

MINUTES OF MEETING Smallholder Standing Committee (SHSC)

Time : 1700 - 1900 (MYT)

Date : Monday, 24 February 2020

Venue : Conference Call

Attendees:

	Name	Initial	Organisation	Representation Category
1.	Marieke Leegwater	ML	Solidaridad	Substantive- SNGO; Chair
2.	Hiew Koh Thien	HKT	NY Hiew Holdings Sdn Bhd	Substantive-Smallholder (MY)
3.	Ivan Novrizaldie	IVN	Asian Agri (Indonesia)	Substantive - Grower (INA)
4.	Mohd. Suffian Muhili	MSM	Procter & Gamble	Substantive – CGM
5.	David Wigand	DW	HOFER KG dba ALDI SOUTH Group	Substantive – Retailer
6.	Johan Verburg	JV	Rabobank	Substantive- Banks & Investors
7.	Ingrid Richardson	ING	Unilever	Alternate - CGM
8.	Ashwin Selvaraj	AS	RSPO Secretariat	
9.	Julia Majail	JM	RSPO Secretariat	
10.	Kertijah Abdul Kadir	KAK	RSPO Secretariat	

Absent with apologies:

	Name	Initial	Organisation	Representation Category
1.	Jan Hein	JAN	Planting Naturals (Africa)	Substantive- Grower (RoW)
2.	Ahmadou Cisse	AHC	Solidaridad West Africa	Substantive - Smallholder (Africa)
3.	Narno	NAR	FORTASBI (Indonesia)	Substantive - Smallholder (INA)
4.	Ian Orell	IO	Sime Darby (PNG)	Substantive -Smallholder (PNG)
5.	Maricarmen Lopez Piemental	MP	Oleopalma	Substantive -Smallholder (LatAm)
6.	Charles Mate-Kole	CMK	Norpalm Ghana Ltd	Alternate - Oil Palm Grower (RoW)
7.	Charles Sackey	CS	TOPP	Alternate – Smallholder (Africa)
8.	Rukaiyah Rafiq	RR	Setara Jambi	Alternate - Smallholder (INA)

Agenda:

5:00 – 5:10 pm	Opening by chair, adoption of the meeting minutes and agenda
5:10 – 5:30 pm	Updates by Secretariat

	<ul style="list-style-type: none"> • Updates on ISH Membership • Updates on Progress on Certification • Updates on Market Uptake • Update on SH Academy • Update on the RSPO ISH Standard
5:30 – 5:45 pm	Discussion on the interim measure on the identification of low risk HCS Areas
5:45 – 6:00 pm	Feedback/Approval of the following documents <ul style="list-style-type: none"> • ToR for the diagnostic study • Setup of the IS FPIC mini group/task force
6:00 – 6:15 pm	Discussion on the National Interpretation for RSPO ISH Standard
6:15 – 6:45 pm	Discussion on the new direction of RSSF
6:45 – 6:55 pm	AOB
6:55 – 7:00 pm	Closing of the meeting

Updates on Action Points from last meeting:

No.	Action Point	Status
1	KAK/Secretariat to actively reach out to supply chain actors and donors.	Ongoing
2	Secretariat to outreach to government agencies(focus on Africa) to get exemption on income of smallholders from premiums	Yet to start. To be discussed with the regional team in Africa
3	AS to develop a decision tree/flowchart laying out the different scenarios on new planting in relation to HCV-HCS	Completed. Flowchart included in the SHSC discussion on 24 February
4	AS to develop a draft proposal on the monitoring in consultation with NGO BoG members and share it with the SHSC	In progress. To be discussed in the next meeting in April 2020
5	AS to develop a ToR for the independent review and share it with the SHSC	In progress. To be discussed in the next meeting in April 2020

6	AS to share the existing proposal for minimum pricing mechanism with the SHSC. Agenda for next meeting	In progress. To be discussed in the next physical meeting
7	AS to share the draft proposal of the new RSSF mechanism for next meeting	Completed. Included in the SHSC discussion on 24 Feb

Discussion:

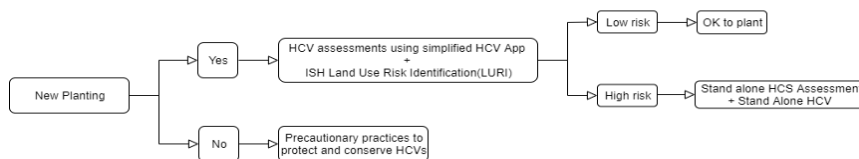
No.	Description	Action Points (PIC)	Progress / Remarks
1.0 Welcome and Introduction			
	<p>ML welcomes all members who attended the meeting and appreciated the patience of SHSC members while the first meeting for 2020 was being organised.</p> <p>AS walked through the Draft meeting minutes of the meeting held on 3rd November 2019, and the meeting minutes were adopted without any changes</p>		
2.0 Updates by Secretariat			
	<p>AS updated the members on the following topics,</p> <ul style="list-style-type: none"> ● Changes in the composition of the SHSC as noted below, <ul style="list-style-type: none"> ○ Smallholder(Latin America) will be represented by Mariacarmen Lopez from Oleopalma Mexico ○ Processor/Trader will be represented by Rob Nicholls of Musim Mas as a substantive member, and Yunita Widyastuti of Cargill as alternate ○ Mohd.Suffian from P&G who was representing Consumer Goods Manufacturer has been replaced by the Kuan Chun Lee of P&G. Kuan Chun is our liaison with the BoG ○ ENGO, Smallholders(Thailand) and Oil Palm Grower(Malaysia) seats continue to remain vacant. Secretariat is following up with members to fill the seats ● Updates on ISH Membership Application <ul style="list-style-type: none"> ○ Total of 68 approved ISH groups globally; applications from 9 groups in process. A huge increase is noticed in 		

	<p>membership from Indonesia and Thailand, with 35 groups in Indonesia and 20 groups in Thailand</p> <ul style="list-style-type: none"> ○ Applications pending in some cases because of incomplete/incorrect disclosure forms ○ 1 group in Thailand has been suspended due to non-payment of fees <ul style="list-style-type: none"> ● Updates on Certified ISH – 2018 vs 2019 <ul style="list-style-type: none"> ○ 70% increase in the number of Independent smallholders globally with bulk of the growth seen in Indonesia ○ 40% increase in the certified area; the noticeable difference is in the size of plots per farmer in Indonesia and Thailand. Thai farmers tend to have bigger plots compared to Indonesian farmers ○ 35% increase in the global production of CSPO by Independent Smallholders ● Updates on Smallholder Trainer Academy(STA) <ul style="list-style-type: none"> ○ STA was launched at RT17 in Bangkok ○ 30+ organisations have championed the cause of the livelihood training program and became partners of the Smallholder trainer academy ○ 4 Master trainings have been completed in the different regions(South East Asia, Africa, and Latin America ○ 70+ master trainers have been trained globally ○ Smallholder Trainer Academy portal was launched – its an online platform which contains the curriculum and resources that can be used by the partners and master trainers (https://portal.sta.rspo.org/asp/Home) ○ Focus for this year is to support the partners and master trainers in implementing their training programs benefitting smallholders ● IS Credits Market <ul style="list-style-type: none"> ○ 73,960 IS-CSPO credits were sold in 2019 at an average price of USD 14.36 per credit. This increase in volume is of sales is due to the increase in supply. Average price of IS-CSPO credit in 2018 was USD 16.78 ○ 8,529 IS-CSPKO credits were sold in 2019 at an average price of USD 49.03. Average price of IS-CSPKO credit in 2018 was USD 56.07 ○ Drop in prices could be because of increased supply and the difference between on and off market prices. Most of the volume is sold off market fetching a lower price compared to the on-market prices 	<p>1. Make a proposal to Market Development Standing committee (MDSC) on differentiation in claims for IS-Credits</p> <p>2. Assess the cost of certification against the new RSPO ISH</p>	
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	<ul style="list-style-type: none"> ● Demand for Credits <ul style="list-style-type: none"> ○ HKT asked if there is a difference between the claims that companies can make if they buy credits from smallholders versus the mills. AS clarified that there is no distinction in terms of the claims that companies can make on pack. The only place where the distinction is made is in ACOP. ○ HKT suggested we should make a distinction in the claims that companies will make when purchasing smallholder credits. ○ MSM suggested we should do an assessment on the cost of certification against the new standard ○ IVN suggested we include a comparison of certified volumes and the sales for each group to understand the % sales per group. IVN indicated that one of the group was not able to sell credits. AS to follow up with IVN to check which group has not managed to sell ● Implementation of the RSPO ISH Standard <ul style="list-style-type: none"> ○ AS shared updates on the development of the guidance documents and the plan for socialisation. The details can be seen in the Annex 1. 	<p>Standard</p> <p>3. AS to follow up with IVN on the group that was unable to find a buyer and check</p> <p>4. AS to include a comparison of the certified volume and the % sold as part of standard reporting</p>	
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3.0 HCV-HCS Identification for new planting (Interim measure)

