. Petra Meekers (NBPOL) - PM
2. Marieke Leegwater(Solidaridad) - ML
3. Rukaiyah Rofiq (SETARA) - RR
4. K. Ilangovan (FELDA) - IL
5. Herman Tandinata (Musim Mas) - HT
6. Cahyo Nugroho (FFI) - CN
7. Dani Rahadian (WWF Indonesia) - DR
8. Thitinai Pongpiriyakit (GIZ Thailand) - TP
9. Jefri Saragih (Sawit Watch) - JS
10. Perpetua George (Unilever) – PG - *via Teleconference*

#### Observers

1. Dr. Ir. Rosyani, M.S (University of Jambi) - RS
2. Margaretha Nurrunisa (WWF Indonesia – Riau) - MN
3. Veronique Bovee – VB – *via Teleconference*
4. Desi Kusumadewi (RSPO) – DK \*\*

#### Consultant

Dr. Simon Lord - SL

Dr. Balamurugan - BA

#### With Apologies

1. Bob Norman (GreenPalm)
2. Darmawan Liswanto (FFI)
3. Alejandra Rueda (NES Naturaleza)
4. Dr. Marcus Colchester (FPP)
5. Daniel May (GIZ)
6. Dayang Norwana (WWF Malaysia)
7. Ian Orrel (PNG)

#### RSPO Advisors

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#### Secretariat Staff

1. Julia Majail (Smallholders Program Manager) - JM
2. Imam A. El Marzuq (TFS & DSF Executive) - IEM
3. Melissa Chin (GHG Manager) – MC \*\*\*

\* Attended only on the 15<sup>th</sup> April 2014

\*\* Half Way (12PM) on the 15<sup>th</sup> April 2014

\*\*\* Half Way (12PM) on the 16<sup>th</sup> April 2014

\*\*\*\* Attended only on the 16<sup>th</sup> April 2014

Item	Description	Point Person
<b>1.</b>	<b>Welcoming notes by Smallholder Working Group Co-chairs</b>	ML & PM
	ML opened the meeting with brief introduction of background of the meeting, focusing on the Smallholder document review and SHWG Working plan for the upcoming Financial Year (FY 14/15). She introduced Dr. Bala and Dr. Simon Lord as the facilitator to the specific discussion on the review of Smallholder document.	Info
<b>2.</b>	<b>Confirmation of Agenda and Round of Introduction</b>	
	The meeting agenda was confirmed. Safety & Security briefing from Capri by Fraser team.	Info
<b>3.</b>	<b>Confirmation of previous Minutes of Meeting / Matters arising</b>	
3.1	ML went through the previous minute of meeting.  Linking & Learning website: The RSPO website is currently under re-organised and the improvement of Smallholder L&L page will be incorporated within the process.  Outreach plan for Indonesia: The associated activities to support outreach for smallholder has been inserted into the FY 14/15 Working plan of RSPO Indonesia.	Info   IEM/RILO
3.2	Item 5.3 (page 4), words corrected to: "Referring back to the slide on categories, I have two points: First, <i>in the table stated outgrowers holding more than 500 ha, so there's a gap for those 50 to 500ha. They are not covered here. Secondly, there are mill without estate. This is not included. My point here is the categories is more than 16.</i> "	Info
3.3	The Minutes of 4 <sup>th</sup> Smallholder Working Group Meeting is adopted by everyone in the meeting.	
<b>4.</b>	<b>Updates from RSPO Secretariat/ RSSF</b>	
	Presentation by Julia Majail & Imam A. El Marzuq <i>Refer to :</i> <i>Annex 1. Smallholder Program Updates from the RSPO Secretariat</i> <i>Annex 2. Updates on Smallholders – Indonesia</i>	
4.1	There is need to organise smallholder outreach program (to also cover Rest of the World, not only Indonesia & Malaysia).  <b>Action Point :</b> To have an update from the Communication Department of RSPO, on the communication plan/program for 2014/2015 with regards to smallholder program.	PM/ML/JM
4.2	Access of Linking & Learning Page, need to provide the statistic of webtraffic, <i>note: RSPO Secretariat has already put the visitor number tracker (hidden).</i>  RSPO should have a more transparent approach when it formed a partnership with stakeholders particularly on smallholder program (i.e. MoU on Smallholder initiative).  RSPO to allocate more funds to support program for Smallholder	Info  Info  RSSF Panel

