



Small Producers in the Global Palm Oil Supply Chain: Problems & Opportunities

A Perspective from Malaysia and Wild Asia

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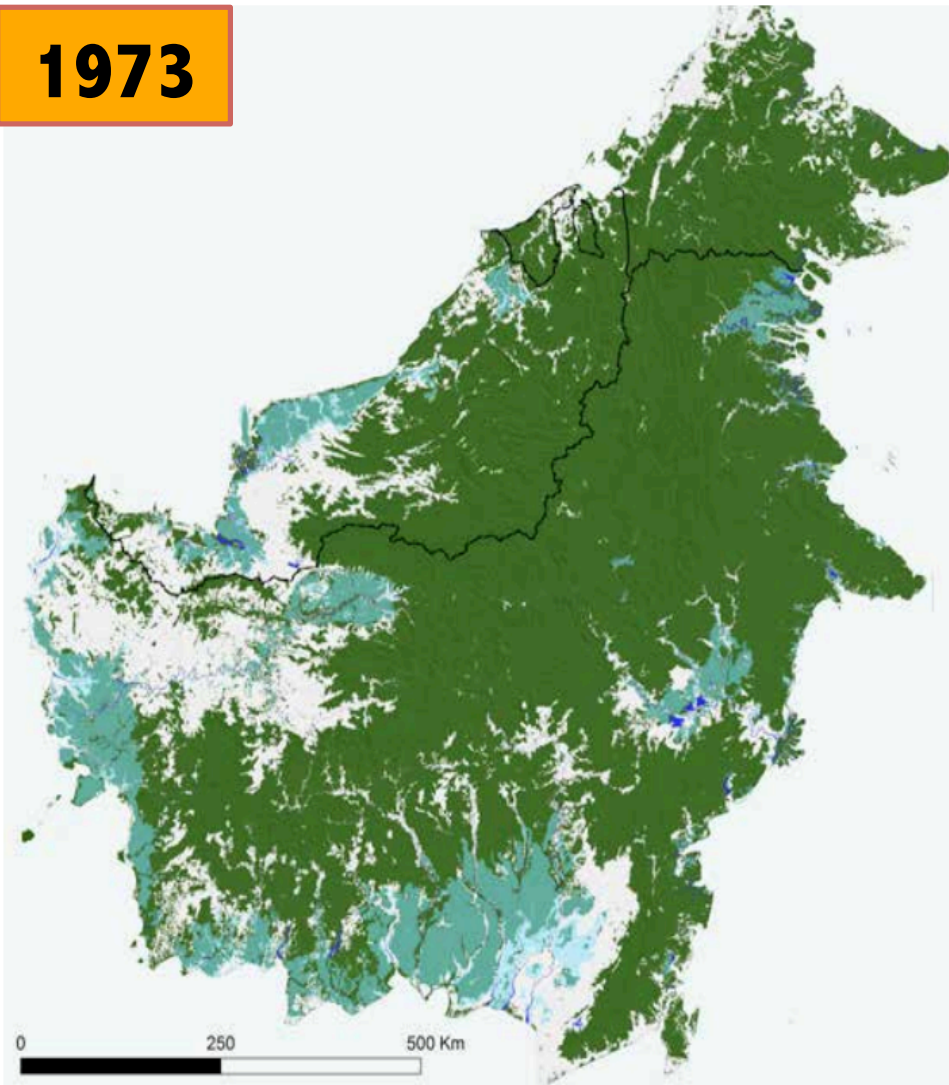
Background & Introduction