AS briefed the SHSC members on the interim measure that can be used for the identification of the low risk HCV-HCS areas for new planting for smallholders. This interim measure will allow smallholders to develop low risk areas in the absence of a tool for simplified HCV-HCS assessment. For high risk areas, they have to conduct the full assessments.



For new planting, the ISH group must conduct an HCV assessment. It can be conducted using the HCV simplified app which can be used across 8 countries in the different regions. Together with the HCV assessment, the ISH group manager must complete the LURI template. LURI template has been simplified to suit the smallholder context. The

	<p>information required for the LURI is available in the LUCA and/or HCV reports. The report needs to be submitted to the secretariat for record keeping. No further assessments will be carried out by the Secretariat GIS desk due to the lack of clear imagery for the smaller plot sizes. This will be an interim measure for low risk areas until the simplified HCV-HCS tool is developed by Nov 2020.</p> <p>DW asked the process for identification of the risk factors by the group managers. AS clarified that the HCV app will identify the low risk areas based on the probability map, and in addition to that the LUCA assessment will also inform the group managers on the low risk areas.</p> <p>ML asked if there is secretariat capacity to review these reports. AS clarified that the SH team will conduct training for group managers on the LURI process. AS also clarified that the Secretariat will only ensure the template is complete, but there will be no additional processing required at the Secretariat.</p> <p>AS invited written comments by 2 March 2020</p>		
<p>4.0 Terms of Reference for Diagnostic study and IS-FPIC group</p>			
	<p>Smallholder Diagnostic Study</p> <ul style="list-style-type: none"> ● AS presented a brief overview of the objective of the Smallholder diagnostic study and the objectives are, <ul style="list-style-type: none"> ○ To garner greater understanding of smallholders and their needs by gathering and analyzing data regarding the socio-economic characteristics, current practices, capacity, constraints, and performance of oil palm smallholders globally. ○ To identify gaps between current Smallholder practices and readiness towards RSPO certification. <p>The diagnostic study will be commissioned across 4 countries to understand the context and the typology of smallholders and identify the strategies to support the smallholders in the different regions.</p> <p><i>*Many diagnostic studies for Indonesia are already available and therefore this study will not focus on Indonesia. A separate mapping study will be commissioned for Indonesia to complement the diagnostic studies already available</i></p> <p>No comments were received from the members and the ML suggested we proceed with publishing the tender for the study</p> <p>IS-FPIC Sub Group</p>	<p>5. AS to publish the tender for the diagnostic study</p>	

	<p>AS briefed the SHSC members on the need to setup a sub-group or a group of experts to oversee the development of the simplified FPIC procedure for smallholders.</p> <p>The ISH FPIC mini group will comprise of members from the SHSC and the HRWG. Nominations received so far from SHSC are – Ahmadou Cisse (Solidaridad Africa), Mohammad Kamara (Natural Habitats)</p> <p>AS briefed the members that the we had received a proposal from a consultant that is currently being reviewed. The simplified FPIC procedure will involve public consultation and focus group discussions to ensure that the procedure is practical to implement</p> <p>There were no comments received from the SHSC members on the proposal and it was considered approved.</p>		
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5.0 National Interpretation for RSPO ISH Standard

