How Our Sustainable Palm Oil Feeds the World

Presented by

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Berlin, 30th October 2019

INDONESIA SUSTAINABLE PALM OIL SMALLHOLDERS FORUM
Indonesia Smallholders Condition

<table>
<thead>
<tr>
<th>Condition</th>
<th>Total (Ha)</th>
<th>Certified (Ha)</th>
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</thead>
<tbody>
<tr>
<td>Scheme Smallholders</td>
<td>956,000</td>
<td>172,855</td>
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<tr>
<td>Independent Smallholders</td>
<td>3,800,000</td>
<td>16,338</td>
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</tbody>
</table>
Independent Smallholders VS Sustainability

The Fact

Lack Of Organization
Lack Of Knowledge
Use Dura Seed
No support from Mill and Gov
Legality issue
Planted on risk area (riparian, Peat)

Long Supply chain
Bad Quality of FFB
Low Price
Use high Chemical
No access to finance

The Impact

LOW INCOME

- Expansion to the risk area (forest area, peat land)
- Will use fire for land clearing
- Conflict with the wild life
- Social Conflict (Community VS Community)
Sustainability; The solution to limit Destruction

- Must be Legal; comply with local and national regulation
- No planted in forest since November 2005
- Partnership with the mill (Opportunity)
- ISH have to have Group (Good Management)
- Use Best Management Practices in Farm (Good Agriculture, less chemical use)
- HCV management in the plot
- Transparent
- Aware with the labour or worker right
- No child labour
- No forest, No Peat and no Conflict in new planting
- No fire in farm
FORTASBI; Promoting Sustainable Palm Oil among ISH in Indonesia

FORTASBI (Indonesia Independent Smallholders Forum), initiated by Smallholders Groups (Asosiasi Swadaya Amanah, Gapoktan Tanjung Sehati) and several SNGO-ENGO (WWF Indonesia, Yayasan Setara Jambi, SPKS, Inobu, Sawit Watch, SNV).

Build on Mei 2014, FORTASBI start to support all independent smallholder to implement sustainable palm oil certification through RSPO, ISPO and ISCC.

Vision: Promoting Sustainable Palm Oil among independent Smallholders in Indonesia

Mission:
- To increase capacity, productivity and livelihood of Independent Smallholder in Indonesia
- To connect the to the market and bring the story line of ISH
- Support member to maintenance of certificate
- Scale up sustainability impact (sustainable production → livelihood → wellfare)
FORTASBI have 32 Group as member (7,235 Farmer, 17,615 Ha), only 29 Group certified, and was produced 48,390 mt of CSPO and 4,966 mt of CSPKO from 16,338 Ha.)
How To Accelerate Sustainable Palm Oil Among ISH?

**MEMBER GET MEMBER**
FORTASBI will support 32 Group to scale up their member. If Each group will add 150 new member. For the next 3 years, there are 5,000 Farmers certified.

**MILL SUPPORT ISH**
162 Mill certified RSPO; all of that mill get FFB from ISH. If each mill support 100 ISH to implement sustainability and get RSPO certification, so for the 5 years, there 16,200 Farmer will certified.

**BUYER SUPPORT**
Commitment from Buyer is Very IMPORTANT. Buyer can support by provide program to ISH to implement sustainability, or buyer can buy ISH Product (Credit and physical oil).

**GOVERNMENT SUPPORT**
Government support for Legality, access to finance, and capacity building

FORTASBI with partner will expand in new province, East Kalimantan with GIZ. In East Kalimantan, we identified more than 5000 Independent smallholders. We also identified 1 mill use IP model.
In West Kalimantan, West Sumatera and Aceh.
We need YOU to make change!

Buy their credit
- Credit (book and claim mechanism); direct support to smallholders organization
- All incentive will use by organization to support their member to maintenance certificate. Continuing the GAP training, maintenance ICS and surveillance every year.
- Currently, credit selling will give ISH 5-6 U$/ton FFB in average. (16.338 ha Certified produced 48.390 CSPO and 4.996 CSPKO. ISH get 969.982 US$/year)
- Or every farmer will get 90 U$/farmer/year
- This mechanism is not sustainable, because there are supply chain (mill, retailer, refinery) not involve in this.

Buy Physical Oil?
- Buyer have to push their supply chain to support ISH to meet the standard of sustainability. (RSPO P&C 2018)
- Buyer have to prioritize the oil from mill which supported ISH which certified
- Commitment for 100% certified oil, need strong action in the ground. We can start from FONAP member commitment to buy the sustainable product from ISH in Indonesia.
- Physical oil trading, the way to good partnership between ISH and mill
- No national regulation yet for physical trading mechanism. There is no different between conventional FFB and Certified FFB.
Why They NEED Our Support?

**COST for Preparation and certification:**
- Average 300-500 U$/Farmer (depend on condition of Farmer)

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Cost Range</th>
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<tbody>
<tr>
<td>RSPO membership fee</td>
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<tr>
<td>Traceability Cost (mapping)</td>
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<tr>
<td>HCV, SEIA Assessment Cost</td>
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<tr>
<td>Legality Application Cost</td>
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<td>Pre-Audit Cost</td>
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<td>Training Cost for ICS and Farmer</td>
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<tr>
<td>Main Audit Cost</td>
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**Incentive from Credit:**
- PKO: 50-60 U$/ton
- CPO: 15-20 U$/ton
- PKE: 0.5-1 U$/ton

Average: farmer will get incentive 5-6 U$/ton of FFB, or 90 U$/farmer (average the farmer have 2-5 Ha of land)
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COST of the Certificate maintenance: 65-80 U$/Farmer
- RSPO membership Fee
- Management HCV
- Training Member
- Cost for ICS staff
- Survilence Cost

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- Training Cost for ICS and Farmer
- Main Audit Cost

**Additional Incentive from mill:**
- Prioritize the FFB from ISH certified, Capacity Building, access for Fertilizer, transparent grading of FFB, Technical Assistance from mill.
- **Buyer have to push their supplier to support ISH**

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New Standard for ISH; Simple, Inclusive and Credible

Meet ISH
Definition (verification)

Legal (land, ICS)
Commitment and declaration for implement all Requirement (declare on no Deforestation, No Peat, No Exploitation, No fire, No conflict)

Proses – Training and implement the commitment

Implemented all requirement (evidence)

Does the RSPO smallholder standard apply to the farmer?

Eligibility: Does smallholder meet eligibility requirements?

Entry:

Smallholders meet pre-defined subset of criteria

Milestone A

2 years to meet MA

Milestone B: End goal

1 year to meet MB

Does the RSPO smallholder standard apply to the farmer?

Progress toward full compliance P&Cs ISH standard

Enter RSPO system: SH have access to support

Full compliance P&Cs SH standard
When NGO working alone

When NGO, Mill, Buyer working together

Inclusiveness Update
How Sustainability standard Works in the ground

'Sustainability has motivate us to create another income source. No more expansion.

Sutiyana,
Central Kalimantan

During the dry season this year, no hot spot and fire in our member plot. (16.338 Ha)

Sustainability encourage us to have a good farming management and planning.

H. Narno,
Riau
Sustainability teaches us about the importance of legality in our land.

We protected 4 Km river as our commitment to protect the environment.

Jalal Sayuti,
Jambi

Sustainability teach us to be aware in landscape protection.

Ardi,
Jambi

Sustainability teach us about the importance of legality in our land.

Jumadi,
North Sumatera
Independent Smallholders Partner in promoting sustainable palm oil
Thankyou

Contact Us

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