Minutes of Meeting
6th Smallholder Working Group (SHWG) Meeting

Date: 14th November 2014
Time: 9.00 am– 6.00pm
Venue: Pod 2, Level 32A Capri Hotel, Kuala Lumpur, MALAYSIA

No	Name	Initial		SHWG	Organisation
1	Dr.Petra Meekers	PM	Grower RoW	Member/Co-Chair	New Britain Palm Oil
2	Marieke Leegwater	ML	Social NGO	Member/Co-Chair	Solidaridad
3	Herman Tandinata	HT	Grower	Member	PT Musim Mas
4	Darmawan Liswanto	DAR	Env NGO	Member	FFI
5	Perpetua George	PEP	Supply Chain	Member	UniLever
6	K. Ilangovan	ILANG	Grower (MY)	Member	FELDA Malaysia
7	Triyanto Fitriyardi	TRI	Supply Chain	Member	IFC Indonesia
8	Margaretha Nurunnisa	MAR	Env NGO	Member	WWF Indonesia
9	John Tanjung	JOHN	Social NGO	Member	Yayasan Setara Jambi
10	Ian Orell	IAN	Smallholder ROW	Member	PNG Palm Oil Council
11	Jefri Saragih	JEF	Social NGO	Member	Sawit Watch
12	Asrini Subrata	ASRI	Grower	Member	Asian Agri
13	Bob Norman	BOB		Expert	GreenPalm
14	Pengara Guru Singa	PGS	Grower	Observer	Asian Agri
15	Suffian Muhili	SF		Observer	P&G
16	Dr. Asad Ata	ASAD		Observer	MISI
17	Jonas Dallinger	JON		Observer	AidEnvironment
18	Bilge Daldeniz	BIL		Observer	Proforest
19	Joko Arif	JOKO		Observer	IDH Indonesia
20	Elise Muijzert	EL	Social NGO	Observer	Solidaridad
21	Ashrina	ASH	Env NGO	Observer	WWF Malaysia
22	Francisco Naranjo	FR	Secretariat		RSPO-Latin America
23	Julia Majail	JMA	Secretariat		RSPO Secretariat
24	Imam A. El-Marzuq	IMM	Secretariat		RSPO-RILO Office
25	Tn.Hj. Salahuddin Yaacob	SY	Secretariat		RSPO Secretariat

No	Discussion Notes
1	**Welcome and Introduction** PM started off the meeting by explaining the rules of the meeting with regards to voting power of substantive member of the WG and the observers attending this WG meeting. After a round self-introduction among members of meeting, she continued to explain about the meeting agenda.
2	**Confirmation of last MoM** ML went through the previous minute of meeting. No objection to the minute and it was adopted. No major matters arising were discussed.
3	**Updates on RSPO - Activities on Smallholder for 2014** *See Annex 1: Updates on Smallholders, by Julia Majail, RSPO Secretariat* Highlights: • Smallholder Document Review is on-going. Currently for public consultation for 2 months until 2nd Jan 2015. • Completion of RSPO Smallholder and RSSF short video. • The average FFB production per smallholders is 15.77 mT/year. • Total hectarage of certified area under Smallholder is 321,995ha, equivalent to 10.5% contribution against total global RSPO certified area.

- Estimated 9.73% of smallholders' contribution against total CSPO globally.
- Smallholder Group Certification video shown. Both videos (Smallholders and RSSF) will be uploaded onto the RSPO website and other social media. It will be launched at the RT12 during the Smallholder Prep Cluster session.

3.1 Discussion/Comment:

PM: On the independent smallholders we have good figures because we have small numbers of group that already certified to-date, thus we can give good watch on the number of average and area. For the figures on associated and schemed smallholder, we are still very much relying on the reports from Certification Bodies (CB), and their provision of actual number of smallholders involved, as well as volume and area certified. Therefore, at the moment most of these figures are estimates.

SY: After 6 years of starting the smallholders' scheme, 10% is something to be proud of. Malaysia and Indonesia have about 40% producers are coming from smallholders; Africa is about 70%, and some countries in Latin America have up to 80% of smallholders. RSPO allocated fund to help smallholders. If we can increase it to 40-50%, that would be good. We know that it is not easy to bring smallholder to certification. You have to walk them through. We must put catalyst for them to move. That's the challenge we face. We must all work together to do the 'push and pulling' for this. In terms of figures, our business plan stating that by end of 2015, total production CSPO to generate is 16-18 mT/year. Probably, we may not able to achieve that. Progress was quite slow this year because we had hiccups in terms of CB accreditation, for 6 months. Some of CB cannot conduct certification. But now almost all CB are accredited.