	Linking & Learning (i.e. for translation to various language, bring more SH to RT12 etc.).	
4.3	<p><b>Smallholders Statistic</b></p> <p>The Smallholder statistic needs to be verified. RSPO Secretariat need to ensure that the smallholder data extracted from Salesforce is reliable and accountable.</p> <p>Suggestion to bring in students/internship to assist in data alignment</p> <p><b>Action Point :</b> RSPO Secretariat to circulate the smallholder statistic data to all SHWG members and the members then review whether the figure is correct or need to be adjusted.</p>	JM/IEM
4.4	SHWG to develop a Global Communication Strategy for Smallholder which will help set the SH direction, focus and target in the next 3-5 years to come.	PM/ML/JM
5.	<p><b>Simplified HCV Guidance for SH and Grower below 500ha - Recommendation/Decision</b></p> <p>Presentation by Petra Meekers <i>Refer to :</i> <i>Annex 3. HCV and Smallholders Current Status</i></p>	
5.1	<p><b>Discussion :</b></p> <p>BHCV WG recommended using precautionary approach in the HCV assessment for smallholder, using low – medium – high risk area classification.</p> <p>Issue remain on how to ensure smallholder to be able to implement the toolkits on the ground.</p> <p>The alternative approach is to move forward with the HCV Simplified Toolkit for Smallholder prepared by Adam Keatts.</p> <p>It is important for RSPO to have third party review process on the HCV assessment that is being self-conducted by the smallholder, as a control function.</p> <p><b>Decision :</b> The SHWG has reach an agreement as follows :</p> <ol style="list-style-type: none"> <li>1. Agree to use the Simplified HCV Guidance for Smallholders prepared by Adam Keatts as interim measure, until the approach recommended by BHCV WG is ready for implementation.</li> <li>2. All potential SH will conduct simplified HCV assessment by themselves, but then the exercise will be checked by the RSPO endorsed HCV assessor (whereby the third party verification could be funded by RSSF).</li> <li>3. <b>PM</b> will draft an outline for concept note, and <b>DR</b> will liaise with SPKS on the briefing paper.</li> <li>4. BHCV WG will need to come up with the list of RSPO endorsed HCV assessors available for each country and</li> </ol>	<p>Info</p> <p>Info</p> <p>PM/DR</p> <p>JM</p>

	<p><b>JM</b> will prepare an analysis of the required cost</p> <p>5. To inform BHCV WG on the decision made by SHWG with regards to the Simplified HCV for Smallholder. <b>PM</b> to communicate with BHCV WG through Anders Lindh.</p> <p>6. SHWG need to discuss the challenges with regards to the requirement on “2005 cut-off date” in the context of smallholders.</p>	<p>PM</p> <p>PM/ML/SHWG</p>	
<b>6.</b>	<b>SH Document Review – Recommendation / Decision</b>		
	<p>Presentation by Dr. Balamurugan and Dr Simon Lord</p> <p><i>Refer to :</i> <i>Annex 4. Smallholder Document Review</i></p>		
6.1	<p>Review of the Smallholder document is a priority in the current SHWG Workplan, to ensure that SH documents are in line with RSPO P &amp; C 2013 and to address some of the gaps and inconsistencies in current documents. The benefits of having the new SH document (compare to the previous group of documents):</p> <ol style="list-style-type: none"> <li>1. Currently we have 10 documents to be used as reference in certifying smallholder (too many moving parts), the new SH document will consolidate all of those standards into one document (one stop shop)</li> <li>2. The new SH document will provide guidance on how to bring the group together and what the rules are to make the group work</li> <li>3. The section 4 of the new SH document will provide guidance on What to Do and What Not to Do for Smallholder certification</li> </ol>	Info	
6.2	<p><b>Discussion :</b> In order to eliminate the ambiguity in the scope of Independent Smallholder, it is necessary to amend the current definition of Independent Smallholder (to provide more clarity particularly on the phrase “by not being contractually bound to any particular mill or any particular association”) within the SH document.</p> <p><b>Decision :</b> To distinguish the term of ‘contract’ between the trade of FFB and establishment of plantation. To add “the contract in addition to any business arrangement regarding the sale of FFB” into the definition of Independent Smallholder.</p>		SL
6.3	<p>SHWG go through and discussed all the comments on the SH document received from:</p> <ul style="list-style-type: none"> <li>• SOLIDARIDAD</li> <li>• PROFOREST</li> <li>• SH DOCUMENT REVIEW TASKFORCE</li> </ul>		
6.4	Amendment made to the date for RSPO Accreditation and Certification Requirements for Group Certification, from <u>26 August 2010</u> to <u>RSPO Certification 30 August 2011</u> .	Info	
6.5	To inform Board of Governors on the progress of document review.	SY	
6.6	The consultant will improve the last version of SH document, taking into account all comments from the recent consultation	SL/BA	



