

Minutes of Meeting

9th Smallholder Working Group (SHWG) Meeting

Date: 15th November 2015

Time: 9.00 am– 5.00pm

Venue: Gallery 3, Level 1 Concorde Hotel, Kuala Lumpur, MALAYSIA

No	Name	Initial		SHWG	Organisation
1	Dr.Petra Meekers	PM	Grower RoW	Member/Co-Chair	PT. Musim Mas
2	Marieke Leegwater	ML	Social NGO	Member/Co-Chair	Solidaridad
3	Darmawan Liswanto	DAR	Env NGO	Member	FFI
4	Perpetua George	PEP	Grower	Member	Wilmar
5	Palaniappan	Palani	Grower (MY)	Member	FGV Malaysia
6	Triyanto Fitriyardi	TRI	Supply Chain	Member	IFC Indonesia
7	Yulia Kurniawan	YK	Supply Chain	Member	Unilever
8	Sheila Senathirajah	SS	Grower	Member	WAGS-WildAsia
9	Lee Kuan Yee	LKY	Grower	Member	KLK
10	Dean Ismail	DI	Grower	Alternate member	WAGS-WildAsia
11	Margaretha Nurunnisa	MAR	Env NGO	Alternate member	WWF Indonesia
12	Christina Wong	CW	Grower RoW	Member	New Britain Palm Oil
13	Bob Norman	BOB		Expert	GreenPalm
14	Dr Lee Kuan Chun	LEE		Member	P&G
15	Liza Murphy	LM		RSPO Secretariat	
16	Daniel Arancibia	DAN		Observer	Proforest
17	Bilge Daldeniz	BIL		Observer	Proforest
18	Petra Rietberg	PR		Observer	Wageningen Univ. (SenSor)
19	Elise Muijzert	EL	Social NGO	Observer	Solidaridad
20	Francisco Naranjo	FRN	Secretariat		RSPO-Latin America
21	Julia Majail	JMA	Secretariat		RSPO Secretariat
22	Imam A. El-Marzuq	IMM	Secretariat		RSPO-RILO Office
23	Tn.Hj. Salahuddin Yaacob	SY	Secretariat		RSPO Secretariat

No	Discussion Notes
1	<p>Welcome and Introduction by Co-Leaders</p> <p>PM started off the meeting by going through the agenda of meeting. She expressed appreciation for the attendance of one of the BoG member (Mr Palaniappan) in this SHWG meeting and aspired that any pertinent issues or follow-up can then be brought up by him for BoG's attention. She then allowed a round of self-introduction among members of meeting.</p>
2	<p>Confirmation of last MoM</p> <p>ML went through the previous minute of meeting. No objection to the minute and it was approved and accepted by the members.</p>

