

TERMS OF REFERENCE

Smallholders Working Group (SHWG)

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1 Introduction

- 1.1 The Task Force on Smallholders (TFS) was set up by a General Assembly Resolution at the 3rd Roundtable of the RSPO (RT3) with a mandate to promote smallholder participation in the RSPO, carry out diagnostic surveys of smallholder situations and views, carry out and document trials of the application of the P&C with smallholders and ascertain the suitability of the RSPO Principles & Criteria for smallholders and make proposals on how best these can be adjusted, nationally and/or generically to ensure favourable smallholder involvement in sustainable palm oil production. The aim of the Task Force was to ensure that smallholders are not marginalised from the sustainable palm oil market and are able to benefit from improved standards and best practice.
- 1.2 Formally the TFS is a committee which reports to the RSPO Executive Board (EB). It has been led by Sawit Watch and the Forest Peoples Program. For the past four years it has been guided by a Steering Group composed of four members from each of the active National Interpretation Working Groups and some other co-opted members with specialist knowledge of smallholders and willing members of the RSPO Executive Board. The Task Force has functioned thanks to the voluntary engagement of a large number of actors and members of the RSPO and with the support of various donors including Oxfam-Novib, Hivos, CORDAID, Stichting Doen and the Dutch Government.
- 1.3 After intensive consultations, *Generic Guidance for the Certification of Scheme Smallholders* was adopted by the RSPO Board in July 2009. After further intensive consultations, in July 2010, the RSPO Board adopted *Generic Guidance for the Certification of Independent Smallholders under Group Certification*. At the same time a *Group Certification Protocol* was developed through further consultations by BioCert and ProForest.
- 1.4 Despite these results, smallholder participation within the RSPO system remains limited. Several challenges need to be overcome in order to create a smallholder inclusive system. Part of the challenges is linked to the RSPO system itself, such as the standards, guidance documents, supply chain systems and incentive mechanisms. Other challenges are more related to the institutional environment in which smallholders operate, such as access to finance, access to farmer organizations and technical assistance.
- 1.5 To tackle these challenges the TFS has set different priorities for the coming years, however, the current TFS structure does not fit with the new RSPO structure that is organised in Taskforces (to address short term and/or specific issues), Working Groups (to address on-going issues) and Standing Committees (that oversee the

work of other groups and inform the EB of developments). Consequently, it has been proposed to transform the TFS into the Smallholder Working Group.

- 1.6 The Smallholder Working Group has been formed in line with the EB aspiration i.e. to follow the new overall RSPO structure. The first SHWG meeting was conducted on 25 and 26 June 2012, at Hotel Melia Kuala Lumpur. SHWG will function under the Standard and Certification Standing Committee within the overall RSPO organization structure.

2 Mission, Mandate & Scope

2.1 Mission

“To ensure that smallholders improve their livelihoods by benefitting from RSPO standards and best practices”

2.2 Mandate

- Support and monitor trials of the application of the RSPO Principles & Criteria with smallholders;
- Provide recommendation to the Secretariat/Standing Committee/ EB for approval of project(s)/ funding/ policies that have impact to the overall smallholders’ development;
- Ascertain the relevance and effectiveness of the RSPO Principles & Criteria and Supply Chain Systems with regards to smallholders and propose adjustments to both national and generic RSPO documents;
- Facilitate and support the development of global relevant smallholder knowledge base and ensure linking and learning between different countries, initiatives and technology;
- Promote the development of support mechanisms and partnerships with the aim to reduce barriers for smallholders adopt sustainable production practices and RSPO certification (e.g. funding mechanism, capacity building modules, etc);
- Implement decision and/or policies by the Standing Committee/ EB on projects as well as directive to work with the other Working Groups/Task Force as and when need arise;
- To promote active participation of smallholders in the RSPO organization; and
- To work with all stakeholders of the RSPO, including governments, to achieve its mission.

2.3 Scope

- Global Schemed, Associated and Independent Smallholders;
- Promotion and implementation of pilots and up-scaling mechanisms;
- RSPO certification of smallholders;
- Address issues that go beyond certification (yield improvements, market access, access to finance, etc.); and
- Focus on learning and creation of enabling environments.

Definition of smallholder:

Farmers growing oil palm, sometimes along with subsistence production of other crops, where the family provides the majority of labour and the farm provides the principal source of income, and where the planted area of oil palm is usually below 50 hectares in size [Definition from: RSPO Principles and Criteria for Sustainable Palm Oil Production – October 2007].

Scheme smallholders:

Scheme smallholders, while very diverse, are characterized as smallholders who are structurally bound by contract, by a credit agreement or by planning to a particular mill. Scheme smallholders are often not free to choose which crop they develop, are supervised in their planting and crop management techniques, and are often organized, supervised or directly managed by the managers of the mill, estate or scheme to which they are structurally linked [Definition from: RSPO Principles and Criteria for Sustainable Palm Oil Production: Guidance on Scheme Smallholders – July 2009].

Independent smallholders:

Independent smallholders, while very varied in their situations, are characterized by their: freedom to choose how to use their lands, which crops to plant and how to manage them; being self-organized, self-managed and self-financed; and by not being contractually bound to any particular mill or any particular association. They may, however, receive support or extension services from government agencies [Definition from: RSPO Principles and Criteria for Sustainable Palm Oil Production: Guidance on Scheme Smallholders – July 2009].

Where an endorsed National Interpretation includes a definition for smallholders, this will also be recognized. The Papua New Guinea National Interpretation Working Group adopted an intermediate category of smallholders referred to as 'Associated Smallholders', who share some of the characteristics of independent smallholders, notably in terms of land use and management decisions, and yet are closely linked to particular mills for marketing and extension.

