



BEIERSDORF
SUPPORTS WWF'S
SMALLHOLDER
PROJECT IN
INDONESIA

Beiersdorf



Project Progress Report 2023

The Road to RSPO Certification

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*Members of the smallholder association ,Mitra Bersama' visiting the smallholder cooperative ,Rimba Harapan' in Sintang
© WWF Indonesia*



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1. INTRODUCTION

In 2022, Beiersdorf and WWF decided to continue a joint project to support palm oil smallholders in three villages, Sungai Sena, Seberu, and Pala Kota, in Kapuas Hulu, a district in West Kalimantan, Indonesia. The first phase of the project was concluded in June 2022, with phase 2 following directly after and set to close in 2026. For this second phase, Beiersdorf's supplier Evonik joined to support the project. To enhance sustainable production of palm oil, the project aims at:

- Getting 200 smallholders, members of the farmer association 'Mitra Bersama', certified according to the RSPO Standard (Roundtable on Sustainable Palm Oil) and gaining 300 smallholders as members of 'Mitra Bersama'.
- Enabling a direct market access to a palm oil mill for the smallholders.

2. MOTIVATION BOOST FOR THE SMALLHOLDERS

Smallholders are used to taking a more short-term perspective on the production of palm oil because it is important for them to see the immediate (economic) benefits directly from the start. To keep the smallholders motivated, the project team continued to conduct in-depth group discussions at sub-village level that had already started in 2022. A total of 41 socialization meetings and trainings were done in 2023. In addition, the project team and members of the smallholder association 'Mitra Bersama' (Asosiasi Mitra Bersama, AMB) visited the smallholder cooperative 'Rimba Harapan' in Merarai in the neighboring Sintang district in February 2023. This group had been RSPO-certified at the end of 2022. Bringing the farmers from Kapuas Hulu together with the smallholders from Sintang facilitated mutual exchange and enhanced the understanding and was a real motivation boost for the AMB-members.

Mr. Cakung, Internal inspector of the farmer association "AMB"

„I became more enthusiastic after seeing the condition of the farmers assisted by WWF Indonesia in Merarai village. The conditions there are roughly the same as in the villages in Silat Hilir and Seberuang sub-districts and they have succeeded in implementing sustainable agricultural practices and obtaining RSPO certification. Apart from that, they have also partnered with local companies and have guaranteed sales of fresh fruit bunches and they are provided with fertilizer which can be paid in installments by the farmers over 12 months."

3. CREATE THE CONDITIONS FOR SUCCESSFUL RSPO CERTIFICATION

RSPO is a non-profit association that brings together producers, processors and traders, producers of consumer goods, retailers, banks, investors, and non-governmental organizations to develop and enforce global standards for sustainable palm oil. The RSPO certification system, which is equally based on principles and criteria, is reviewed regularly. In 2019, a standard for independent smallholders (RSPO Independent Smallholder Standard with 4 principles, 23 criteria and 58 indicators) has been introduced. The 2019 Principles and Criteria (P&C) for independent smallholders include:

- 1) Optimize productivity, efficiency, positive impact and resilience;
- 2) Ensure legality, respect for land rights and community wellbeing;
- 3) Respect human rights, including worker's rights and conditions;
- 4) Protect, preserve, and enhance ecosystems and the environment.

In addition, the P&C include assessment criteria for the Internal Control System (ICS¹) for farmer groups:

- 1) Group entity and management requirements;
- 2) Policies and management;
- 3) Group business planning;
- 4) Group trading system for certified volumes.

RSPO implements a multi-phased approach that allows the smallholder to enter the system once they are part of a farmer group and meet all eligibility indicators. This approach is designed to screen smallholders for the most unsustainable practices and then, for those who are eligible, allow time for continual improvement and progress towards meeting all requirements. Eligibility indicators must be met to enter the system (30% certification). Milestone A indicators must be met to demonstrate that the group continues to make progress towards meeting full compliance (70% certification), while Milestone B must be met to reach full compliance with the RSPO Standard (100% certification).