3	<p>Re-election of SHWG Co-Leaders</p> <p>Re-election of Co-Leader for each WG is done every 2 years. There were four nomination received (Solidaridad, Setara Jambi, Wilmar and Musim Mas), but one pulled out (from Setara Jambi). ML (Solidaridad) was re-elected. Members of meeting unanimously (10 out of 10 attending member) agreed to select PEP (Wilmar Group) as the new Co-Leader. It was agreed that PM and ML will continue chairing today's meeting.</p>
4	<p>Updates on RSPO - Activities on Smallholder for 2015</p> <ul style="list-style-type: none"> • <i>Smallholders Document</i> were finalised and submitted, and will be discussed for endorsement at BoG meeting on 17th November. Feedback is expected. • Update on <i>Compensation and Unified HCV</i> will be discussed separately in Agenda 5.
4.1	<p>Updates: RSPO Smallholder Support Fund</p> <p><i>See Annex 1: RSPO Smallholder Support Fund (RSSF) by Julia Majail, RSPO Secretariat</i></p> <p>Highlights:</p> <ul style="list-style-type: none"> • RSSF Governance Policy was reviewed in April 2015. The Fund Strategy has been expanded taking into account the recommendation made by the BoG. The revised version of the document is available in RSPO website. • It was observed that difference financial year between RSPO FY (July-June) and calendar FY (Jan-Dec) creates confusion. It was decided that RSSF FY will be reported following RSPO FY (July – June). • Allocation for 'Special Project' are also being budgeted. Three elements on this are: <ul style="list-style-type: none"> ○ Study on identifying landscape and HCV assessment link to smallholders – already committed for the Jurisdictional Approach for Sabah ○ HCV Assessment for plantation falls on High Risk Area – open for application, but caveat on the precautionary guidance on definition of High/Low Risk ○ Budget committed for this FY <p>Discussion:</p> <p>Palani: Who covers surveillance costs? There is a concern on sustainability of smallholders group to do well in their group due to no fund for annual surveillance.</p> <p>PEP: RSSF at first allow for audit cost. But we realise that it is needed also for first surveillance costs at least.</p> <p>YK: For new project proposal submitted, should it have include audit and surveillance costs altogether?</p> <p>PEP: It does not have to be split. Under the updated RSSF Governance Policy, it was suggested that RSSF approved project will be covered for their certification cost and 1st surveillance costs. We also allow for one-off project. Direct project also cover the 1st year audit for surveillance. I encourage that everybody read through the updated document as this was approved by the Board last year, and we are now giving an update on how it is being run this year. In other project ie jurisdictional approach in Sabah, is a commissioned study on identified landscape & assessment of which linked to smallholders support on HCV assessment for plantation falls on High Risk Area.</p> <p>PM: On the allocation for special project, HCV assessment for plantation within High Risk Area is for new plantation as well, not just established smallholder, as per stated in the Pre-cautionary Approach guidance for smallholders on HCV assessment.</p> <p>PEP: For special project, it is a proportional fund for high impact area or landscape approach.</p>

BOB: Were there any application from Latin America?

FRN: Yes. One was approved (Honduras). There are 5 or 6 more application in the pipeline received from Honduras and Guatemala.

JMA: There are applications from Africa, but they were requested to be further improved.

KCL: What is about the Academy that you mentioned? What is the focus of this academy?

PEP: Training is critical for smallholder for building capacity. It is like a building house for all available information on training needed for smallholder, globally. This call for tender is more about getting ideas on how to structure the Academy.

ML: It is also to link existing facilities available with regards to smallholders' training centre/ training needs.

PEP: This will also include setting up pilot area. Key output is identification of partners ie who can carry out the training.

DAR: One thing to add on the Academy, extracted work from the simplified HCV pilots should be included here.

LEE: Academy to support in two ways; cost coverage for certification and also necessary training provided.

PM: Objective of Academy not for smallholder to be able to certified, but to provide access for training eg; information on GAP, it will be in different model – not necessarily only for certification.

PEP: This is open up for debate for next meeting on the function in Academy, given that now we're still figuring out what needs to be done.

4.2 Updates: FFB Legality and Traceability Task Force by Perpetua George

Highlights:

- To enable indicator 4.1.4 and 4.1.2 in P&C 2013 traceability indicator and legality.
- Commissioning work for Indonesia on (a) how to improve traceability needs and (b) define legality concern in relation to smallholder issue
- Study on issues on traceability & legality in other palm producing countries (other than Indonesia) before and definition recommendations
- WWF did study in Indonesia previously (2012) and found there were issues, hence the commission study as extension from the first study. More problematic issue on smallholder is the legality of FFB due to land status conversion, for example.

Discussions:

PM: At the moment, we are sitting on the requirement of a unit of certification that need to trace all source of FFB right? Is it at the level of agents or level of absolute FFB production?

PEP: Since it is not clear in the guidance of P&C, so the work for this Task Force is to make it clear, through the work that we are issuing out. For example on the study by WWF on Indonesia, we will look at is it possible when it comes to agent level? The idea is after the study, the Task Force will come out with a recommendation to the Board. Therefore, ensuring the auditing process by CB will be much clearer.

ML: By when you think the reports will be available? Will it be made public?

PEP: That has not been discussed in the Task Force. Reporting period is not completed yet. Suppose to run until June 2016. Interim meeting on this Friday will be looking at what is the status.

PM: Who is there on behalf of independent smallholder in the meeting?

JMA: Smallholders representatives are from Amanah and WildAsia. I would like to inform that PEP is also the Co-chair for the Legality TF together with Sime Darby ie Pn Sabarinah.