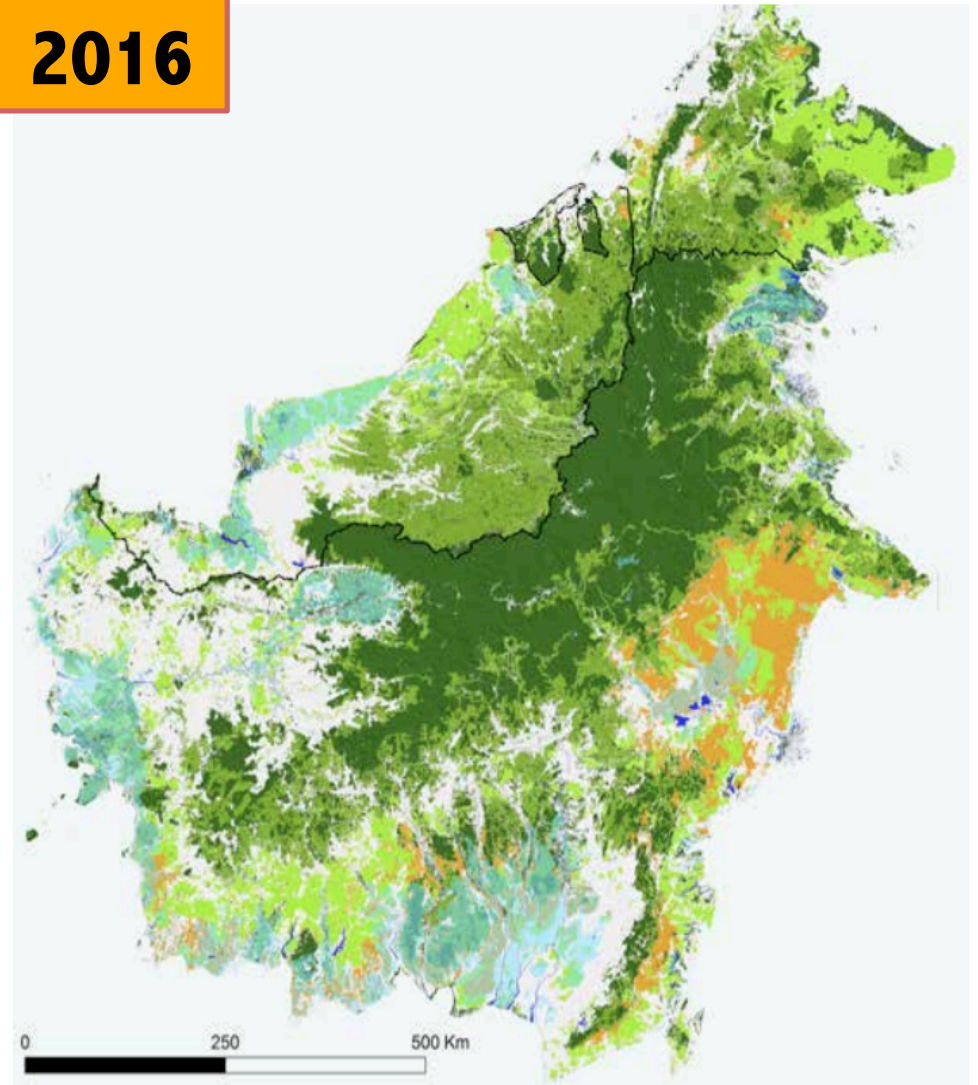
1994



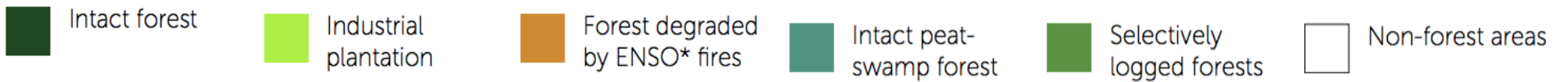
1973



2016



Visual legend:





2008





2011

Our mission is to increase the production of **sustainable palm oil by small producers** connected to **global markets**.