ASAD: On the statistic of area, I see that there are about 3% of independent smallholders; this means that 97% are the schemed ones. Am trying to reconfirm that this the major challenge.

ML: Can GreenPalm share on the certificate sales under independent smallholder certificate?

BOB: Yes, if we have the time. On the 16-18 mT/year target of CSPO production, it could be achieved, but the challenge is to find the demand without virtual. This challenge not just to this WG but also to the communication team of the Standing Committee.

JOKO: About the information on certified area, can we get information on number of certified smallholders in West Africa, Latin America, Indonesia and Malaysia?

JMA: It is do-able.

SY: The low average yield for smallholder compare to plantation is our challenge. For Asian Agri for example, the figure is always 25mT. Our strategy is to bring up the figure for smallholder. If we can show, for example, next year, the production increase to 17mt for RSPO-certified smallholders, it is proven they are able to increase their production of CPO. This is not just about getting the premium but also increase yield, at ground level (individual farms).

IMM briefed on activities done by RSPO-RILO Office in Jakarta.

- In terms of schemed smallholder, 70% (3,754,089.09 mt) of the total FFB production shown by Julia in her presentation is FFB from Indonesia.
- There are two group of Independent Smallholders certified this year i.e. GAPOKTAN Tanjung Sehati in Jambi and Koperasi Tani Maju in South Sumatera.
- At the moment total FFB production from certified independent smallholder in Indonesia are 23,729 mt from 609 smallholders.
- Other activities done were Impact Research on RSPO Certification to independent smallholder were carried out in Merangin, GAPOKTAN Tanjung Sehati. Prof. Roshiani from Universiti of Jambi will present this in RT12.
- Socialization on RSSF to growers and smallholder were held, apart from an advertisement in magazine.
- Seven Smallholder initiatives ongoing in Indonesia where we partner with IDH, Setara Jambi, SPKS, IFC and one which is supported by local government.

Action Point:

- Members to make use of the video to promote smallholders to understand and go for RSPO certification. **(Action by: All members)**
- The video will be added with subtitles in Bahasa Indonesia, Spanish, French and Thai. **(Action Point: Secretariat)**

3.2 Updates on RSPO - RSSF

See Annex 2: Updates on RSPO Smallholder Support Fund (RSSF) by Julia Majail, RSPO Secretariat

Highlights:

- To-date, fund balance is RM9.2 million (USD 2.8 million) after minus committed amount.
- Supported 5,749 smallholders altogether, which covered a total of 17,263 hectare and committed for USD 836,503.
- Received 7 applications, 5 were approved and 2 were rejected.
- Video on RSSF was shown.

Discussion/Comment:

PEP: Some may perceive slowness of the RSSF fund to perform. I would like to point out that is not the case. Although we have USD3 million as fund, this is not necessarily to spend all. Based on what we can see (of proposal that we have received) good proposal would worth only USD200, 000. The key point here is not to question on what being spend or not, but what is the expectation of the overall of the fund. This is to show professionalism by increasing availability of funding and increasing availability of projects.

ML: Good proposal submission is very low. At the moment, the fund is for independent smallholder – as primary focus.

SY: We had a discussion last time that there should be a minimum hectarage for land for a group to go for certification and to make it more economically viable which estimated to be between 200-500 hectares.

JOKO: About quality proposal, IDH also having this problem. I suggest maybe a sum of cost can be invested to help a good quality the proposal to be developed. RSSF can allocate a cost to help develop quality proposal for the group.

PM: It has been done as in-house especially to proposal that has a good potential. But the question is do we need to provide professional help or to fund panel on this, that would be potential and that will involve costs.

BOB: Could we create a summary from the five successful proposals. Like a guideline for a credible proposal.

PEP: From the five proposals we accept, the most successful one are done by Solidaridad. Expectation and experience of the proponent does counts and information that has been put in it. Not actual quality of project. We also need a full approval from the Board.

JMA: We have appraisal guidelines. We look at a few items in the proposal such as impact, sustainability, experience of the organisation and few more, because we are talking about big amount of fund. We would like to see that the smallholder farm and group to be well-managed. What we are talking about now is on the experience of the organisation that is applying for the fund and later on delivering what they promise. We are guided by the aim of the project. While RSSF try to provide financial help to these smallholders, there is a need for an organisation to help them in terms of project management. It is in our plan to have a pilot training session for NGO and plantation companies on how to apply for the fund and how to manage project and meeting the RSSF reporting requirement. We hope to get more people to apply and able to perform the role as the applicant.