PEP: Intention is to ensure tight cohesion between SHWG and Legality TF via regular updates using official channel.

SY: There should be coherence between outcomes T&T WG work on new IT platform and this task force.

TEA BREAK.

4.3 Brief Words from Mr Palaniapan (FGV), Smallholders Rep in BoG

Palani starts with explaining to members that he is representing Felde-FGV, which have been involved in farmer development. In his opinion, number of global smallholder vs global producers is small due to the difficulty of entry level (standards are too high for smallholder). This is not fair in comparison to organised schemes farmers' vs plantations to be under similar standards. Even between organised farmers and independent farmers, they have a different and complex set of problems. He suggested that another certification system for smallholder with lower entry level should be in place. This is to allow more smallholder to be certified. Palani also points out that the idea of Academy is good. He highlighted that FGV has started something like this with the Gabonese farmers.

PM: As RSPO is a multi-stakeholder organisation, we have had a difficult time in struggling on between high standards and thinking of how it can be more inclusive to smallholder. But there was also questions on how inclusiveness should it be? I hope that Datuk will represent SHWG and express these dilemma in the BoG. A dialogue can be created if needed around this dilemma.

4.4 Updates: New Planting Procedure (NPP), by Salahudin Yaacob

Highlights:

- In 2015, BoG requested RSPO Secretariat to revise the document again. The revised document will be discussed in BoG meeting on 17th Nov.
- NPP document submission involves 1.3 million hectares of land on new plantings of which 220,000 hectares are identified as HCV.
- Process of update was done via public consultations. Based on the comments received, the document was refined.
- Highlighted two issues to bring to BoG to decide tomorrow that is (i) Sanction for companies who did not submit NPP but have done the rest of required assessment – CSPO trading to be withheld for 3 years and (ii) companies who did not do all requirements ie NPP and other assessment – RSPO membership to be suspended and/or terminated.
- Smallholders are also required to do NPP. Guidance document for smallholders will be developed to assist smallholders to meet this requirement.

Discussion:

PM: On the removal of an on-going planting (from the document), is it translated in smallholder reality or not yet?

SY: That will be later. Basically all new plantings must comply with Principle 7. NPP is basically to notify public that these companies are planning to do the new planting. Public are encouraged to provide comments whether it will have impact on them or not. On the cut-off date for conversion of land after 1st Jan 2010, companies are exempted from CB verification on the assessment done but still have to do their submission. On NPP for abandoned land, we are saying if it is more than 3 years, you have to do.

We have also received quite a number of NPP within a certified area, but these patches of land do not be under NPP because later the CB will be checking on all these, to see whether you are complying or not. CB will be the one that submit your NPP notification to RSPO as stated in this revised document.

BG: For a group certification, if in the case of smallholder, it may have bigger area cumulatively (more than 500 ha). Can they still have the assessment individually?

SY: Group will be counted as per unit. If it is more than 500 ha, it became a requirement.

Palani: Does this apply to all smallholder including independent and scheme?

SY: Yes. It applies to all smallholder group certified. For scheme, it will fall under company, and for independent they will be in Group unit.

LKY: Cost on audit assessment or SEIA etc for smallholder, who will cover?

SY: Group Manager will be responsible to look for source for these costs. It will be borne by the Group, which have option to apply to RSSF.

DAR: For independent smallholder, assessment done based on high/low risk area not size area right? This is really different from the size threshold you mentioned. This already take years to agree, and we develop different scheme on implementing assessment for smallholder. Does NPP Task Force not aware of this?

PM: This is where we are not finish yet with the debate.

JMA: NPP is not only about HCV. It also cover social aspect. We can say high or low risk can be the best medium for threshold on HCV, but maybe not when come to social issue.

DAR: But social aspect is on Principle 5.6 and 5.2 This NPP is on Principle 7.

SY: If anybody can come out with scientific justification for the BoG to waive any NPP submission, they can consider. At the moment, we cannot find a single figure that we can agree on. What we are suggesting to BoG now is to remain status quo as stated in previous guidance.

YUL: Possibility that internal assessment by smallholder may not meet standards?