GROW



CONNECT



ADD VALUE

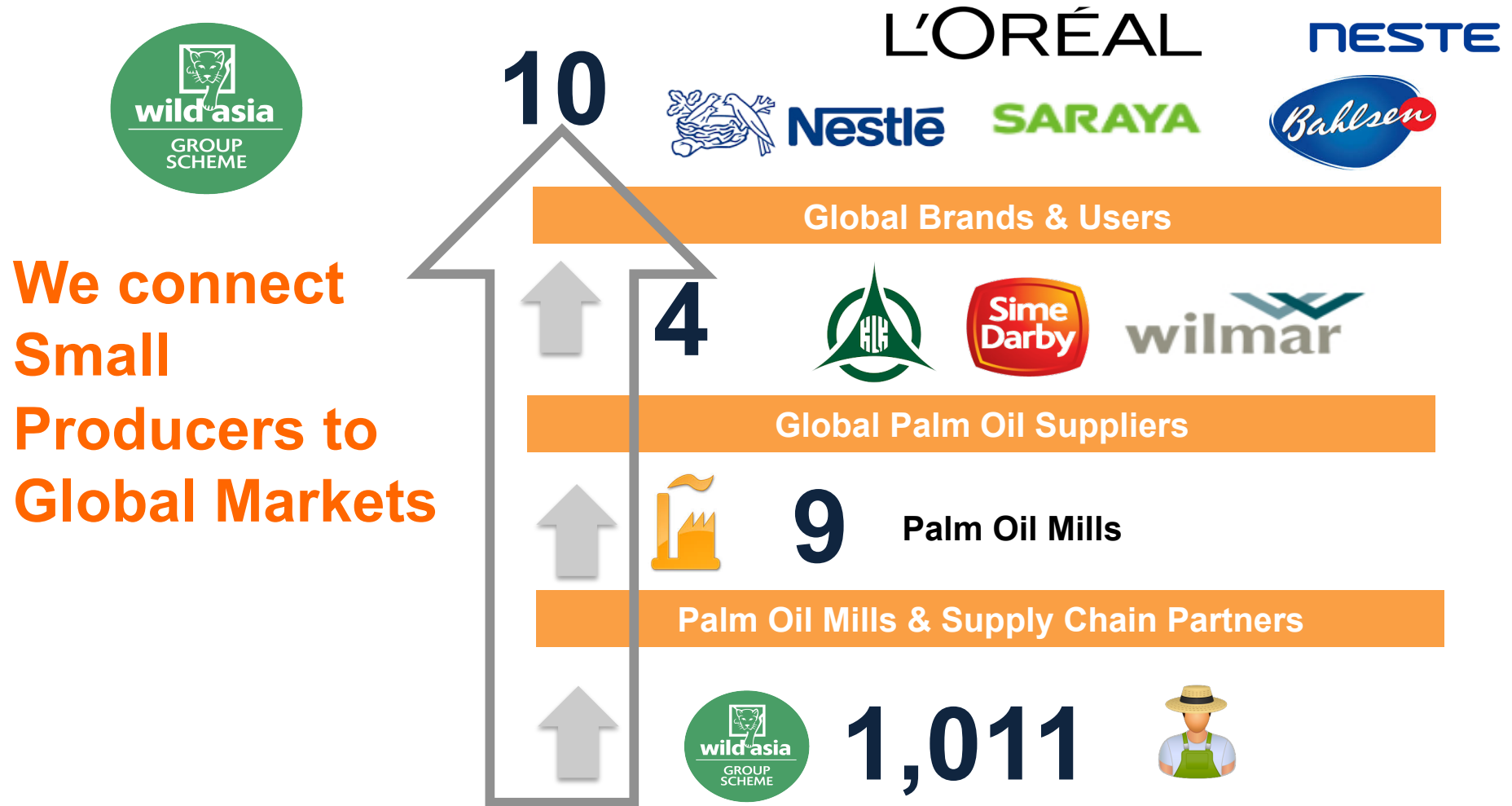


We manage a Group Certification Programme – to meet National and Global Requirements.

WAGS is operational in Malaysia in 4 sites: WAGS **Perak** and WAGS **Johor** in Peninsula Malaysia, WAGS Beluran and WAGS Kinabatangan in **Sabah** in Malaysian Borneo. WAGS currently includes **1,010** independent small producers that are **RSPO certified** across these sites. The certified production is around **68,000** tonnes of FFB.



WAGS currently accounts for 15% of Global RSPO Certified Palm Oil by Independent Small Producers.





Wild Asia's Regional Support Units *Bridges Theory to Practice*



*Bridge the divide between research and local experience,
between science and practice, to build a foundation of
knowledge relevant to regions for sustainable production.*



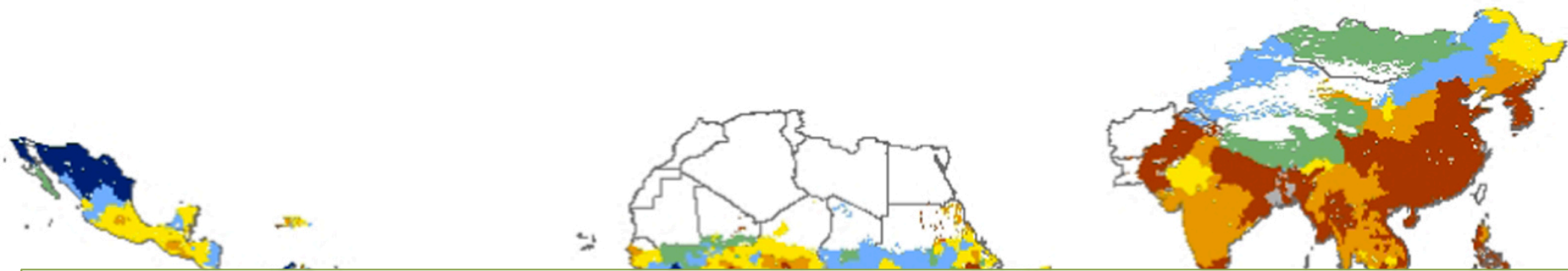
Small Producers in Palm Oil





Why do we care about small producers?





“Smallholder farming is the most prevalent form of agriculture in the world, supports many of the planet’s most vulnerable populations, and coexists with some of its most diverse and threatened landscapes.”

Very large (mean > 50ha)

Very small (mean < 2 ha)

Subnational distribution of average farm size and smallholder contributions to global food production, by Leah Samberg, University of Minnesota Institute on the Environment (IonE), James Gerber1 (IonE), Navin Ramankutty (University of British Columbia), Mario Herrero (Commonwealth Scientific and Industrial Research Organisation, formerly of the International Livestock Research Institute [ILRI]) and Paul West (IonE), 30 Nov 2016.

What about Oil Palm Production Malaysia?

Independent growers < 50 ha, includes village farmers and private individuals. Village farms are usually less than 5 ha but in some regions can be more due to customary lands (15-30 ha)

AREA BY CATEGORY, 2018

Independent Smallholders
16.8%
(979,892 ha)

Organised Smallholders
11.6%
(682,524 ha)

“At least 30% of Malaysian palm oil production is based on small producers (maybe more)”

Government-linked corporations and diverse SMEs. **Includes family-owned enterprises and private individuals between 50-500 ha.**

c. 10-15%? On top of the 29% of total production

c. 12 % of total production

2018: 100% (5,849,330 ha)

h), KESEDAR, PKEINPk, RISDA & SLDB (Sarawak)