## DAY 2 – 16 April 2014

Item	Description	Point Person
8.	<p><b>SH Workplan and Budget for FY15 – Recommendation/ Decision</b></p> <p>Presentation by Julia Majail  <i>Refer to :</i>  <i>Annex 6. SHWG Workplan and Budget FY14/15</i></p>	
8.1	<p><b>Discussion of Public Consultation on SH Document :</b>            After the Smallholder document review process is completed, the important next step is to hold the public consultation session as socialization stage and attempt to dig input from stakeholders.</p> <p><b>Action Point :</b>            To allocate budget to carry out Public Consultation for the Generic and NI level, in relation to the new Smallholder Document.</p>	RSPO Secretariat
8.2	<p><b>Discussion of National Interpretation for SH Document:</b>            National Interpretation process is required as the further step (after SH Generic document is approved) in harmonizing the new standard with related regulations and laws in the associated countries</p> <p><b>Action Point :</b>            To allocate budget for SH National Interpretation Document within FY14/15</p>	RSPO Secretariat
8.3	<p><b>Discussion of work plan on Simplified HCV for SH :</b>            It has been agreed by SHWG to use the Simplified HCV Guidance for Smallholders prepared by Adam Keatts as interim measure, until the approach recommended by BHCV WG is ready for implementation. As a further stage to the above, all potential SH will conduct simplified HCV assessment by themselves.</p> <p>If verification of HCV assessment is needed, it can be done by professional and endorsed assessor.</p> <p><b>Action Point :</b>            To add budget to conduct Trial on the Simplified HCV Guidance (Indonesia, Thailand, Malaysia, Ghana), including trial on NPP context</p>	RSPO Secretariat
8.4	<p><b>Discussion :</b>            It is needed to look at the social assessment item which is available in the current standard.</p> <p><b>Action Point :</b>            Sawit Watch to look at the SEIA section in the Indonesian NI.</p>	JS

## 9a. Briefing/update on the inclusion of Independent SH in RSPO-RED Certification

Presentation by Melissa Chin

*Refer to :*

*Annex 7. An Introduction to the RSPO-RED certification scheme*

- 9a.1 In 2010, RSPO conducted a gap analysis between the RSPO standard and the EU-RED requirements & in November 2012 RSPO RED has received formal recognition by EC.

According to the current standard, Independent smallholders cannot be certified under RSPO-RED. Next update of RSPO-RED requirements will include RSPO Independent Smallholder (group) certification procedures.

The RSPO-RED unit of certification includes the mill and its supply base, or part of its supply base.

The certification body shall issue a new RSPO-RED certificate with a code which refers only to operations compliant with RSPO-RED requirements, and which distinguishes between RSPO compliant and RSPO-RED compliant.

Propose to invite the EU representative to the Europe RT event in London, as an effort to raise the awareness for stakeholders of the RSPO RED – Smallholder issues.

## 9b. Proposal to form Legal FFB Taskforce under SHWG

Presentation by Dani Rahadian

*Refer to :*

*Annex 8. FFB Traceability & Legality*

- 9b.1 Given its versatility in use, palm oil as a commodity has remarkable comparative advantages, including its productivity and price competitiveness, than other edible oils in the world. Worth noted, on the supply side Indonesia and Malaysia are the two countries holding the majority of the global market share.

One of crucial challenges is that the plantation expansion by the growers, particularly by individuals or independent smallholders, has entered areas which legally are not zoned for agricultural cultivation. These areas include –but not limited to- national park, reserve forest and production forest.

The FFB from these questioned areas likely have been contaminating the global palm oil supply chains. Furthermore, a number of processing facilities owned by RSPO members, direct or indirectly, have also involved in processing these FFBs.

The current RSPO supply chain audit merely to trace palm oil fruits produced from the nucleus and plasma scheme plantation. There is no system yet in place to trace the FFB derived from their external suppliers (smallholders and outgrowers). The

traceability and legality of their external suppliers are still in question mark. In some cases the external supplier potentially may have planted their oil palm trees in high conservation value forest or protection areas.

This issue has affected the credibility of certified mills and RSPO members, who are supposed to uphold their sustainability standard. An appropriate approach need to be developed by RSPO to overcome this issue. A special task force should be established to study the issue and to come up with recommendation on mechanism to overcome the problem.