SY: CB will decide whether assessment is sufficient or not. There will be training for CB to understand what the standards is.

PEP: My concern is on the group smallholder size threshold. There is need for more clarity especially for land-use assessment, we cannot treat smallholder like plantation companies. The existing threshold now does not clarify whether it per unit or per Group. We cannot just assume that all smallholder group will be always small – because it is not economically viable.

BG: Just to highlight that in the Smallholder Document, we allow any grower can be part of the Group, so likelihood to have a larger new planting will increases as well.

ML: CB training is very important in this matter.

LEE: Reason for this is because we see smallholder don't have resources to do this. But how we prepare the smallholder to do this themselves is via internal assessments. Indeed there are specific guidance but it is not enough. So training and resources for smallholder is needed for this.

SY: We cannot lower the standard bar for everybody, but we can provide training for understanding the standards.

ML: I conclude that guidance is needed for smallholder whom need support on this NPP. How can this materialise – maybe one of it to include as one of request category in RSSF.

PEP: Regarding fund, I fear that whenever document like this is going to be developed, the guidance for smallholder will be thrown to SHWG to do. I must remind RSPO Secretariat to always remember to include guidance for smallholder at earlier stages of creating document such as this.

SY: That is a good point. Secretariat should be guided by Working Group on what should Secretariat do. Secretariat cannot do own things without Working Group involvement (recommendations or proposal).

LKY: Just to update on the Carbon Assessment, on the guidance for smallholder, a consultant will be appointed to look into this ie; Carbon Assessment Guidance. Now the Working Group is drafting its ToR.

ML: That ToR should be shared in this Working Group as well.

BOB: Every Working Group should involve SHs earlier.

ML: I would like to stress that all other Task Force and Working Group have smallholders concern. Maybe Mr Palani can alert the BoG that this is happening and we are struggling – which is causing delay and confusion. Maybe a discussion can be done then for solution.

Palani: I can see smallholders sometime were not inclusive. I can bring this up (to BoG attention).

SY: I would like to inform that there is a new position in the Secretariat – Director for Special Project. This portfolio will also handle smallholder aspect.

4.5 Updates: RSPO Next

See Annex 2: RSPO Next by Liza Murphy, Consultant for RSPO Secretariat

Highlights:

- It is a voluntary add-on based participation of certified members. At organisation level, should be 60% P&C certified (of all operational unit) before engagement in RSPO Next.
- It is based on commensurate effort aimed for producer community. But there must be an uptake from Supply Chain members to include RSPO Next (ie Manufacturer, Retailer & Growers)
- Six themes of which member will need to focus. Technical implementation includes outreach programme to Producer and Supply Chain members, and development for Supply Chain members.
- RSPO received more than 500 comments on the consultation process.

Discussion:

ML: Solidaridad's comments was that the traceability requirement is really time-bound. We recommend that support for Smallholder is also a time-bound requirement – in order to get positive support. As it read was inconsistent: You should support SH – even though you are not sure where they are yet; A positive support for smallholder development which are explained in time-bound plan.

PEP: I don't think there is a time-bound, but it was included at the earlier level where the company need to be certified first, before going to RSPO Next. For example, this is a voluntary approach. You are already certified. All basic requirement for RSPO P&C should be already in place. This is effort on top of the Principle & Criteria. How is having a time-bound plan is stronger than saying 'you SHALL HAVE' now? The Grower has accepted this term on top of what they already have, because they must have the plan already in place (during certification process).

LIZA: One of the components under the technical implementation is the guidance document, the audit check-list, whereby these are the clarifying lines on this. For example, there is this line saying 'must have clear plan for outreach program of support', so it means this must be in place.

ML: What kind of yield and productivity support is obliged to be provided, should be included as well.

DAR: Suggest that all these are defined and made clear in the technical guideline.

LEE: How is independent smallholder relate to RSPO Next? What is the difference between this and the basic RSPO Principle & Criteria? For example requirement on Year 2.

SY: It means that an Identity Preserved (IP) mill will now have identified all sources. But not for Mass Balance (MB) mill. So this should be identified and made known.

SS: RSPO Next applies to mill?