—palm plantation

forest

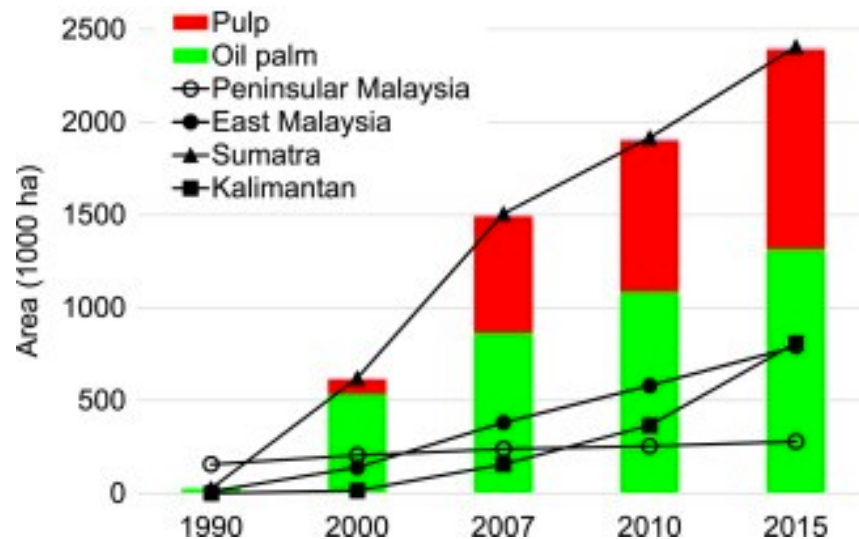
cleared land



?
2019
1997

Only 29% of Tropical Peatlands remain

It is estimated that at least of the 50% of managed land in former natural peatlands are occupied by small-holders.



Within a 20 Year Period (1996-2015), there remains only **29% (4.6 Mha)** of peatlands in **West Malaysia, Sumatra, Borneo**. Of which **only 6%** of the total peatlands show little change since 1990. Of the total peatlands, **50% (7.8 Mha)** of the peatlands are now covered by managed land cover types (22.4% small-holders and 27.4% industrial plantations). **Timber (pulp) and oil palm are the major crops**. Meittinen et al, 2016



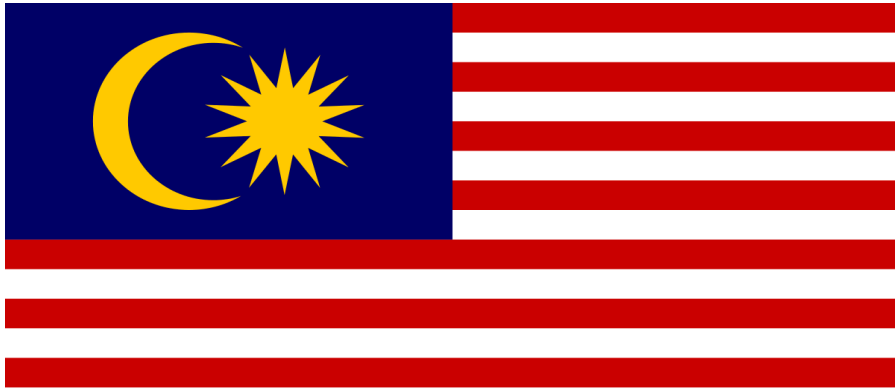
Won't Certification
Assist Small
Producers?





“The aim of the Forum for Sustainable Palm Oil (FONAP) is to significantly boost the proportion of **certified palm oil**, palm kernel oil and their derivatives and fractions on the German, Austrian and Swiss market.”

Palm Oil – National Drive for Certification



Malaysian Sustainable Palm Oil Standard (MSPO) for production, milling and supply chain.

**Certification will be mandatory for
all Growers by 2019.**

About 50% of all Production and 64% of Mills are MSPO Certified (Aug 2019)