Action Point:

Training for NGO and representatives from plantation companies on how to apply for the fund and how to manage project and meeting the RSSF reporting requirement.

Action by: RSPO Secretariat

3.3 Update on Associated Smallholder Certification

See Annex 3: Associated Smallholders Update, by Petra Meekers, NBPOL

Highlights:

- Term 'associated' and 'scheme' has different meaning in different countries. Data on hectarage is a mix of different data.
- Challenges faced by scheme smallholders in getting certification – limiting land expansion.
- Concluded that managing associated/scheme need to be manage in a landscape level (landscape modelling).

Discussion/Comment:

DAR: Group of companies should be included when we talk about landscape level management. Not just single company, but group of companies. Sometimes it is not easy to bring company to sit and discuss together. It is an issue of the grower companies' as well not just smallholder – when they are working together with associated smallholders. How they want to work together in the landscape? What have we planned on this? Because if we just assess, we need the key player as well.

3.4 Presentation on Review on Business Case for Smallholders Certification

See Annex 4: The Business Case of RSPO Certification for Smallholders, by Marieke Leegwater, Solidaridad

Highlights:

- Sharing business case for Ghana (Bento OP Plantations), Malaysia (Keresa Plantations), Ecuador (Natural Habitat Group) and Indonesia (Setara Jambi).
- This presentation will provide input for smallholder certification cost-benefits analysis for mills and smallholder groups themselves. However results are not conclusive due to insufficient data.

Discussion/Comment:

HT: For the 10-14 tonne increase stated under Mill benefit, Mill pay the FFB, so this is benefit go to farmer (smallholders), not the mill. Unless it increases in OER, then mill will get benefit. Mill's extra income is based on OER increase, not increase in FFB/ha. I would suggest using increase in OER as measurement if want to show extra benefit for the mill.

PM: More FFB does not means always more return for the mill. Some smallholder's FFB can cost more than the mill's costs on oil processing. Not only because of quality of FFB, but also other elements.

ML: Thanks for comment. If the mill can process more FFB this can be an additional reward for the mill because mill will earn margin /kg of FFB. Surely the profit will be more if the OER goes up further. But would like to review together with Pak Herman to improve presentation.

ML: I agree mill profit could be over-rated because the cost of mill processing has not really been taken into account.

DAR: On Keresa case, data on certified smallholders should be available – it should be given. We cannot depend on happy or not happy result only. This is about transparency. It is the way we share our experience to the others who are RSPO members.

PM: Officially now, all new reporting have to list everything separately i.e. the smallholder area, hectare statement, FFB output, and other required data need to be stated in summary report. I think the Group Scheme will have the same requirement. This is for CB to do actual measurement supply chain and output per hectare.

DAR: I am really unhappy about this. Because the significance of this is on the transparency issue. Something is missing about the audit. What went wrong in the audit?

ML: This is a good point for the strategy discussion. One point that is not measured in this part of certification is the yield.

DAR: On Ecuador case, under 'mill benefit', I suggest the term to use is not 'yield increase' but to change to

'increase of price of good FFB'.
PGS: Does the investment costs include the cost of developing the local interpretation?

ML: No. This is purely related to certification.

ASAD: On Setara Jambi group, they produced 4,500 Tonnes of certified FFB, when they sell to the mills, is the mill getting a different price in the market?
ML: If they able to sell it to a certified mill, they will trade the certified FFB to mill. If they are not able to sell to certified mill, they can sell certificate.

BOB: To earn premium for certified material, volume cannot be double counted. If FFB sold at certificate, the physical fruit then is sold as conventional FFB. The mill will not earn the premium on the sale of CPO. In the case of independent smallholders, the route to the market has to be decided on certification, whether is going to be physical or certificate. Any FFB that they produce and sell to the mill cannot be counted twice by the mill. It is important to note that currently we have the facility to do Off Market Deal (OMD) in GreenPalm, where prices can be negotiated directly between the seller (the smallholder group) and its potential buyers, which can be significantly different to the market. This also extends to certified mills to schemed certified smallholders. We have examples where mill have separated out their volume from the schemed smallholders, they sell it separately and get separate premium and market price.

ML: Do you have higher price for schemed smallholders?

BOB: I have different price.

PM: But then, in a schemed group, can they (mill) separate out and transfer it back to the smallholder?

BOB: Interesting for Keresa, their mill is having two separate accounts. One for smallholders and one for their own estate volume. This can be done by having multiple accounts in GreenPalm. Cargill is doing the same.

PM: In principle, you can transfer back the benefit to the smallholders through their premium FFB.

