

Proposal Idea for FACT G2G

Big Idea

Partnership for Sustainable Smallholders

Main Objective

To set up a billion dollar fund to improve the sustainability performance and livelihood of a million oil palm smallholders through increased yields and market access in Africa, South/South East Asia and Latin America by 2030 through a strategic training and capacity building programme, and the establishment of ten master training centres. This can be achieved by establishing a collaborative partnership between governments, sustainability standards, financial institutions, companies, civil society organisations and other relevant stakeholders. It is hoped that the establishment of a large global initiative will overcome the primary challenges related to knowledge gaps and resource constraints.

Context

More than three million smallholders and small-scale farmers make a living from palm oil globally. While their farmlands are small compared to industrial plantations, smallholders account for about 40% of total global palm oil production, making smallholders significant contributors to a sustainable oil palm industry. Smallholders are farmers who grow oil palm, alongside subsistence crops, where the family provides the majority of labour and the farm provides the principal source of income, and the planted oil palm area is less than 50 hectares.

Smallholders often have to cope with limited access to training, information and knowledge about growing oil palms and selling oil, while their yields are often relatively low. For example, in Indonesia, the average yield for smallholders is 2-3 MT/Ha, compared to 5-6 MT/Ha for large plantations companies. There is an opportunity to double or, in some cases, triple smallholder productivity through improved agronomic performance and sustainability practices, delivering livelihood improvements and avoiding deforestation linked to smallholder agriculture expansion.

We want to support more smallholders to produce more oil using less land and reduce the risk of land conversion, which threatens forest, wildlife, and biodiversity. This can be done by the implementation of best agricultural practices recommended by the certification programs of relevant sustainability standards like RSPO, MSPO and ISPO and other relevant initiatives.

Governments around the world have the opportunity to lead this multi-stakeholder partnership and make a significant contribution towards the sustainable development goals (SDGs) and nationally determined contributions (NDCs).

Main Benefits

- Poverty alleviation/income/livelihood improvement
- Job creation (including employment opportunities for youth for training and capacity building)
- Improving smallholders' leverage in the palm oil supply chain by strengthening their institutional capacity
- Halting deforestation/keeping forest intact
- Biodiversity protection
- Mainstreaming agro-forestry, nature based solutions and market connectivity/financial sustainability for smallholders (not dependant on donations/grants)
- Climate change adaptation

- Contributing to several SDG and NDC targets like no poverty, zero hunger, climate action, responsible production and consumption and several others

How?

We have a shared responsibility to create the required infrastructure, networks, systems and financial support needed to include more smallholders in sustainable palm oil supply chains.

Critical to achieving this outcome is supporting smallholders through the achievement of certification - both voluntary and mandatory schemes such as RSPO, ISPO and MSPO - through the strategic deployment of a billion dollar fund.

A step by step approach will more rapidly address common issues facing smallholders such as legality, improving seed/plant quality, improving agricultural practices resulting in better yields, income and market connectivity over a period of time.

Existing mechanisms that can be scaled up

The Roundtable on Sustainable Palm Oil (RSPO) has increasingly focused on mechanisms to support smallholders through a variety of different approaches, which includes the [RSPO Smallholder Support Fund \(RSSF\)](#) which was established in 2013 and allocates 10% of the income generated by the trade of RSPO Certified Sustainable Palm Oil (CSPO) to support independent palm oil smallholders globally to cover the costs related to High Conservation Value (HCV) and Social and Environmental Impact Assessment (SEIA), smallholder certification (audit costs etc.), training and capacity building, project management, technology, tools and techniques. RSSF has provided funding to programmes across five major oil palm producing regions: Indonesia, Malaysia, Thailand, Africa and Latin America.

In November 2017, RSPO launched a dedicated platform known as the [RSPO Smallholder Engagement Platform \(RSEP\)](#), which aims to connect smallholders with potential project partners, as well as provide additional resources and support to smallholders around the world. RSEP works by allowing smallholder groups who are seeking potential financial or non-financial support to upload the details of their project to RSEP, and for facilitators and/or market players to directly connect and assist them with their project. With more investments and support, this platform will be able to achieve its objectives in a more comprehensive manner.

In 2019, the [Smallholder Trainer Academy \(STA\)](#) was launched to help build the capacity of smallholders through access to high quality training, training guides, and materials on practical tools, and agricultural best practices, etc. The STA aims to build a global community of master trainers and help smallholders to move towards more sustainable livelihoods.

Funding, engagement, training and market access for smallholders have proven to be key drivers to help them to play an important role in sustainable supply chains. Based on the [proven success](#) of these tools in the palm sector, the model could be applied to other high-risk forest commodities such as soy, rubber etc.

Reference Links

1. <https://www.tropicalforestalliance.org/en/collective-action-agenda/cop26/the-process>
2. <https://rspo.org/news-and-events/news/rspo-smallholder-support-fund-supporting-smallholders-around-the-world>
3. <https://leafcoalition.org/>
4. <https://lestaricapital.com/mechanisms/rimba-collective/>
5. <https://uplink.weforum.org/uplink/s/>