

FONAP-  
SMALLHOLDER PROJECT  
IN MALAYSIA



**FORUM**  
Nachhaltiges Palmöl

The members of FONAP e.V., the German Forum for Sustainable Palm Oil, have been actively involved in Malaysia with their smallholder project since 2018 and make a tangible contribution towards improving the environmental and social sustainability of palm oil production.

The FONAP smallholder project consists of two interrelated phases which are summarised in this document.

## ” PROMOTING SMALL PRODUCER INCLUSIVITY IN GLOBAL PALM OIL MARKETS

December 2019 to March 2021

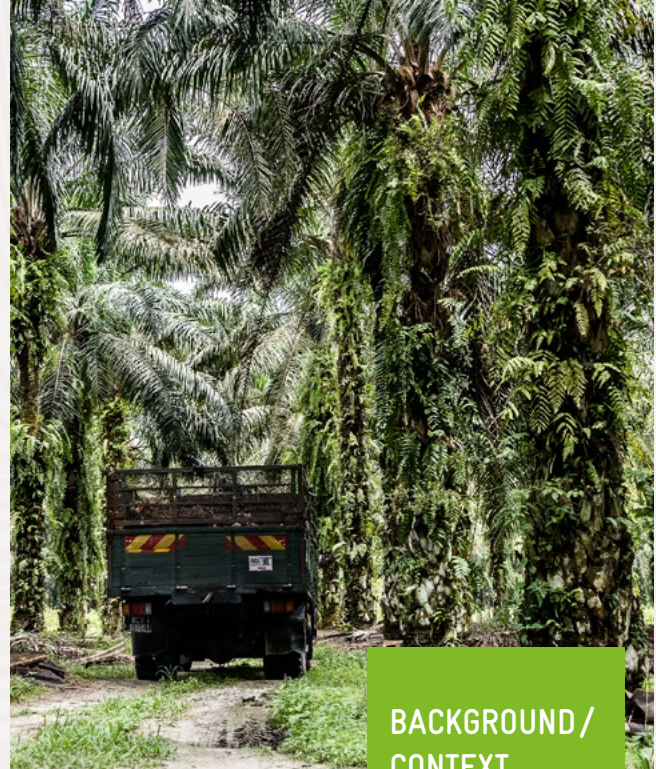
Country / Region: Malaysia, Perak

Financed by:

Voluntary payments by FONAP e.V. members

Implementing organisation:

WWF Germany in cooperation with Wild Asia



### BACKGROUND / CONTEXT

Besides industrial palm oil plantations, 40 % of global palm oil is produced by smallholders. However, palm oil cultivation poses difficult challenges for small producers. They often have poor access to means of production and have difficulty obtaining information about palm oil cultivation and selling their product internationally. Moreover, certification often involves a lot of extra work and expense.

The members of FONAP therefore decided to implement a project aimed at supporting smallholders in Malaysia in addressing these challenges.

**The project is currently in its second phase.**



## TRANSPARENCY IN THE PALM OIL SUPPLY CHAIN



Creating transparency in the palm oil supply chain through traceability of certified products is one of the aims of FONAP. As far as traceability is concerned, it is vital that small producers and distributors are able to keep track of which products are certified.

Smart digital technology is helping in this regard. The **PalmoilTrace – FarmGate App** from the company Koltiva is used to record the transactions of certified small producers and palm oil distributors and allows certified palm oil to be traced seamlessly

**In this way, the FONAP smallholder project helps towards the attainment of the following sustainable development goals (SDGs):**



## ACTIVITIES/ WORKING METHODS

The specific objectives of the second project phase are as follows:

**Provide direct support for producers working towards certification**

Objective: An additional 6,000 tonnes of certified palm oil

**Support pilot plantations in order to promote chemical-free production**

Objective: Four to seven plantations (35 hectares)

**Support small producers via the Koltiva traceability app**

Objective: 128 certified producers  
(19,000 tonnes of fresh fruit bunches / 1,280 hectares)

The Malaysian non-governmental organisation (NGO) Wild Asia was commissioned by WWF Germany to carry out the project. Wild Asia has extensive training expertise in the field of sustainable palm oil cultivation and already works with 335 smallholders.

The Wild Asia Group Scheme (WAGS) was founded in 2012. As part of this programme, Wild Asia works with independent smallholders to support them in improving their farming practices and complying with national and international standards (such as Malaysian Sustainable Palm Oil (MSPO) and the Roundtable on Sustainable Palm Oil (RSPO)).