BOB: We have to be clear if the mill is selling certificate – as part of the negotiation with the buyer.

ML: Can we find more information on how companies can do that – make distinction between these, in GreenPalm website?

BOB: We have guidance on the OMD. Can be discussed separately.

PM: In NBPOL we do the same - we bulk it up and transfer the premium back to the smallholders.

HT: On our side, currently, we absorb all the cost for certification of our scheme Smallholders and we also give some price premium for the FFB from our scheme smallholders.

PEP: Unilever has very much anchored it this way; the policy should depend on what have been negotiated with the seller. It does not automatically give you scheme smallholder rights in the Greenpalm sales. Have to arrange with seller.

ASAD: In Malaysian context, MPOB sets price of FFB. It's a one price for certified and non-certified fruit, irrespective of either the farmer been certified or not. Am not sure for other countries if there are different prices which the mill can choose. The business case you share is to see whether the smallholder benefits from the certification. If there is a difference due to the premium of certified FFB, then that would make a very strong business case for the smallholder for using RSPO. I am not sure if that is the case because you are using one same number (price).

HT: In this analysis, we need to be careful on the FFB yield. Whether it increase or not, we have to look into age profile as well as the GAP practices. Secondly, on the certificate sales, PKO volume calculation maybe misleading. PKO should be very small – about (5% x 45%) from FFB. Please check back the calculation of the PKO.

ML: I think this is back to the fact in the data that Setara receive a lot of PKO. Not about the calculation, but the amount stated.

PEP: The independent smallholder certificate also costs more.

HT: In Indonesia, normally CPO is about 20% from FFB. PK is about 5% from FFB, and PKO is about 45% from PK.

JMA: Just to refresh, we did come out with a statement - real rate should be taken from the mill where the FFB are sent to. In the absence of that, use national rate. And in the absence of national rate, then can use the RSPO recommend OER for CPO rate as guide.

IAN: Talking about yield increase as a result of GAP practice, have to look at palm profile file. Then compare this against yield profile. Other main factors are Crop recovery and regularity of maintenance. If you improve that you would see the benefits almost immediately. The other key major factor is improving fertiliser input. If you do this you will see the benefit only on the 4th or 5th year. In updating this, you are not getting into that point yet. So it would be more relevant if you see impact after 5th year.

PM: This will be an input for our discussion this afternoon. Particularly because we are asked to increase output on certified smallholders. This is about reality check on what we are going to do in 2015. I conclude that we need more data in order to quantify things.

4 Updates on Approaches of Partners on Palm Oil Smallholder and RSPO Certification

4.1 Presentation on AidEnvironment/IFC Study

See Annex 5: AidEnvironment/IFC A sustainable sector transformation model in agricultural commodity sectors dominated by smallholder producers, by Jonas Dallinger, AidEnvironment

Highlights:

- AidEnvironment is assisting IFC to do the research on conforming agricultural sectors for sustainability. IFC requesting AidEnvironment to share this.
- There is plan for Phase III which is implementation of the recommendations from the research done earlier, of which intended to help more smallholders.

Discussion/Comment:

There is opportunity to work with IFC. SHWG to work with IFC.

Good to know IFC's initiative to look at smallholder palm oil at global context.

4.2 Presentation on IDH Indonesia

See Annex 6: IDH Palm Oil Program: Progress, Learning, Challenges & Opportunities, by Joko Arif, IDH

Highlights:

- Intention is to create supply chain model, not about quantity. Upscaling prototype model to allow more smallholders to outreach by using more mills.
- Carrot for mill to be engage to smallholder are (a) smallholder loyalty (b)traceability requirement that will make mill want to attach independent certified smallholder
- To get larger scale of smallholders, have to include mills. But problem are on investment on capacity for mills.

Discussion/Comment:

ASAD: Important link is to incentivising the smallholder. How is that being done?

JOKO: We work with the dealer. The farmers do not have farmer group, smallholder sell to trader, which then sell to mill. At the moment, in the model, we are using the traders to become the Group Certification Manager for the smallholders. But of course the first thing that we need to be clear with the traders is on transparency, i.e. price to mill and price to smallholders. If we have model, that incorporate traders as part of the sustainable supply chain, eventually we can 'chase away' the bad traders.

4.3 Presentation on Solidaridad

See Annex 7: The Solidaridad Sustainable Palm Oil Program Towards Sustainable and Inclusive Supply Chain, by Marieke Leegwater, Solidaridad

ML shares hand-outs among members to be referred.