PEP: This is saying 'You (the Mill) have to be mindful on where you are getting from of your FFB'.

LIZ: Independent smallholder will be part of the recipient of this kind of assistance ie outreach program - from the certified mill that source from them. At the moment this is not including smallholder as supply-base yet.

PEP: RSPO Net not inclusive in smallholder group yet.

ML: RSPO Next should drive improvement on greater commitment. Since it is one of the initiative, put time-bound requirement on support.

PEP: This is saying 'You are already certified, so this (initiative) is what you can do more or next'. HR1.1 will improve the concern on requirement.

LIZ: The word 'shall' means 'must have in place'. Maybe a definition of technical word should be explained (for CB) in this document.

PM: If Producer agree to RSPO Next, it is a voluntary add-on. Not the Principle & Criteria.

LEE: Independent Smallholder is different from Mill. Can you clarify how is Independent Smallholder can be part of RSPO Next. Mill and Supply Base will be credited for Next, not smallholder as source of supply.

LIZ: Independent Smallholder will be part of the recipient in the 'sources to be identified'. This is not specifically to supply-base yet.

Palani: Looking at development, the standards is set. RSPO Next may be eventually be absorbed in the Principle & Criteria standard. This will be raising the bar again – and smallholder will too low to reach this. This is just my concern. On that note, is there a way to ensure that this 'complexity' will not distract more Producers to come?

LIZ: My personal opinion is that, RSPO is learning and dynamic. This is a good opportunity to learn (for members).

PEP: Growers will walk out if Next is going to be applied in the Principle & Criteria standards.

BOB: RSPO Next is for MB or Segregated (SG)? Is there already outreach being done? See what the market is.

LEE: If smallholder is not in the credit system, what is their motivation then?

LIZA: Independent smallholder are not eligible at the moment for RSPO Next.

ML: Creating higher demand or standard for market is not an answer to have more inclusivity from Grower Market. The market has marginalised smallholder more. The rational is to go back to those who create this demand.

SY: That is why the market play a role.

5 Discussion for Decision

5.1 Unified HCV

Unified High Conservation Value (HCV) by Petra Meekers, Musim Mas

Highlights:

- Meeting with HCV Task Force was done. The field testing in pilot site done and the approach was found feasible. Conclusion is still need a Group Manager to do it for implementation.
- It was concluded in a discussion in August that, the unified approach is applicable to Criteria 5.2 i.e. for established plantation, but for new expansion i.e. Criteria 7.3, risk assessment is required.
- What is needed now is a development at country level on HCV probability maps.

Discussion:

ML: Who will make the HCV probability map?

PM: This is a continuous dialogue with WRI.

LEE: We should focus on Indonesia and Malaysia.

PM: What we agreed was, to see how to further take. In the meantime, if we can adopt 5.2 on existing plantation, it would be good.

DAR: From the HCV Group, we already adopt this but with additional comment under Criteria 5.

PM: Can we agree that SHWG will adopt the document as it stands right now? And HCV Group will make reference to us when it is finalised.

PEP: I agree. We do not want to miss the opportunity to add explanation on 5.2 (in the Smallholders Document).

PM: Document is already sent to BoG.

BG: The current sentence in the document 'the endorsed HCV guidance currently should be reflect to other guidance'. So there is a reference generally, but it does not spell out the precautionary approach.

PEP: My experience with document like this, if you don't spell it out it will problematic.

SY: I will be presenting this, mostly on result of process of the document.

PM & PEP: It is not changing the document, but adding clarification on 5.2 in the presentation.

PM then request a show of hand from all SHWG members should 5.2 be adopted. All member raised hand except KLK which abstain. It was noted that the probability maps to be color-coded. ML noted lay out of the document should be changed, to make sure it is given the RSPO look and feel. Secretariat agreed and would ensure this.

5.2 Compensation Procedures: how is it applicable to smallholders

Highlights:

- Background info – clarification on definition for Commercial and non-commercial planting became a big debate. There were suggestion to discuss this further along the date of membership i.e. 2005-2015 we did not determine liabilities and on 2016 onwards there will be liability for member but not non-member.
- This remain as an ongoing discussion.

