

Forum Nachhaltiges Palmöl

Assuring Smallholder Inclusion

Moderated by Sascha Tischer (Forum for Sustainable Palm Oil / Sustainable Agriculture Network), three panelists – Rukaiyah Rafik (FORTASBI), Stephania Rivera Tamayo (Solidaridad), and Dr. Reza Azmi (Wild Asia) – discussed the challenges and opportunities EUDR means for smallholder farmers.

In her opening statement, Rukaiyah Rafik explained how dynamic supply chains make traceability a challenge for smallholder farmers in Indonesia. Still, smallholders could comply with EUDR requirements if they do receive sufficient support. This requires a stepwise approach. Also, sustainability certification should be harmonized with EUDR.

Stephania Rivera Tamayo pointed out that, while smallholder farmers played an important role in the sector, they were already underrepresented in European value chains. EUDR might aggravate this situation. Still, the regulation could be an opportunity for greater sustainability.

Dr. Reza Azmi stressed that the private sector has a responsibility to transform its supply chains and make them more sustainable. With traceability in place, much could be done. He also explained differences between sourcing regions: While Malaysia has a national cadaster in place, locating smallholders and tracing their products seems to be difficult in Indonesia.

Stephania Rivera Tamayo added that EUDR is an opportunity to shorten supply chains. While private sector investment is important, the transformational process needs to be accompanied by government-to-government relations creating a favorable ecosystem. With regards to traceability, she cautioned that aligning on which system to use and building trust with farmers would be challenging.

Rukaiyah Rafik agreed that companies need to incentivize farmers to share their data. For example, they could use traceability to provide services. She also stressed that deforestation is an important concern of Indonesian stakeholders, and that jurisdictional approaches will be key. In West Kalimantan, for example, the local Government had passed and enforced a regulation requiring all companies to buy from cooperatives.

Dr. Reza Azmi added that Thailand had moved fast through community organization. The Thai palm sector is on track to becoming fully certified. Sabah in Malaysia, in contrast, would be nowhere near to implementing a jurisdictional mechanism because no one has taken the lead. While Malaysia has clear land laws, a regulated palm industry and a high level of digitalization, data sharing remains a challenge.

In the ensuing discussion, a company representative stressed that the sector should move from supply chains to fairly distributed value chains. Company representatives should go to

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the field to understand the realities of smallholder farmers. Also, he called for implementation guidelines for EUDR.

Dr. Reza Azmi agreed that guidelines were needed and that a lot of value got stuck at the refiner level.

Asked about expectations towards the European Union, Stephania Rivera Tamayo said the EU Commission needs a genuine interest in existing initiatives and their possible connection to EUDR. National initiatives could help raise the floor in other markets as well.

An NGO representative asked the panelists how to fix the root causes of deforestation.

Dr. Reza Azmi explained that people would opening land because it is easily available and a piece of asset. He called for protected areas and cautioned about the adverse effects of corruption.

Rukaiyah Rafik stressed that Government is an important stakeholder. Also, smallholders were key to limiting deforestation. She clearly highlighted that excluding them from European value chains will not contribute to protecting forests.