

True sustainability one step at a time

Targets for productivity and certification have been set for Malaysian independent oil palm smallholders, but what do they need to achieve these goals?

The importance of the smallholder to the palm oil industry has long been recognised. Like in Indonesia and Papua New Guinea, about 40% of the land utilised for oil palm in Malaysia is owned and managed by smallholders. The crop is a source of income for about 640,000 farmers and their families.

To prosper in the global vegetable oil market in the next 100 years, say the industry's stewards, palm oil exports from Malaysia must be certified as sustainable and traceable. This is to address the charge of deforestation and biodiversity loss levied against palm oil and to ensure that access to foreign markets remains open. It also gives Malaysian palm oil a genuine competitive advantage in the international market.

Increasing yields in a sustainable manner is a tall order for smallholders, especially those categorised as independent, that is self-organised, self-managed and self-financed. This is because independent smallholders lack access to new technologies and best practices. Their smallholdings are typically managed using conventional methods, and activities such as fertilising and planting are done only when they can afford it. They may also lack the financial means to invest in better planting materials or new tools.

The other category is the supported or "scheme" smallholders, which includes participants under the Federal Land Development Authority (Felda) and the Federal Land Consolidation and Rehabilitation Authority (Felcra). These smallholders typically have an established relationship with a particular mill and usually benefit from some assistance such as training, credit services or access to better fertiliser or seedlings. Consequently, their plots are usually more productive and yield better quality crops than those owned by independent farmers.

AN EXCEPTIONAL OPPORTUNITY

Although many smallholders maintain their plots well, their yields are much lower than those of estates run by plantation companies. This presents an opportunity to significantly increase the production of certified sustainable palm oil in the country, and ways of doing this are being actively discussed.

According to the Performance Management and Delivery Unit (Pemandu), the average national yield is currently 18.89 tonnes per hectare per year. The goal of one entry point project in Pemandu's Economic Transformation Programme is to increase the national yield to 26 tonnes per hectare per year by 2020 through sustainable and responsible practices. This target is broken down into an average yield of 22 tonnes per hectare for independent small holders, 26 tonnes per hectare for supported smallholders and 28 tonnes per hectare for commercial plantations.

The Ministry of Plantation, Industries and Commodities also requires all palm oil growers to comply with the Malaysian Sustainable Palm Oil (MPSO) certification by 2019. The Malaysian Palm Oil Certification Council was established to oversee compliance to this scheme and financial aid has been made available to the smallholders to meet the requirements with this standard.

Projects aimed at assisting oil palm smallholders around the world have shown that with the right support, farmers can improve their agricultural practices, increase the quality and quantity of their yield, improve the sustainability of their operations and achieve certification from external bodies such as the Roundtable on Sustainable Palm Oil (RSPO).



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NO COOKIE-CUTTER APPROACH

It is a challenge to get all the smallholders to work towards meeting a national target and to adopt sustainable practices on their farms. If a one-size-fits-all approach to learning best practices had been effective, smallholders around the country would already be improving their productivity.

Furthermore, smallholders may not feel compelled to work towards a target determined for them by another party. Likewise, they may not be willing to incorporate sustainable practices that require a significant long-term change in the way they currently manage their plots.

Even if a farmer were willing to try something different, personal circumstances may pose a challenge. For example, some of the farmers are illiterate and unable to record information required for future decision-making and compliance, such as the amount of fertiliser used or the amount of yield achieved.

"With appropriate technical support, training, extension support and management, smallholder production has the potential to increase and they can tick all the boxes required for a sustainable

certificate. But a cookie-cutter approach doesn't work. Going around talking to each farmer is also unlikely to be successful because doing things in a sustainable manner needs a shift from the current mindset," says Reza Azmi, executive director and founder of Wild Asia, a social enterprise.

"Farmers need to see continuous improvement from the changes that they have made. This can only be achieved if they know what to monitor, how to monitor and what needs to be done based on the information gathered."

Over the past seven years, Wild Asia has field tested and established a support programme known as the Wild Asia Group Scheme (WAGS) for independent producers. The objective is to build sustainable practices across the entire palm oil supply chain. To do this, the WAGS's approach seeks to understand the challenges faced by smallholders in meeting zero deforestation commitments and looks for sustainable ways to enhance their productivity and incorporate best management practices.

"We don't just focus on the farmers. We look at their partners — that is, their dealers, the mills, the refiner — and build or strengthen the relationship between these parties. It is a more holistic, long-term approach as compared to providing solutions to their problems on an ad-hoc basis," says Reza.

Wild Asia is a member of the RSPO and he says there are benefits for growers to be a part of the certified sustainable palm oil supply chain. For example, certified mills may offer fertiliser on credit to certified smallholders.

But he doesn't approach smallholders with the idea of obtaining a sustainable palm oil certificate. "The benefits of being certified is a concept that is hard to explain to a smallholder who has been doing things his way for decades. How do you explain an intangible concept such as improved market access? Our way of achieving sustainability in the palm oil industry is by taking a long-term approach at the grassroots level," says Reza.

"WAGS provides technical advice, management support, training and capacity building through a support team that seeks to establish a relationship with each farmer. This way, we know what problems they are facing and only then do we make a recommendation that considers the three pillars of sustainability: people, profit and planet. We also show the smallholder how to monitor results so they know if the recommendation is beneficial," says Reza.

Building a relationship with each farmer is critical for WAGS to be effective. This is clearly a difficult and time-consuming process but once a relationship has been established, it is easier to reach out to more smallholders and introduce more sustainable practices.

"The WAGS support team is made up of people from the smallholders' community and they may even own an oil palm farm. They don't judge existing practices or tell other smallholders that they are not doing the right things. We are there to assist them in addressing problems and to make recommendations on sustainable practices that are relevant to a smallholder's particular situation," says Reza.

The idea is that by adopting these recommendations, smallholders will start to see better yields from their oil palm trees. Since this translates into better income, farmers will be more inclined to adopt other sustainable practices. Over time, their farms start to comply with the requirements of sustainability standards and become a part of the certified sustainable palm oil supply chain.

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