Discussion:

PEP: At the moment, the independent smallholder are treated with liability on this. Is this meant to replace the current understanding?

PM: Yes, it could be for independent smallholder in the current agreement. But I hear different debate comes in. Some say, it needs to go through supply-chain, trying to find compensation for smallholders. There are different understanding. At the moment, what is important is we (all SHWG members) are aware on this update. Does anybody have any specific remark to highlight?

BG: I just want to remind that whatever outcome of this discussion will have effect to the Smallholder Document.

DECISION: It was agreed SHWG Co-Leaders to continue the dialogue with the CTF on this subject. All members will be kept updated on the progress.

6 Findings of Smallholders Land Cover Analysis

See Annex 3: *Smallholder Land Cover Analysis Result by Imam , RSPO Secretariat – RILO Office*

Highlights:

- Maps requirement for smallholder in relation to GA 2013 Resolution 6g.
- Purpose of work was to understand what is the status and trend of land cover change within smallholders' area.
- Analysis using shape files collected from Indonesia, Ghana and Thailand. WRI via its Global Forest Watch (GFW) was already providing this service to RSPO members.
- Looking at tree cover loss in selected areas. The analysis only taking certain parameter from the GFW.
- Limitation of GFW, smaller polygons in scattered plots could not be detailed out, implicating a not so accurate result.

Discussion:

LEE: The carbon change is indicator of replanting or what?

PEP: It is a limitation of the Global Forest Watch - because it does not differentiate the vegetation type i.e. on tree cover loss.

IMAM: Need to go to ground to verify on this.

PM: As of 2005, there are still tree cover loss.

SY: The priority is whether these plantation are in primary forests or not. It shows at the moment that there are forest within plantation. Question is what type of forest? Category 'middle- leaf cover' maybe refers to pine tree or forest planted being change to oil palm plantation.

PM: I conclude that we can have a liability, and we have to be careful with the liability discussion.

IMAM: With regards to map requirement for smallholders for transparency, what is needed is information on boundary at smallholder supply on Group Level, time line given is 6 months i.e. June 2016 this should be completed.

SY: WAGS, how feasible is it to your Group?

SS: It is feasible. The Secretariat already in contact with us to get these information.

Decision:

- Smallholder groups (being member of RSPO) are required to provide the boundaries of their palm oil plantation, globally, whether certified or uncertified.
- Data and information details to follow 'Smallholder supply shed' section under RSPO ACOP Submission Requirement (page 2 of the data addendum)
- Submission of maps for Independent Smallholders are at the Group level, where, the Group Manager to provide maps for the group and not done by individual smallholders.
- Timeline for maps submission: 6 months from November 2015 (by 30 April 2016) for all the Group Managers to submit their maps to RSPO. If the submission can be done earlier, it is better.

7 RSPO Trading Platform (Credit Trade)

7.1 Presentation by UTZ – Updates on development new system

See Annex 4: *RSPO e-Trace by Ashwind, UTZ*

Highlights:

- The BoG has made the decision to merge the RSPO trading platform under one roof called eTrace. Both will trade certified products and via credit.
- UTZ has been contracted to develop the eTrace for RSPO.

Discussion:

PEP: Just to clarify with ML, this meeting by TnT on coming Friday mentioned by Ashwin, is it the same meeting that you mention this morning on FFB?

ML: The TnT is the overall standing committee, and then there is IT sub-working group under TnT that specifically looking at how to deal with certificate trade of smallholders.

PEP: So if it is only credit, then it does not have anything to do with FFB traceability work that is happening with the Task force.

ML: Yes. Entry point of the trading system will be 'This is a certified group of SH; how can they sell'. FFB legality will not be part of the requirement to be looked into. So they relate, but not the same.

SY: Must make sure that there is a system for physical FFB trade and credit. One year ago it was decided that smallholder group can do both credit and physical trade.

UTZ: RSPO has not asked us to look into physical FFB trade yet. It should be made official.

PEP: We need to look back in the ToR to UTZ.

BOB: Group in Krabi is selling physical FFB. So we do need a physical trade system for FFB.

UTZ: If they are part of supply base in the mill, it should be possible. We need to align with Jan on this.