Supporting Inclusivity for Small Producers



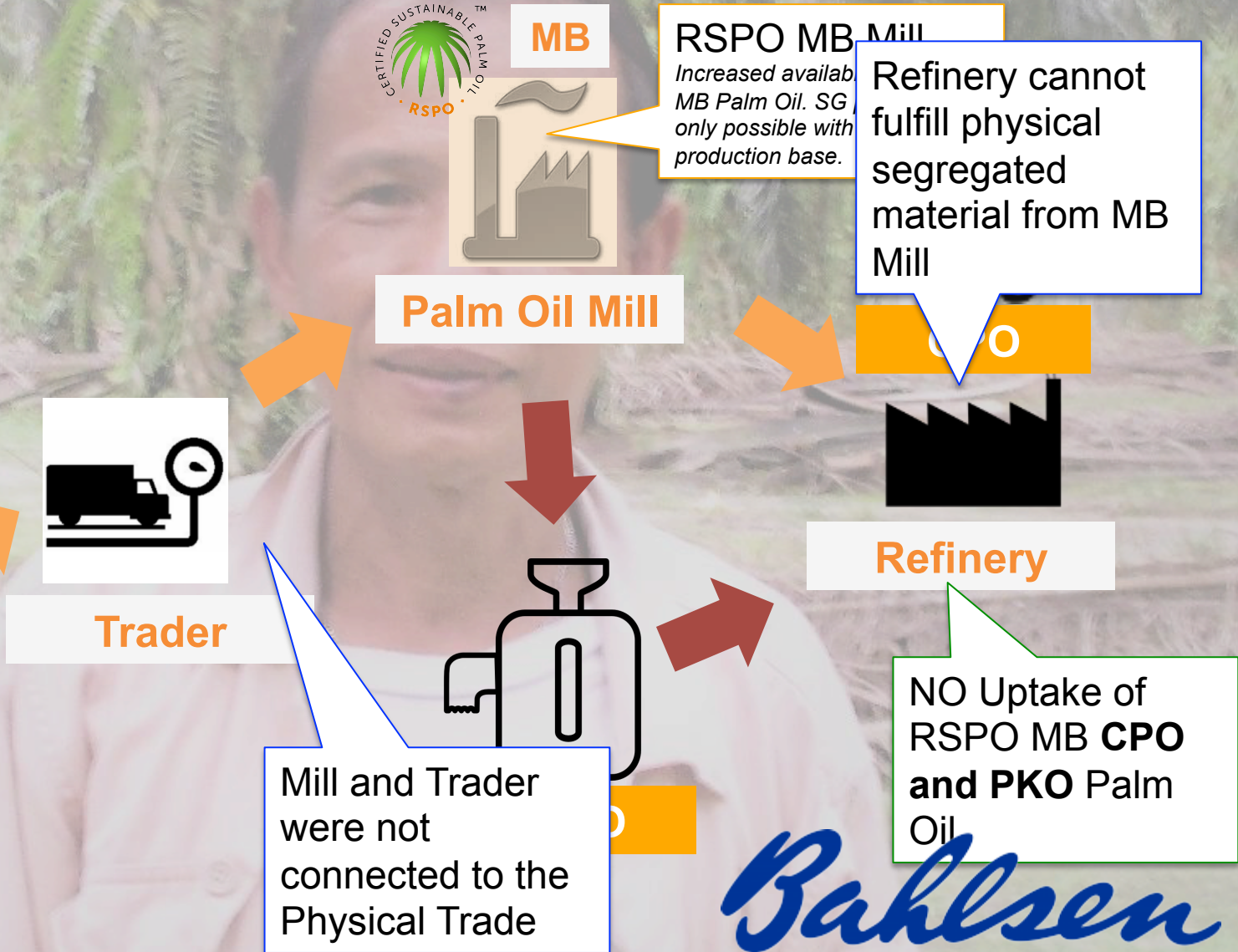
MB

In practice, procurement of only physically segregated material supports larger producers. If you want to support small producers you need to be able to rethink and apply new ideas to how we purchase sustainable palm oil.

were not
connected to the
Physical Trade

Bahlseen

Supporting Inclusivity for Small Producers





Won't
Jurisdictional
Approaches Help
Small Producers?



What is the Jurisdictional Approach?

“Ensure all producers in a jurisdiction are compliant to the RSPO Principles & Criteria”

Jurisdictional
Approach
for RSPO
Certification
Public Consultation

Defined Unit

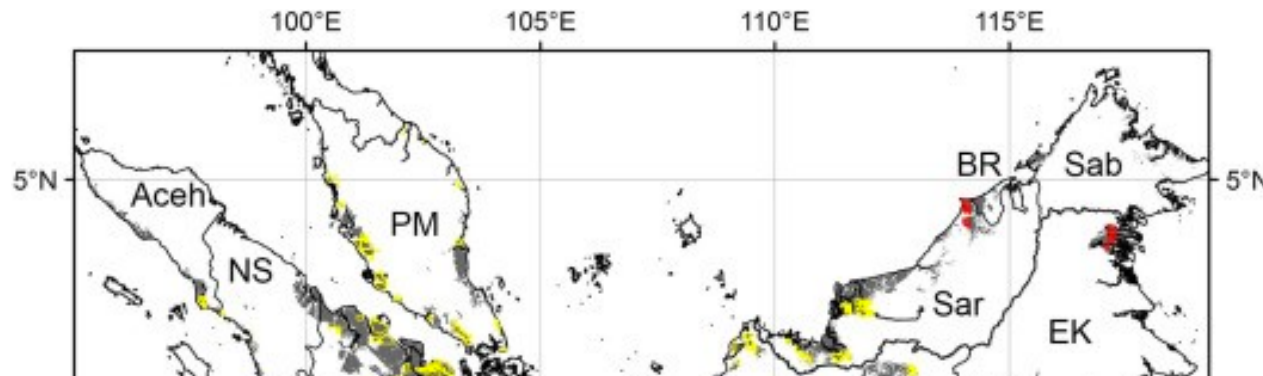
Commitment

Conservation
Planning &
Land Tenure

Governance -
CSPO Trade

Compliance
of All
Producers

Major Tropical Peatlands of SE Asia



About 15% of global carbon is stored in tropical peatlands

Tropical peatlands are known

Over a 20 Year Period (1996-2015), there remains only 29% (4.6 Mha) of SEA peatlands, only 6% undisturbed.



Connecting to Markets
Direct-support and incentives for specific production regions, linked to specific palm oil mills.



Defined Hydrological Boundaries as Administration Unit for Jurisdictional Certification

eg

South-East Pahang Peat Complex

North-east Selangor Peat Complex

Klias Peninsular Peat Complex

District Office + Government Agencies + Companies + Villages



Regional Support Units to managed education, outreach and compliance





Won't Increasing
Yields in Small
Producers help?