4.4 Presentation by SHARP – done by Marieke Leegwater

See Annex 8: SHARP Program, by Veronique Bowee, SHARP

Summary:

- SHARP promotes the idea of stepwise approach. More specific information on this was shared.

Discussion/Comment:

PM: Generally SHARP is looking at landscape, greenfield development then precautionary approach followed by on ground truthing to verify.

AS: Is there any cut-off date (on the SHARP slides)? What is their solution on smallholders who open up land after 2005?

PM: They follow the 2005 cut-off date and the WRI forest maps which are currently uploaded on the historical land use change since 2005. On issue of smallholders opening land after 2005, we request Compensation Working Group to see what smallholder will do after 2005 – which will be in next discussion.

4.5 Presentation by WildAsia – briefly scanned through on the screen because no representative from WildAsia attended the meeting

See Annex 9: Wild Asia Group Scheme (WAGS) for Small Producers, by Reza Azmi, WildAsia

4.6 Conclusion:

PM concluded the sharing session. The gist of all presentation was to share what have been done and learnt, and to assist SHWG member to discuss and decide on what can be linked in, done and to scale up for more certified smallholders in 2015.

5 Discussion on Improving RSPO Smallholders' Strategy for 2015

Three questions to answer in brainstorming about our strategy for next year. They are:

1. WHAT OBSTACLES HAMPER UPTAKE RSPO CERTIFICATION?

- *Cost*
- *Inadequate supply chain/ traceability consideration for smallholders in RSPO (i.e. Supply chain of FFB Sales)*
- *Limited capacity within company to reach out associated smallholders*
- *Lack of infrastructure to get certified i.e. CB*
- *Smallholders no knowledge about RSPO, access to RSPO*
- *Lack of implementers*
- *Lack of awareness among independent smallholders*
- *Land title – not all smallholders has land title*
- *Commitment from buyer to buy FFB from smallholders*
- *How to organise independent growers/ smallholders*
- *Smallholders don't see clear benefit to get certified*
- *2005 cut-off date of HCV – smallholders find it difficult to comply*
- *No pressure to get certified*
- *Not enough incentive to move away from business as usual*
- *Market support – moving to ISCC where the incentive is*
- *Lack of mapping and prioritization of smallholders*
- *Lack of connected thinking between smallholders and supply chain*

- *Too complex*

2.	*WHAT CAN BE DONE AS SOLUTION?*
1.	*More clarity on benefit of certification / Look for more viable financial model to compliment smallholders farm production and cost / to conduct a study on cost & benefit analysis for smallholders certification (15)*
2.	*Mapping and prioritization (7)*
3.	*Review SHWG objective and priority / scale up smallholders as part of certification prioritization (8)*
4.	*Look at "vehicle for extension" (12)*
5.	*More importance for smallholders i.e. yield in RSPO requirement (2)*
6.	*Set up a plan for a group of producers to be certified (1)*
7.	*Push company to ensure certify supply base according to 4.2.4 requirement (on-going)*
8.	*Establish more opportunity for smallholders to link to the physical market of CSPO (10)*
9.	*Diversify market for smallholders (physical and virtual) (3)*
10.	*Outreach to local and national government, association of growers (i.e. GAPKI in Indonesia) (7)*
11.	*Engagement with other standards system (Learning from them) (2)*
12.	*Engage public/ private partnership (1)*
13.	*Buyer should have a realistic procurement plan (4)*
14.	*Communication strategy (5)*
15.	*1st 3 year free RSPO membership for smallholders groups (4)*
16.	*SHWG to have more links with other standing committee (7)*
17.	*Outreach /aggregators to intermediaries (3)*
18.	*Explore stepwise approached (5)*

3.	*WHAT SHOULD RSPO DO IMMEDIATELY?*
1.	*More clarity on benefit of certification / Look for more viable financial model to compliment smallholders farm production and cost / to conduct a study on cost & benefit analysis for smallholders certification (15)*
2.	*Look at "vehicle for extension" (12)*
3.	*Establish more opportunity for smallholders to link to the physical market of CSPO (10)*
4.	*Review SHWG objective and priority / scale up smallholders as part of certification prioritization (8)*
5.	*Mapping and prioritization, including scale up the scope (7)*
6.	*Outreach to local and national government, association of growers (i.e. GAPKI in Indonesia) (7)*
7.	*SHWG to have more links with other standing committee (7)*

Seven most top scores were shortlisted and agreed to be the next main strategies for SHWG in 2015.

BOB: On the matter of 'What RSPO should do immediately', I say, promote the RSSF. Spread it in websites. Invite more consumer group retailer or manufacturer member and suggest to co-funding some more of the RSSF.