WAGS is also a community development initiative that aims to improve the livelihoods of smallholders by helping them to increase their yield and by ensuring access to the international market for certified sustainable palm oil.



## Activities



- › Training courses for small producers in order to achieve the certification requirements.

## Objective

**Provide direct support for producers working towards certification**



- › Knowledge-sharing on the use of more sustainable cultivation methods, efficient and sparing use of resources (e.g. organic fertiliser use, biodiversity conservation)
- › Setting up of five to seven pilot sites on 35 hectares
- › Staging of workshops
- › Monitoring and reporting
- › Communication

**Support pilot plantations in order to promote chemical-free production**



- › Improving palm oil traceability with the aid of an innovative app
- › Training palm oil distributors and small producers on how to use the app
- › Feedback on the app from distributors

**Support small producers via the Koltiva traceability app**

## RESULTS ACHIEVED TO DATE

In the first four months of the second project phase, employees of Wild Asia have already certified 36 small producers in accordance with the RSPO standard. Twenty smallholders took part in a training course. Three pilot areas measuring 15 hectares have already been put into service. The project has also managed to win the support of two palm oil distributors who will adopt the app.





## IMPACT OF THE FONAP ADD-ON CRITERIA ON SMALL PRODUCERS IN MALAYSIA

July 2018 to July 2019

**Background/Context** FONAP has developed add-on criteria for sustainable palm oil production that go beyond the requirements of the recognised certification systems.

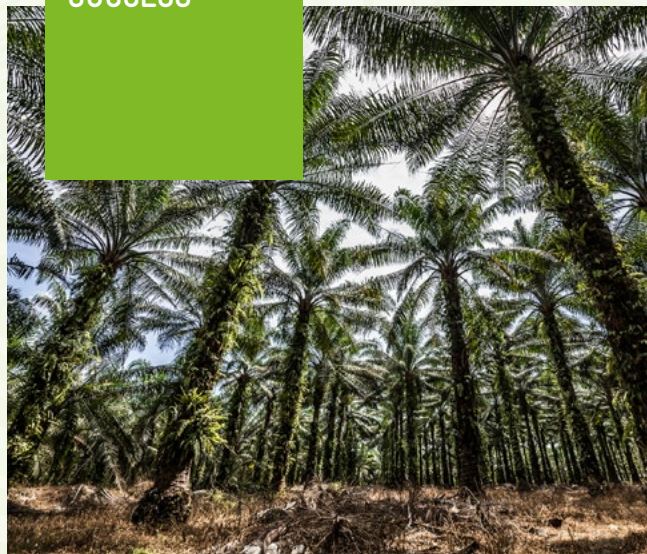
The add-on criteria are as follows:

(1) stopping cultivation on peatlands and other areas with a high carbon content; (2) stopping the use of highly dangerous pesticides (as classified under the Rotterdam and Stockholm Conventions, WHO 1a and 1b, as well as paraquat); (3) applying stringent targets for the reduction of greenhouse gases; and (4) ensuring that certified palm oil mills obtain fresh fruit bunches from legal sources only. In the project, 264 small producers in the Malaysian state of Perak tested the applicability and practical feasibility of the FONAP add-on criteria on their smallholdings.

**Activities/Working methods** An analysis conducted by Wild Asia, a WWF cooperation partner, examined the extent to which smallholders from the Wild Asia Group Scheme (WAGS) already meet the FONAP add-on criteria and the areas in which there are still compliance gaps. The biggest challenges lay in the area of pesticide use. As the project progressed, this therefore became an area of focus.

Wild Asia trained and monitored small producers in two workshops on chemical-free production, with around 30 participants. In addition, pilot tests for chemical-free production were carried out with a select group of producers. On five farms and ten trial sites, these tests examined the effects of using natural fertiliser. On control sites, chemical fertilisers continued to be used and the yields were compared.

### SUCCESS



The FONAP smallholder project has helped the small producers involved to develop a better understanding of the importance of biodiversity on and in their soils. The smallholders have shown that chemical-free production is possible and can even lead to higher yields. Initial evidence has also been gathered showing that diversification of farming can have a positive impact on soil fertility and income.

Dependency on synthetic fertilisers/pesticides can be reduced, and in the medium to long term the conditions can be created for switching to organic production.

# THE FORUM FOR SUSTAINABLE PALM OIL

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