In order to make sure that the smallholders fulfill the requirements, the project team supported them to map their land units and get the required legal documents such as the Land Ownership Statement Letter (Surat Keterangan Tanah, SKT) and the Plantation Business Registration for Cultivation (Surat Tanda Daftar Budidaya, STD-B). In addition, 13 capacity building trainings, for example on fire prevention and good agricultural practices but also the management of the association, have been conducted in 2023 with more than 400 participants in total.

¹ Internal Control System (ICS) is “a set of rules, policies, and procedures which an organization implements to provide direction, increase efficiency and strengthen adherence to policies to manage a group” (RSPO Independent Smallholder Standard, p. 44). It includes managers, inspectors, internal committees etc. To avoid parallel structures, the project works on incorporating ICS as a management structure within the smallholder association. It can be applied to any commodity production.



Forest fire prevention training (top) and health and security training (bottom)
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In parallel, the infrastructure for the smallholder association that is required by RSPO has been planned and constructed such as a secretariat and a warehouse. The communities were also actively engaged, supported by the project to set up 203 sign boards, 91 warning boards and 265 border marks.



Construction of AMB infrastructure has started in early July 2023, the construction was completed in December 2023
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*Setting up sign boards
(top) and border
marks for plantations
(bottom) © WWF
Indonesia*

4. FORMAL STEPS TOWARDS RSPO CERTIFICATION

In January 2023, the project team submitted the documents of 201 AMB-members to RSPO to get the RSPO registration of AMB. The registration process was finalized in July 2023, a first and important step on the way to get the certification. The next step was the contracting of external auditors. At the same time, monitoring trips were done to the villages to verify if the smallholders apply the good agricultural practices required by RSPO. The monitoring was done by the management of the internal inspection section of AMB, supported by the project team.

Jimmy, WWF Indonesia

“A special approach needs to be taken for farmers to motivate them and increase self-confidence, because most farmers are not familiar with the individual interview process which will later be carried out by the auditors. A mentoring approach is used to ensure that all AMB administrators understand their respective functions and duties. Then the AMB-management started to carry out inspections of member plantations, checking boundary markers and plantation signs, harvest recordings, storing herbicide packaging and used fertilizer sacks, and marking chemical spray limits in each plantation. In addition, all members received had a training module.”

Finally, a pre-audit for Milestone B was conducted at the beginning of October 2023. This pre-audit was done to „test“ if the smallholders are ready for the „real“ initial audit. Everybody was excited because the decision to directly aim for the Milestone B-certification and skip the Eligibility and Milestone A audits was quite ambitious. But the exchange with RSPO-representatives made the smallholders and the project team feel confident that AMB could achieve this goal. During the pre-audit, the auditors remarked ten minor findings which were immediately resolved as corrective action by the project team and accepted by RSPO. Finally, the last big step could be taken beginning of December: The audit for Milestone B, the full RSPO certification. The auditors reported two minor findings, and again the team started immediately to work on the corrective action. At the time of writing, the team was waiting for RSPO to finalize the review and the public consultation. But both, the smallholders and the project team are confident that the RSPO certification will be achieved until end of February 2024.

Monitoring and internal inspection on the plantations
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Pre-audit in October 2023
© WWF Indonesia



5. OUTLOOK

The RSPO-certification of the farmer association “AMB” will be a huge achievement for the smallholders and the project team. But the work is not finished. As soon as the certification is obtained, the team will start working on the RSPO Book & Claim process. The goal is to connect AMB with potential buyers of smallholder certificates. This will generate income for AMB and bring economic benefit for the smallholders.

Information Box:

Book and Claim is a certificate trading scheme within the framework of RSPO. To date, it has been very difficult to integrate independent smallholders in particular into international supply chains. This is why RSPO provides for special "Independent Smallholder" certificates that can be issued for palm oil fruits produced by smallholders. Companies can then bid for these certificates via RSPO's marketplace and traceability system PalmTrace.

But the work does not stop there. Since the project started, the project team has been engaging with stakeholders such as government representatives at district and sub-district level and mills in the area. This engagement will be intensified to facilitate a partnership agreement between AMB and a mill. With such a partnership agreement, AMB could sell fresh fruit bunches directly to the mill and get a premium price. They would also avoid the middlemen which oftentimes lowers the price that the smallholders get for their fruit bunches. Finally, this will offer lasting benefits to the smallholders.



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