**Decision :**

- |     |  |       |
|-----|--|-------|
| i.  | SHWG recommend having a stand-alone RSPO Legal FFB Working Group to accommodate the proposal, since the issue is beyond Smallholders (cross function). | Info  |
| ii. | RSPO Secretariat will collaborate with WWF-Indonesia to pursue this.   | DR/JM |

**9c. Revision of SHWG ToR, Membership**

Presentation by Imam A. El Marzuq

*Refer to :*

*Annex 9. Proposal of Amendments of SHWG Terms of Reference and Decision on Vacant position in the SHWG*

**9c.1 Discussion:**

It was noted that the current ToR does not clearly mention on : 1. Members of the WG who are not active, wish to step down and/or to be replaced ; 2. Criteria for the SHWG in making decision.

Some of the positions in the SHWG are either still unfilled or members are inactive.

Proposed Solution/Option: 1. To include a new additional clause into the SHWG ToR. ; 2. To nominate new members to fill in the vacant position in SHWG.

**Decision :**

The proposal of amendments of SHWG Terms of Reference and Decision on vacant position in the SHWG is adopted. Info

- |      |   |                         |
|------|---|-------------------------|
| 9c.2 | As an efforts to strengthen the SHWG, changes has been made to the membership composition (refer to the Membership Status), with regards to the vacant position Secretariat will send out a call for nomination | SHWG / RSPO Secretariat |
|------|---|-------------------------|

**MEMBERS WITHDRAW FROM SHWG**

1. **Dayang Norwana Awang Ali Bema** (WWF Malaysia)  
 Constituency / Category : Environmental NGO  
 Position : Substantive



2. **Neil Lacroix** (Kraftfoods/Mondelez)  
Constituency / Category : Supply Chain (Retailer)  
Position : Substantive
3. **Daniel May** (GIZ)  
Constituency / Category : Government Agency  
Position : Observer

*MEMBERS DROPPED FROM SHWG*

1. **Arnold Sipahutar** (PT. Perkebunan Nusantara III)  
Constituency / Category : Grower (INA)  
Position : Substantive
2. **Ricardo Antonio Torres Carrasco** (Fedepalma)  
Constituency / Category : Grower (ROW)  
Position : Substantive

*NEW MEMBERS:*

1. **Dani Rahadian** (WWF Indonesia)  
Constituency / Category : Environmental NGO  
Position : Alternate  
Remarks : Change FROM Alternate TO Substantive (in replacement of Dayang Norwana Awang Ali Bema)
2. **Rukaiyah Rofiq** (SETARA Jambi)  
Constituency / Category : Social NGO  
Position : Alternate  
Remarks : Change FROM Alternate TO Substantive
3. **Melinda Hou** (Mondelez)  
Constituency / Category : Supply Chain (Retailer)  
Position : Substantive  
Remarks : Replacing Neil Lacroix
4. **Patricia Apreza** (DAABON)  
Constituency / Category : Grower/Smallholders (Latin America)  
Position : Substantive  
Remarks : Replacing Ricardo Antonio Torres Carrasco

*VACANT POSITIONS IN SHWG*

- 1 seat under Grower (INA)
- 1 seat under Environmental NGO
- 1 seat under Supply Chain (Processors & Traders)

9c.3

**Discussion :**

Observers should have a positive contribution in the group discussion/activities, resulting in strengthening the decision making.

**Decision :**

To review the role of Observer within the Smallholder Working

IEM

	Group and to have a list of formal observer.	
<b>9d.</b>	<b>Format for RT12 for smallholders</b>	
9d.1	Secretariat and Co-chairs to prepare a draft of program for Smallholder events during RT12	JM
<b>END OF SHWG MEETING 16/04/2014</b>		

**Annexes :**

*Annex 1. Smallholder Program Updates from the RSPO Secretariat*

*Annex 2. Updates on Smallholders – Indonesia*

*Annex 3. HCV and Smallholders Current Status*

*Annex 4. Smallholder Document Review*

*Annex 5. Introduction to Controlled Supply from Smallholder (CSS) approach*

*Annex 6. SHWG Workplan and Budget FY14/15*

*Annex 7. An Introduction to the RSPO-RED certification scheme*

*Annex 8. FFB Traceability & Legality*

*Annex 9. Proposal of Amendments of SHWG Terms of Reference and Decision on Vacant position in the SHWG*