SS: So does this will cover collection centre?

SY: Then have to get the collection centre certified too.

PEP: On the point of SHWG, we need to formally have ML to represent SHWG in the Trade & Traceability & IT sub-Working Group (TnT and IT WG). Otherwise we will missed out many of these issues.

ML: I agree, but my request is to have JMA and two more SHWG member to sit in the T&T and IT WG. Uki and Felda was nominated. These are issues that can have complicated consequences. It makes sense to think them through with more people.

7.2 Trading Potential for Smallholders

See Annex 5: Maximize trading potential for Smallholders (issue on unsold certified PK where mill only able to buy CSPO) by Bob Norman, GreenPalm.

Highlights:

- Illustrative flow-chart on the trading potential focusing on potential issues of unsold certified palm kernel (PK) when mill only able to buy CSPO.
- The flowchart suggest PK volume goes back to Smallholder Group claim.

Discussion:

SS: I would agree on this because this is happening now and if we want to intensify farmer support—this is good. Just need to ensure there would be no double-counting.

BOB: That would be the role of CB.

SY: Role is not good enough. System should be in place whereby whenever a Group sells, it is not the mill having the credit. If smallholder is getting it, the mill should not be able to sell the CPK.

PM: Mill already physically deal with CPO, not PK. So the smallholder can directly sell to a buyer.

SY: If I am a miller, I will take chance to sell the PK to anybody.

BOB: If the SH have a physical market, they can do that. My understanding is most don't have the opportunities.

SY: There should be a system to safeguard the leakage.

SS: Can a mill sell a PKO certificate? If we have an agreement with mill for example 6 month we sell PK, not them.

BOB: That is possible. As long as the group who has a computer sent it, they are the one credited.

PEP: How would this work on a supply chain perspective given that some group still do not control selling of their independent smallholders. When you go to mill and delivering a physical RSPO certified FFB, is it CPO credit only at mill gate.

BOB: All the independent smallholder group certified should have control over their selling of FFB.

LEE: CPK can be used for CPKO directly. And it can also be sell partially over Green Palm. The point is it is important to be able to trade.

BOB: This flow-chart is looking at when there is no ability to sell physical certified PKO.

SY: Currently certified group sell certified FFB to mill. At the moment that is it. The mill produce certified CPO and PK. The PK will go to crusher and CPKO will be sold. Now, what is proposed that when Group sells FFB, and the mill cannot sell the PKO and that is why a system is needed that able to track and trade this. This will give more credit to Group. But of course the mill will get less, and it really depends on the agreement between the two parties on this.

LKY: But actually if it is just a small proportion of CPO, the price we purchase from smallholder will be less as well. We will directly send to our crusher and tell the smallholder that we can sell their PK. There is no need of agreement after all.

PM: SHWG member agree that if there is no certified crusher for the independent smallholder, then the smallholder should still see return on their PK. If we do than there should be a technical or physical system to do that.

Palani: Implementation on the ground especially on OER and extraction rates may vary. A formal agreement between smallholder group and mill on selling of PK is still needed.

ML: Do we agree to this principle. Do we need some guidance for auditor?

SS: We have to have a formal agreement with the mill agreeable to not sell the PK portion and give back to the Group. Because at the end of the year, the Group schemed will have to declare to the auditor what you have produced and sold.

SY: It can be in form policy paper, or guidance or letter to Group Manager saying that selling of PK must be included in the agreement. When CB do audit and see that letter they will check on that. The Secretariat can prepare this based on instruction by SHWG. RSPO Secretariat will look into feasibility of certified PK for smallholder to sell, by QTR1 2016. Consensus by all members.

JMA: The condition is – mill have no certified crusher.

SY: Also it depend on the agreement with mill.

Decision:

The Taskforce that is working on the new IT platform will include this in their scope i.e. on possibilities to trade certified PK to mill that could buy only CSPO.

Action by: RSPO Secretariat.

8 Trial on Implementation of the new Group Certification Document and the new SAN standard in Ghana

Refer Annex 6: SAN-RSPO and Group Certification By Bilge Daldeniz, Proforest

Highlights:

- Comparison between Sustainable Agriculture Network (SAN) and RSPO in context of Group Certification implementation. This study is done to look at synergies between these two standards.