Pilots for Sustainable Productions

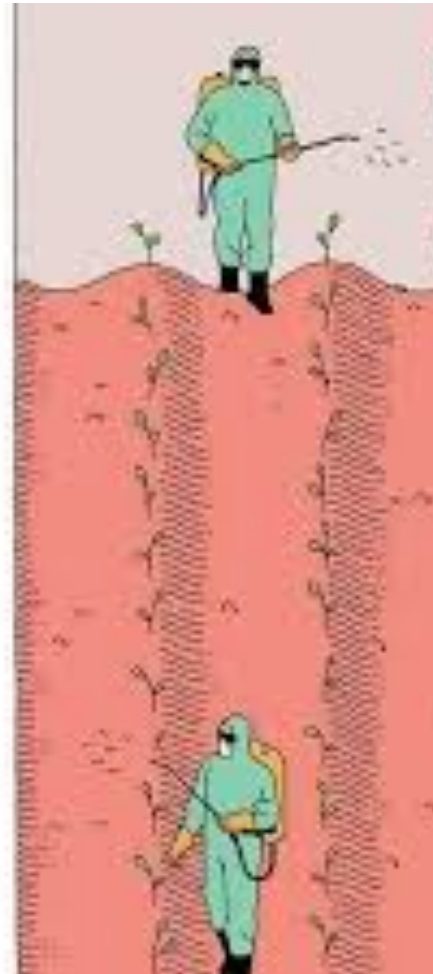
Plantation Model

YIELDS per Area

Cheap Labour

Inorganic Fertilisers

Agro-chemicals



*MONO culture
Conventional*



*POLY culture
Organic*

Agro-Forestry Model

PROFITS per Area

Skilled Labour

Bio-Transform Waste

Cover & Inter-Crops

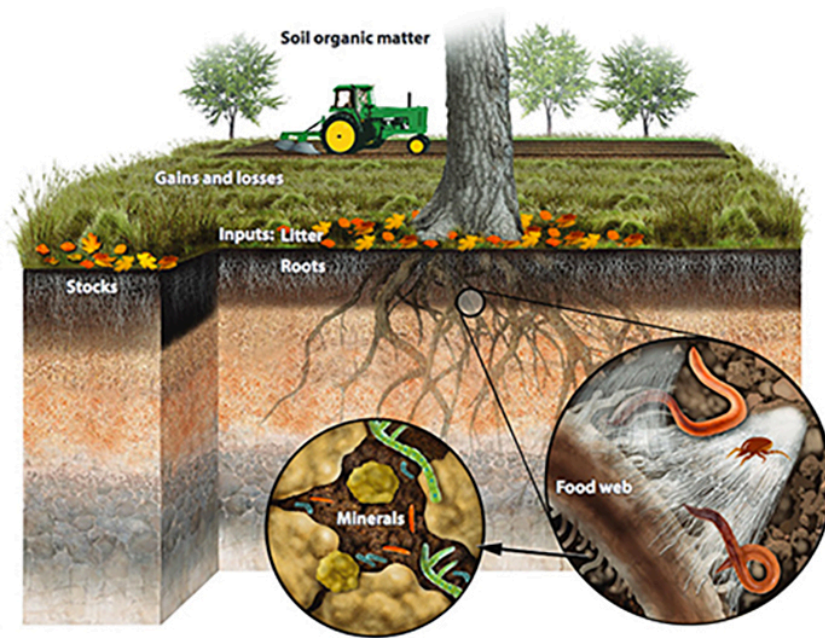


Industrial plantations do not conserve fragile, thin, tropical soils

Beyond industrial plantations, we began finding individuals exploring poly-culture or chemical-free agriculture.



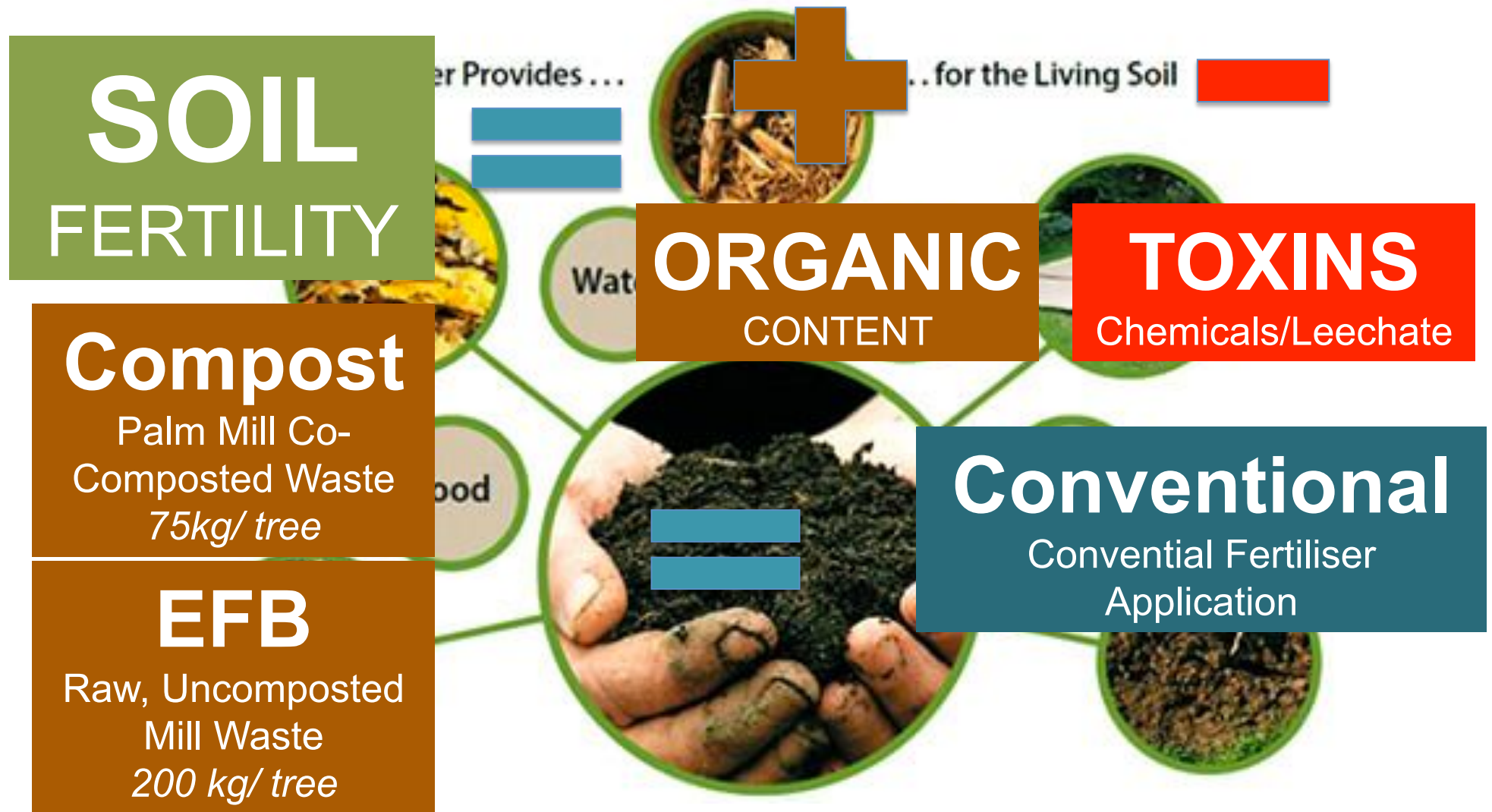
Living Soils as a potential **Nett Carbon Sink**