PEP: In terms of financial format, the RSSF cannot accept donation.

ML thanks everybody for participation. The secretariat team will develop ideas and proposals based on these outputs and bring them forward in our next meeting.

5.1 Discussion on Non-present Substantive SHWG Member

PEP: I note that we still have substantive members missing in this working group. What does this mean in terms of the membership because obviously all these will be work for us (as SHWG substantive members). If some of the substantive members are not here, and consistently not here, what are we going to do about this? Only few of us participated consistently and this will mean only these people who will have the bulk of the work. How do we proceed with these? We are under-resourced even though we are perceived to have many resources. This will mean we will be burned-out very quickly because it's the same people doing the same tasks.

ML: In past strategy we have tried work stream to do work, but was not effective. Since then the new strategy is the Secretariat team play a really active role. The important matter is how to deliver expectation with this less capacity. I want to stress on the other point, that is inactive members should be dropped or not?

PEP: We end up every year making decisions based on collection of voluntary observers and as well as membership. I don't feel the membership has the balls or the teeth to do anything substantively because nobody is here to make the decisions. I think it's very unfair that every year we are making this meeting and have observers coming. Then we end up doing very non-strategic things due to less strategic view from the rest of the membership. The leadership has been great from the Co-Chairs and Secretariat but I feel there has been a lack of representation from the rest of membership for the rest of the stakeholders which means that we are always on the back foot within the context of RSPO.
Whether this is a fair comment, I leave that to you but I feel we don't get to do what we are set to do.

PM: Maybe we can create sub-working group among us to each of these points.

DAR: About non-active member, what to do about it? Written warning letter should be given to them for example. Need to review the ToR again. We know this is voluntary but not without commitment.

IMM: In the new ToR, it is already discussed and agreed about procedure for non-active members.

HT: There should be a proper way and clear steps of handling these non-active members. It's just to make sure we don't face the same problem again.

PEP: On the non-present substantive members, they need to be reminded. Can letter of warning be sent to them?

ML: Yes. Letter will be signed up by Co-Chairs.

Action Point:
To send a reminder letter to all members of SHWG who are absence in the meeting.
Action by: Co-Leaders

6 **Updates on reviewing New Version Smallholder Document draft**
Refer Annex 10: System Requirement and Guidance for Group Certification of FFB Production, By Bilge Daldeniz, Proforest
Highlights:
- BD presented on the current draft of the Simplified Document draft (Version 1.5). Main work was on restructuring the format – not much into content yet.
- Public consultation for 2 months from 4th November 2014 to 2 January 2015.
- Physical meetings will also be done in Africa, Latin America and South East Asia to get wider feedback coverage of the document draft, apart from online feedback/input.
- Tentative timeline of presentation to SHWG on February 2015.
- Final draft to be submitted by July 2015 – with all translated version after few other meeting and refinement work.

Discussion/Comment:
PM: In Ghana, how many group of smallholders are certified?

BG: There is one company that is certified which we supported with gap assessment and action plan. We are working with several more others and we reckoned a couple of more companies will be certified by end of this year of not early next year.

ML: There are quite some group of smallholders who is going towards RSPO certification under the RSSF.

BG: Yes. We are going to talk to some other smallholders group in Ghana.

PM: Do we know how far are the National Interpretation (NI) in Malaysia and Indonesia?

JMA: Malaysia's NI is done.

DAR: For Indonesia's NI, will have a meeting to respond on the recommendation from the BoG. The plan is to submit to BoG on Monday (17/11/14).

BG: Just to stress that this smallholder document does have a cross-reference to the NI where it is relevant.
PM: The status of NIs is taking time to complete; we can foresee that this smallholder document will take such equally long process.

Action Point:
Comments received from public would be discussed in February 2015. Secretariat will send out the date for the meeting to discuss the document post-closing of the Public Consultation period.
Action by: JM

7 Report from Simplified HCV Guidance Trial work, by Petra Meekers
See Annex 11: Results field testing Simplified HCV approach in Honduras and Ghana
Highlights:

- The trial was done via smallholder group in Indonesia, Malaysia, Thailand, Honduras and Ghana; who have tested out the toolkit developed by Adam Keats and the Precautionary Principle by HCV-RN.
- Difference of use between toolkit by CI and the Precautionary Principle (HCV-RN) were shared.
- If self-assessment approach is found to have so much error done, is it worthwhile to refining the toolkit or to look at support mechanism for HCV assessment. This options need to be discussed.

Discussion/Comment:
BOB: Do we ever see that this HCV assessment could be simplified?