	<p>AS updated the SHSC members that there was a strong interest from the Indonesian stakeholders on the need for development of an NI for the RSPO ISH Standard. However, the Standard Setting SOP does not include the process to develop the NI for the RSPO ISH Standard.</p> <p>AS updated the members that an annex/addendum to the Standard Setting SOP to describe the process for the development of NI for the RSPO ISH Standard. The addendum was shared with the SHSC members</p> <p>AS asked for comments on proposed addendum and endorsement from the SHSC on the need to have this addendum and the need for an NI for the RSPO ISH Standard.</p> <p>HKT was asking if the information on the indicators that will require interpretation can be shared with the SHSC members. This information could be useful for other countries. AS confirmed that it is possible to share the information with the SHSC members.</p> <p>JM shared her views that the RSPO ISH Standard is simplified enough but would still require interpretation on the laws and legal requirements. She also shared her views that the full NI process may not be necessary. A fast-tracked process was suggested by JM.</p> <p>HKT flagged that even within the country, there will be differences on the land laws in different regions. That should be noted in the development of the NI process.</p>	<p>6. AS to share the updated ToR with the Standards Standing Committee for</p>	
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SHSC members agreed that a full NI or a fast tracked process need to be set up to develop the interpretation as required by the local stakeholders.

endorsement

6.0 RSSF

AS indicated that there are two objectives for this discussion,

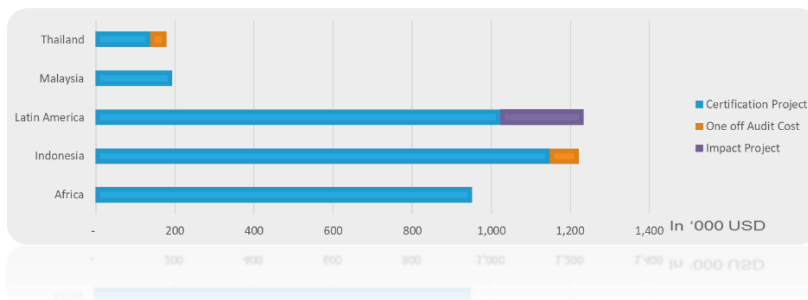
- Update on the fund disbursement of RSSF
- Proposal for funding needs for the next FY

Update on RSSF

AS updated the committee that the RSSF was funded by 10% of the revenues from the sales of CSPO as mentioned in the governance policy. There were three types of projects that were funded by the RSSF,

- One off audit cost projects
- Certification projects
- Impact projects

As of 2019, no new projects for certification projects and impact projects were accepted and only one-off audit costs applications were processed. A snapshot of the current commitment/disbursements is as shown below,



Total of USD 3,452,019 has been committed for 27 projects targeted at benefitting 26,216 individual smallholders

Total of 21,128 smallholders would be certified in the next 2 years with a production area of 94,663 ha, resulting in an increase of 270%