3 Structure

3.1 Criteria for Membership and Composition

Following the new structure of the RSPO, the work on smallholders will be organized in a Working Group. The Smallholder Working Group will fall under the Standards and Certifications Standing Committee (S&C SC). The Working Group will be responsible for the overall work on smallholder matters in the RSPO. This means that the TFS Steering Group will be dissolved, with the connotation that some of its members will hopefully agree to be part of the Smallholders Working Group.

The Smallholders Working Group will consist of members which include:

Category	Division	Total
Growers	Malaysia	6
	Indonesia	
	ROW	
Social NGO		3
Environmental NGO		3
Supply Chain	Manufacturer	4
	Bank/Finance	
	Retailer	
	Processor & Traders	
Smallholders	Malaysia	4
	Indonesia	
	Thailand	
	ROW	

The Working Group shall also be inviting representation from the expert(s) and/ or government officials as deem necessary. Members in this category will have no rights to vote shall there be any needs to practice it.

Criteria for membership are:

- Members are willing and capable to provide their advice and expertise to the RSPO in general and to the Manager (on Smallholders) of the RSPO in particular;
- Members are willing to actively sharing information of the different smallholder initiatives or working groups they are participating in;
- Members are willing to actively participate and/or co-organize activities that are organized regarding smallholder in the framework of the RSPO.

In order to ensure effectiveness of the Working Group, it is expected that members allocate sufficient time to achieving the mission of the SHWG. The estimated level of effort for members is to participate twice a year in a physical meeting and to be available on average one hour per week for providing input via email or telephone.

3.2 Retirement Criteria Working Group Member

- 3.3.1 The SHWG can exercise the right to release the membership of a WG member. However the decision must be made by consensus of the WG (excluding the affected party).
- 3.3.2 The reasons (not exhaustive) for the WG to consider departure of a WG members are:
1. Absence from WG meetings for three consecutive meetings without proposing an alternate to attend these meetings.
 2. Persistent refusal to furnish information requested by the WG. Information requested, if deemed beneficial to the objectives of the WG, shall not be unreasonably withheld except for those which are commercially sensitive and/or prohibited by law for dissemination.
- 3.3.3 Retirement of membership will be informed in writing by the Co-Chairs of the SHWG, copied in to the Secretary General and the Board of Governors of the RSPO.
- 3.3.4 The Co-Chairs of the SHWG will invite the constituents of the affected sectorial and/or geographical stakeholder group to nominate a new representative to the WG.

3.3 Management

3.3.1 Chairperson

The Smallholder Working Group will be chaired by two Co-Chairs. The Co-Chairs, together with the representatives from the Secretariat are responsible to ensure for the overall cohesion, coordination and facilitation of the Working Group.

3.3.2 Communication

It is desirable that the Working Group to organize face to face meeting twice a year and organize teleconference as and when necessary. The co-chairs and the RSPO Smallholders Manager will have a frequent communication update.

3.3.3 Planning

In order to fulfill these tasks and meet RSPO objectives, it will be necessary to establish a yearly work program including a series of targets

or deliverables and budget. The workplan and budget will be submitted to the Board of Governors of RSPO for approval via the S&C SC.

3.3.4 Projects

- Projects that are currently on-going and/or receiving funding from the RSPO will be placed under the purview of the SHWG.
- The Smallholders Working Group can formulate projects or may accept project of third parties. Project implementation can be outsourced to the RSPO Secretariat or to external parties. In both cases, the Working Group will be responsible for the overall steer of the projects subject to they are agreed by the EB and the S&CSC.
- In case a project receives funding from the RSPO, then the Secretariat is responsible for the details of the project management (narrative and financial). In the situation that the SHWG and the RSPO Secretariat hold different opinions regarding the approval or continuation of a project, the matter will be brought to the S&CSC and/or EB for a final decision.
- The SHWG could request project implementer(s) to update on the progress and performance during the SHWG' s meetings, i.e. to discuss issues and to come up with decision.

3.3.5 Decision Making

The decision by the Working Group members shall be based on consensus, which is the absence of sustained opposition.

3.4 Role of the Secretariat

- 3.4.1 The day-to-day activities of the RSPO on smallholders will be executed by the RSPO Secretariat.
- 3.4.2 The Secretariat will support the objective and mission of the SHWG. Its principal functions are to prepare for, and service, meetings of the SHWG and other projects on smallholders, and to coordinate with other relevant bodies, regionally and internationally.
- 3.4.3 The Secretariat is institutionally linked to the RSPO governing body (i.e. the Executive Board), and is located in Kuala Lumpur, Malaysia, with a satellite office in Jakarta, Indonesia. Its head, the Secretary General, is appointed by the Executive Board, to whom a Technical Director is reporting to. The smallholder affairs are placed under the technical division, which is headed by the Technical Director.
- 3.4.4 Specifically, the roles of the RSPO Secretariat, with reference to the smallholders, are:

- To assist and provide administrative support to the SHWG. It represents the day-to-day focal point for the RSPO, organizes all meetings under the guidance of the Co-Chairs of the SHWG, prepares background documentation for those meetings and facilitates the flow of information of projects under the SHWG;
- To coordinate works carried out under the SHWG with other relevant organizations/bodies/institutions/Working Groups, and represents the SHWG at any relevant meetings as and when required;
- To support and monitor implementation of projects under SH WG.
- To transmit reports and information to the members of SHWG and/or smallholders stakeholders.
- To act as information clearing house.

3.4.5 The RSPO Secretariat has two dedicated staff members to work on smallholder issues. Currently, it employs one Manager (based in Kuala Lumpur) and one Assistant Manager (based in Jakarta) on Smallholders.

END.