PEP: This is the area of work that I used to do. There has been a lot of effort done for simplifying process for smallholder. On forest especially. It's never been completely user-friendly. Do we really want to spend more time on this or we stop here first – and do it at best we can to do at the moment. Then later we improve in one time. Do this in steps. If not we'll be talking about this every year.

JMA: The cost to be covered by the Group themselves. But we recognised that cost is also part of the hurdle for smallholders. That is why we come up with simplifying the process so that the Group can do it themselves with lesser costs. Another opportunity is to apply to RSSF.

ML: Can RSSF cover the whole costs of assessment?

PEP: It depends on how the proposal is being write up. We cannot, as a Working Group, specify a certain amount of money to spend only on HCV for example. There has to be an avenue.

PM: The issue is bigger. At one hand it can be done in 'saturated' environment. It will be so complicated. When assessments go to higher risk area, it costs more for HCV assessor. Are we going to guide every independent smallholder on this, even though they can do it themselves with self-assessment? There should be a little bit more control taken on the process. I think with the self-assessment tool, we still have fault in the system.

DAR: What is low and high risk area? How to define?

PM: That is what in the Precautionary Approach is trying to establish further.

DAR: I think we should be defining the low and high risk area based on the principle, not just by basing on a map, because no forest does not mean there is no HCV. HCV involves social and cultural values as well.

JMA: Using this tool, it was easy for smallholder. Understanding the definition and the outcome would be another level for them.

ML: I assumed in the stepwise process, this came up. It will be labour-intensive and difficult. Maybe need further refining on the document.

PEP: I propose we park this for later discussion. I think we need to consider concerns from other working group before we decide to discuss.

PM: But should it be done at the SHWG or maybe this should belong to HCV Working Group in that sense?

ML: I guess we really need a more integral approach on this. Am not sure sending this back to HCV-WG will helps.

PEP: We are suggesting a proposal that links up the three working groups. We don't want they will say that these not meet HCV requirement. What we talk about is applicability and ease of implementation to smallholders, not about the standard meets the HCV high level requirement or not.

DAR: As Working Group, we should think of impact of the verification. For example, in 1000 ha, 500 is HCV which mean they cannot plant oil palm, so what can they do about it? Need some guidance and impact on issue like this.

JMA: Early this year, we setup a sub-committee on this, which combine representatives from this Working Group and HCV-WG. This HCV Trial summary will be presented in the sub-committee, and we will take it forward from there – with presence of the Compensation TaskForce. I agree that this is beyond this group only to come up with a decision.

Action Point:
Meeting with the sub-committee (comprising rep from SHWG, BHCWG and possibly the Compensation Taskforce) to discuss the way forward on this.
Action by: PM, JM

8 Any Other Business

8.1 Responsible Smallholders Supply, SHARP

Presented by Marieke Leegwater on behalf of Veronique (SHARP Proforest)
Annex 12: Responsible Sourcing from Smallholders (RSS) approach as a tool towards RSPO certification, by SHARP

Questions to answer:
1. Would you support recognition of the RSS as:
   - A framework for companies to support smallholders to work towards achieving RSPO certification; and
   - A credible tool to demonstrate progress towards meeting RSPO certification requirements.

Discussion/Comment:
ML: If this is recognised, some more will come up with recognition request. We should think of risks of creating precedence. This could be good, but it could be not good as well.

AS: What is this RSS for? We have NI and ICS.

ML: Company can adopt this as an approach or a tool to support mechanism towards certification. Like working on a gap assessment to come nearer to RSPO standard.

AS: I don't see any different of this with ICS application.

ML: This one combines minimum requirement and support system. Company can only do this if they have support. Company only do this if have they develop support system. It is a tool for companies and there is no claim.

JONAS: Is it only mills that is going to work with smallholders?

JOKO: RSS was developed because it takes time to certify independent smallholders. Buyers came up with this perspective. They want to buy much from smallholders but it is taking too long for them.
TRI: As SHWG we should target to achieve full certification, not just in the middle. There should not be statement like 'We are RSS – 50% compliance to RSPO'. This is like another GreenPalm. This will cause another problem. I didn't see this will solve problem.

BOB: It could be useful as voluntary. It's a good approach. It is public domain. Why we need to endorse it.

JONAS: On a general level, this can allow smallholders to be ready – in a stepwise manner for certification. Make it easier for smallholder to be in the system, especially those without any support. My point is, this benefits smallholders.

DAR: We should be discussing whether is this accepted or not. I say, not accepted. Our focus is to get smallholder certified. It will work for associate smallholders but not independent smallholder because this will need agreement among them. Make it optional, like WAGS, but we don't need to recognise this.