- Average cost of preparing a smallholder for certification,

Africa – USD 72

Indonesia – USD 147

Latin America – USD 330

Malaysia – USD 303

<p>Thailand – USD 92</p> <p>Proposal for RSSF funding for next FY</p> <p>Taking into account the lack of data on the certification costs against the new standard, and the costs for implementing the livelihood programme, AS proposed the following,</p> <ul style="list-style-type: none"> • Allocate USD 350,000(~1.5 million RM) to the RSSF fund for the next financial year(July 2020 – June 2021) to support the one off audit costs and the Smallholder Trainer Academy. This would result in, <p>Certification of 13,072 smallholders globally which is a 138% increase in the number of smallholders</p> <p>Training/capacity building of approximately 12,000 smallholder through the Smallholder trainer academy for livelihood improvement</p> <ul style="list-style-type: none"> • Smallholder Strategy implementation activities will be covered in the operational budget of the RSPO Secretariat • Review the fund focus and budget for FY 2022 onwards based on the progress of certification on the new ISH Standard between July 2020 – June 2021. Secretariat to potentially pilot livelihood improvement projects and certification projects in FY 2021 and based on data, propose a new funding mechanism for RSSF from FY 2022 onwards, <p>Channel resources from the Shared Responsibility implementation to the RSSF fund for continuing certification projects in FY 2022</p> <p>Discussion</p> <p>Considering the amount spent in Africa and Latam and noting that there are no projects certified there, HKT suggested that the funding should be directed to regions where we have more success. AS clarified that due to the low awareness and capacity in these regions, it is generally expensive to get smallholders certified; AS also clarified that the main reason why the projects in these regions were not certified because the standard does not recognize customary rights.</p> <p>ML suggested we should support costs for conducting full HCV and HCS assessments. KAK suggested that this should be considered on a case by case basis under the audit cost applications. SHSC agreed to this proposal.</p> <p>IVN sought clarification if RSSF can be used to cover the investments made by the smallholders for certification. JM suggested IVN to clarify this suggestion in writing.</p> <p>SHSC members agreed to send the proposal in the current form to the Finance committee.</p>	<p>7. JM/AS to share the proposal to the</p>	
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		Finance committee	
7.0 AOB and next meeting			
	There was no topics discussed as AOB; and the next meeting was suggested for April as a conference call. Members will be invited to fill out a datepoll.	RSPO Secretariat to send out date poll for next meeting.	

End of minutes

Annex 1

Details on the development of guidance documents for RSPO ISH Standard

Topic	Update	Timeline
RSPO ISH Standard document	<p>Published on the website in November 2019.</p> <p>Translations in progress</p> <ul style="list-style-type: none"> • Bahasa Indonesia translation is complete • Bahasa Melayu, Spanish and Thai translations are complete waiting to be proof read • French translation is in progress 	March 2020
Guidance for Group Manager	English version being proof read. Comments received from the SHIG members are incorporated. Will be translated and included in the Standard by March 2020	March 2020
RaCP for ISH	Sub Committee with SH representatives established under the Compensation Task Force(CTF-2). Smallholder representatives nominated so far – Kalindi Lorenzo(Natural Habitats), Rosemary Addico(Solidaridad Ghana), Rukaiyah Rafiq(Indonesia). First meeting of the group in Feb 2020	November 2020
FPIC for ISH	<p>ToR for the TF shared with SHSC. Taskforce established in combination with HRWG.Taskforce will oversee the development. Nominations received so far –Marcus Colchester, Madeline Brassler, Hendi, Mohammed Kamara, Ahmadou Cisse</p> <p>ToR for consultant to develop the procedure is published. Waiting for proposals.</p>	July 2020. Latest Nov 2020
HCV-HCS Assessment	<p>Interim measures to develop in low risk HCS areas shared with SHSC for endorsement.</p> <p>Next steps for development of a simplified tool</p> <ul style="list-style-type: none"> • Benchmarking of HCV app and HCS toolkit in progress. To be completed by March 2020 • Upgrade the HCV app to include the HCS components. TF to oversee this development need to be established in consultation with HCSA. BoG to decide on the role of HCSA 	Nov 2020
Guidance for Peat	Work in progress by the PLWG.	June 2020

Labour Guidance	ToR for consultancy to develop a simplified labour guidance for ISH has been published. Proposals to be reviewed and commissioned in March 2020.	June 2020
New Planting	No new planting procedure for ISH	NA
Certification Systems	Consultation in progress. In the interim, Certification bodies have been advised to contact the RSPO Secretariat for guidance if audits are happening before March 2020	March 2020
Audit Checklist	Draft audit checklist was discussed with CBs in the last couple of CB workshops. Input being reviewed and finalized	March 2020
Socialisation and Roadshows	<p>Roadshows</p> <ol style="list-style-type: none"> 1. Roadshow in Indonesia, was held in January 2020 2. Roadshows in Tawau and Krabi will be held in March 2020 3. Roadshow in Mexico as part of the RSPO Latin American conference in March 2020 4. Roadshows in Africa – to be planned in April-May 2020 <p>Webinars</p> <p>3 webinars planned for all stakeholders in the month of February-March 2020</p> <p>Targetted webinars are being planned with RSSF project proponents to help them adapt to the new RSPO ISH Standard.</p>	