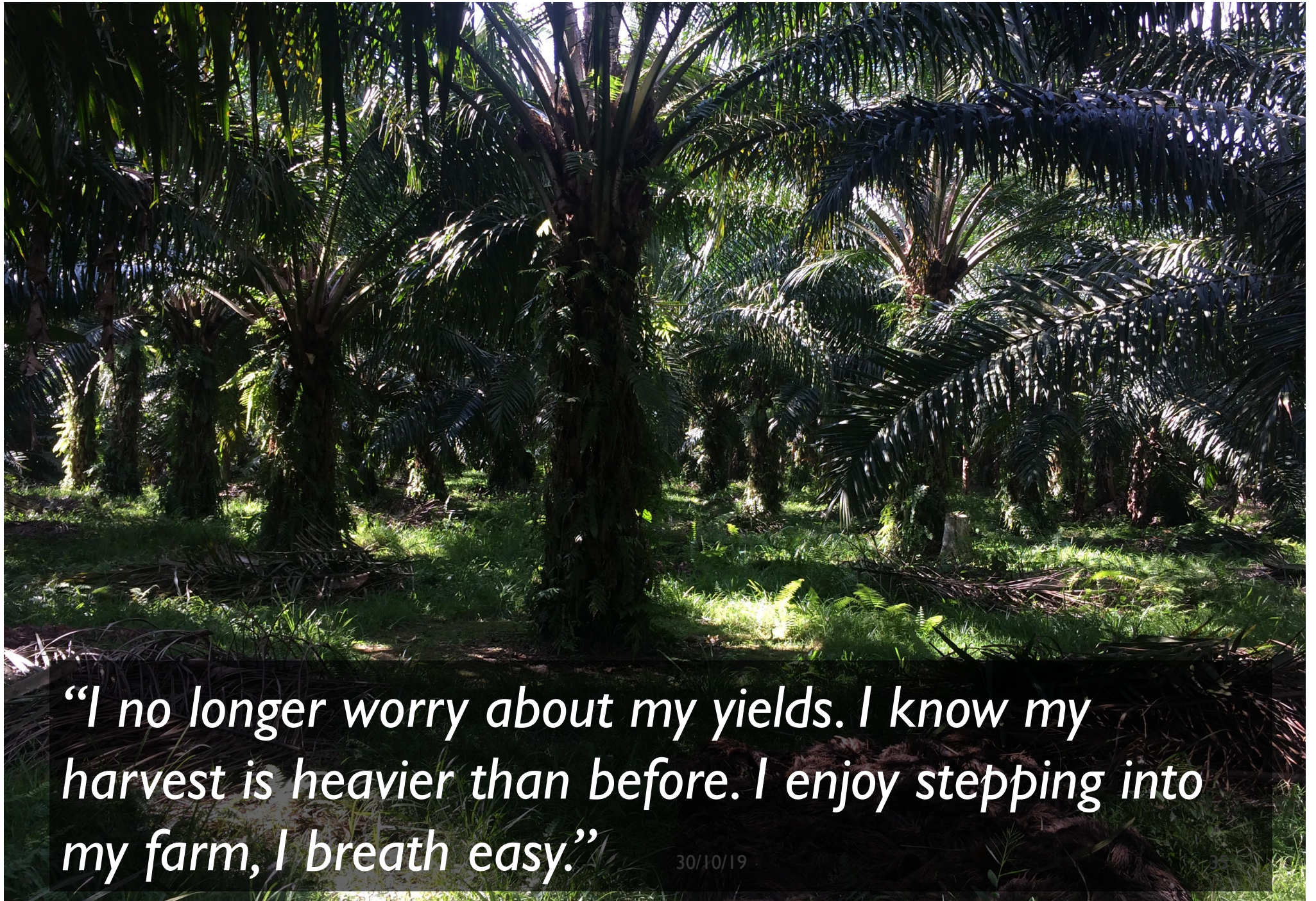


“Retaining and restoring soil organic matter helps farmers grow better crops, purifies our water and keeps the atmosphere cleaner,”
(Jackson et al, 2017)

Estimated THREE TIMES more carbon in soils than in the atmosphere

Pilots for Sustainable Productions





“I no longer worry about my yields. I know my harvest is heavier than before. I enjoy stepping into my farm, I breath easy.”