HT: I think it is good as a process, but we don't need to give recognition. What we want is final product – that is Certified Smallholders.

PM: Group can have this kind of models, which work about extension partnership. Like this is extension-SHARP, etc. It's a tool for people to take it off the shelf and say this is what we want to do and this is how we going to have our extension model.

FR: It could be a problem to have something in the middle. Maybe it's worth to try, because it could be useful.

BG: There are a lot of tools or mechanism around that could be encouraged. Not necessarily about must be recognised or claimed.

PEP: This is controversial. Companies beyond CPO mills, like UniLever, we have problem in how to communicate to smallholders. They directly link to palm oil – and usually don't have positive image towards that. Smallholders are not enough in many things, they are not up to standard, and it's a problem. If we look at other certification tools, like in forestry, they would have something like this to link with the companies, so we got a recognised approach. It makes it a lot easier for consumer company to recognise certain level of smallholder progress towards certification. This stepwise approach will help us to see that the smallholder group are moving towards RSPO certification. Can use this as a mean of communication progress.

PM: Why need these steps? Why does it need to be a particular reference to a particular thing?

PEP: Firstly, because this will link to RSPO directly. Secondly, if you were to have different things for different suppliers to you, UniLever would need to verify each of the level of the supplier so that they meet minimum requirement. For UniLever, this would simplify the whole process of recognising smallholders on specific efforts that they have done. Some consideration to be given on stepwise approach, not necessarily RSS, but a similar way for entry level purpose.

ML: Let us see a show of hand. The question re-post here is: Do you think the step-wise approach is a useful to think about or to be recognise for RSPO? I hear OK with stepwise approach but also some hesitation to recognise this.

PEP: I suggest this statement: Do we want to consider this step-wise approach for 2015 or not?

DAR: I suggest we finish the smallholders reviewing of document first, then focus on this one.

TRI: We have not finish with simplifying the document, then this one come up.

PM: It should be called A Step wise Approach rather than RSS.

K. ILANG: I don't think this will speed up certification. But this can be option for company to do or not.
DAR: This is about recognising RSS not about a stepwise.

PM: I think we need to keep our thinking open – for long term thinking from the smallholder perspective. In the long run we may need something more specific, like to 'learn to tango together' with the smallholder. Let us have this as a window of opportunity. That is why I suggest it a stepwise approach.

BOB: So shall we need to recognise or do we need to endorse?

ML: We put it this way; Shall we discuss a Step Wise Approach in 2015? Recognition or endorsement is way beyond that.

Decision:
Based on show of hands among SHWG substantive members, seven (7) out of twelve (12) member say YES. No abstain. It was decided then that A Step-Wise Approach will be consider for discussion in 2015.

9 Closing/ Adjournment of meeting

ML and PM thanked all participants for their attendance and active participations. They reminded attendees on:

1. Document Review workshop tomorrow 15 Nov 2014 at the same venue (9:30am – 4:00pm); and
2. Field Visit to FELDA Jengka on Monday (17th Nov).

Meeting ends at 6:00pm. Meeting was adjourned to a date to be confirmed later.

Annexes:	**PPT Presentations**
Annex 1	*Updates on Smallholders, by Julia Majail, RSPO Secretariat*
Annex 2	*Updates on RSPO Smallholder Support Fund (RSSF) by Julia Majail, RSPO Secretariat*
Annex 3	*Associated Smallholders Update, by Petra Meekers, NBPOL*
Annex 4	*The Business Case of RSPO Certification for Smallholders, by Marieke Leegwater, Solidaridad*
Annex 5	*AidEnvironment/IFC A sustainable sector transformation model in agricultural commodity sectors dominated by smallholder producers, by Jonas Dallinger, AidEnvironment*
Annex 6	*IDH Palm Oil Program: Progress, Learning, Challenges & Opportunities, by Joko Arif, IDH*
Annex 7	*Solidaridad Sustainable Palm Oil Program Towards Sustainable and Inclusive Supply Chain, by Marieke Leegwater, Solidaridad*
Annex 8	*SHARP Program, by Veronique Bowee, by SHARP*
Annex 9	*Wild Asia Group Scheme (WAGS) for Small Producers, by Reza Azmi, WildAsia*
Annex 10	*System Requirement and Guidance for Group Certification of FFB Production, by Bilge Daldeniz, Proforest*
Annex 11	*Results field testing Simplified HCV approach in Honduras and Ghana*
Annex 12	*Responsible Sourcing from Smallholders (RSS) approach as a tool towards RSPO certification, by SHARP*