No discussion.

9 SenSOR on Cost Analysis of Smallholders Certification

Refer Annex 7: SUSPENSE and SenSOR by Petra R, Wagenigen University

Highlights:

- Studies is trying to get insights on the adoption of Best Management Practices for smallholder and how can it be improved, as well as looking cost benefit of certification to smallholders.

Discussion:

Palani: Any indication on cost benefit studies?

PR: Not yet. Data has not been finalised yet.

ML: We have some materials on this subject. We hope the data can be shared.

PM: Christina for NPBO is the right person to share this with.

JMA: The 2012-2017 study, where and when we can have the result of studies?

PR: This SUSPENSE Project just recently started. One paper (by a student named Shakti) will be published by end of this year.

10 Any Other Business (AOB)

ML then invited each member to raise any other matter to be discussed in the meeting.

PM: Three matters:

- (1) During GA, there is one resolution related to smallholder, on comprehensive strategy for smallholder.
- (2) There is one seat left for environmental NGO in SHWG. We receive nomination for Aid Environment, RAN and EII. The procedure is, they should decide among themselves and select one representative. Currently we have FFI and WWF, and they need to discuss with their fellow NGO on who should be on the seat. Otherwise, SHWG will vote. The timeline is end of 2015.
- (3) SHWG Linking & Learning, will happen tomorrow (16th Nov) at 9am in Shang RiLa Hotel. All are invited.

IMAM: I would like to add that Grower Latin America and Retailer has a vacant seat.

JMA: We did send announcement in BoG and website on this. LKY already respond for Grower (MY).

FRAN: We have change our earlier thought in last SHWG meet. We now propose to have a consultative group instead for Latin America. I have prepared a ToR in March for LA-SHWG. We can deal with specific issue in LA and provide local context, rather than sit in this local SHWG which may not relevant to us.

PM: How is the feedback?

FRAN: The best way to communicate is by producing documents rather than informal communications.

DAN: It have been strongly supported by stakeholders in LA.

FRAN: First meeting will be in December for the consultative group. I hope this will help a lot – inclusive of LA.

LEE: In the last discussion, there should be discussed on simplified GHG.

JMA: It is still on. Discussion has been initiated at the Secretariat Office level. We foresee the group to meet in Jan/Feb 2016.

LKY: Is this the same GHG document – simplified for Smallholder use?

JMA: There is discussion on this in August. Want to delete ‘simplified’ and change to ‘guidance’ for smallholder.

PEP: If Melissa will be on sabbatical leave, who will replace her as GHG Manager in the meantime?

SY: No choice, it will be me. Vacancy on GHG Manager in RSPO Secretariat. Another vacancy is Social Manager.

JMA: Under RSSF, process of hiring a RSSF Executive in ongoing.

IMAM: What is the decision on Social NGO seat in SHWG?

PEP: By the way, where is the social NGO in this WG? What do we do about this? Only Solidaridad attend in this meeting, Sawit Watch and Yayasan Setara Jambi absent. We may have to drop the membership of Sawit Watch in this WG since they have not been attending this meet. SHWG will write to Sawit Watch, regarding their position in SHWG. Letter to be signed by Co-Leader and to be drafted by JMA first.

As closing note, all SHWG members expressed their appreciation to PM’s contribution as SHWG co-leaders.

Meeting adjourned at 5.00pm.

Annexes

Annex 1	RSPO Smallholder Support Fund (RSSF) by Julia Majail, RSPO Secretariat
Annex 2	RSPO Next by Liza Murphy, Consultant for RSPO Secretariat
Annex 3	Smallholder Land Cover Analysis Result by Imam, RSPO Secretariat – RILO Office
Annex 4	RSPO e-Trace by Ashwind, UTZ
Annex 5	Maximize trading potential for Smallholders (issue on unsold certified PK where mill only able to buy CSPO) by Bob Norman, GreenPalm
Annex 6	SAN-RSPO and Group Certification By Bilge Daldeniz, Proforest
Annex 7	SUSPENSE and SENSOR by Petra R, Wagenigen University