30/10/19





I have a Dream



FONAP's add-on criteria for sustainable palm oil



RSPO (and similar) Certification, is a step forward. But we can see, there are some gaps which have far greater impact on the Environment.

FONAP has an opportunity to influence a shift towards addressing how the industry can change ... and make a global impact.

FONAP as a catalyst for sustainable development



Change the narrative
Global palm oil industry can be more RESPONSIBLE

Change the narrative
Shared responsibility for global climate action is a focus back on LIVING SOILS

Change the narrative
We will work together to reverse greenhouse gas emissions from TROPICAL PEATLANDS

Change the narrative
We will work together to make palm oil more INCLUSIVE by incentivizing sustainable production OR supporting small producers to develop poly-culture and organic production.

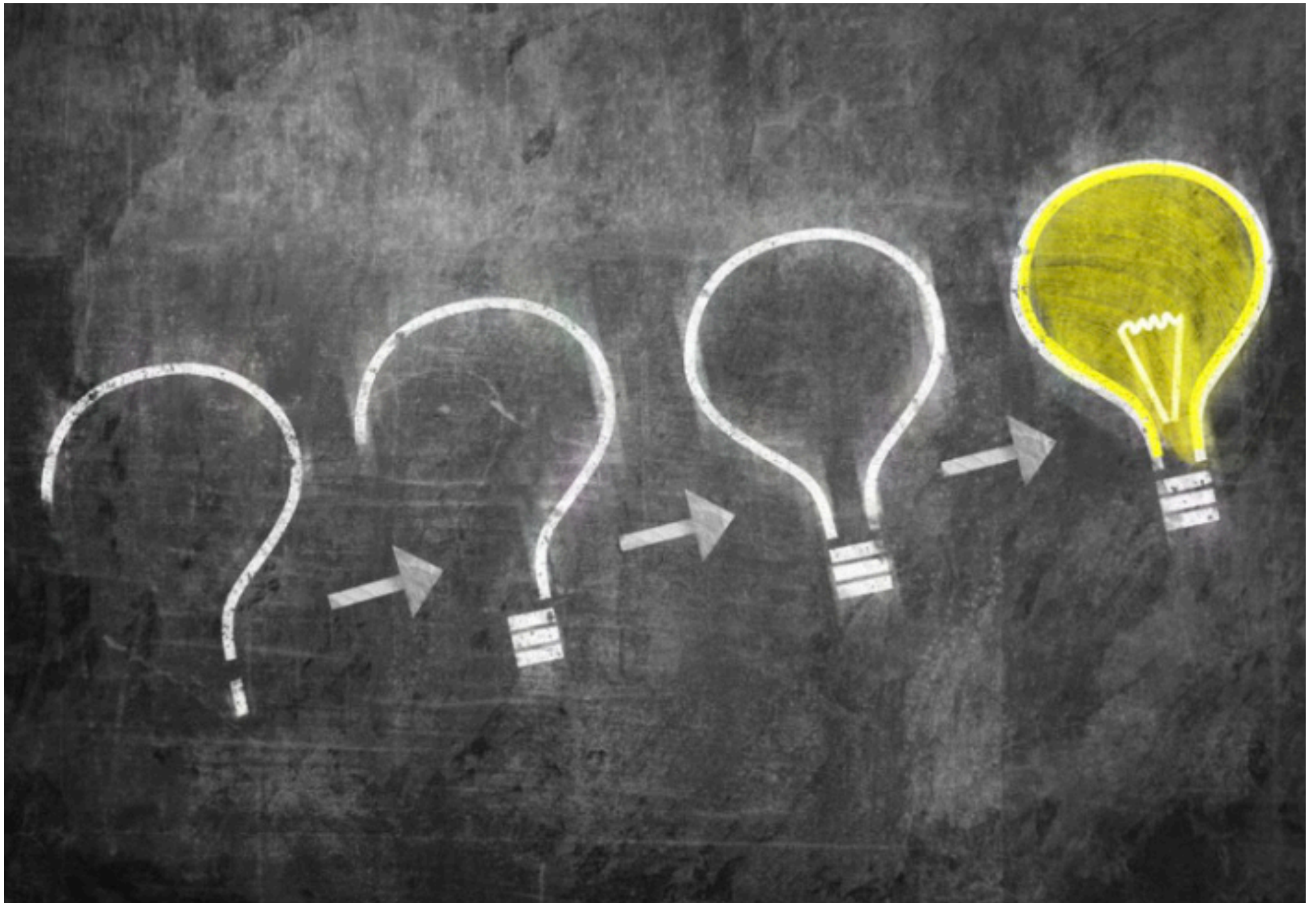


GHG Fossil Fuels



Carbon Capture

Biodiversity Livelihoods





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**TOWARDS TRACEABLE &
SUSTAINABLE PALM OIL**

