



BEIERSDORF
SUPPORTS WWF'S
SMALLHOLDER
PROJECT IN
INDONESIA

Beiersdorf

Project Update 2021

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1. INTRODUCTION

In 2018, Beiersdorf and WWF joint forces to support a palm oil smallholder project supporting around 4,500 people including 240 smallholder farmers in three villages, Sungai Sena, Seberu, and Pala Kota, in Kapuas Hulu, a district in West Kalimantan, Indonesia. To protect the environment and stop deforestation of primary rainforest, the project's objectives are:

- Enhancement of sustainable agricultural management practices implemented by independent palm oil smallholders and supported by local governments
- Certification for smallholder farmers according to the Indonesian Sustainable Palm Oil Standard (ISPO)
- Maintenance and improvement of ecological conditions as well as ecosystem services for communities
- Development of a blueprint for sustainable smallholder initiatives for other commodities and regions to be used for replication and upscaling

Since the project has started, the team has implemented various activities to support independent smallholders to produce palm oil sustainably. One of the biggest challenges for independent smallholders is the legalization of their land units and the registration of their palm oil business.

2. WHY IS THE LEGALIZATION OF LAND UNITS AND THE BUSINESS REGISTRATION SO IMPORTANT?

Smallholders cultivate around 40% of the palm oil plantations in Indonesia. But they face several challenges such as disputes about the ownership of land units, missing business registrations for their plantations, lack of awareness and knowledge how to apply sustainable and safe farming practices and how to manage their plantations properly. They also miss information about certification schemes such as the national Indonesian Sustainable Palm Oil (ISPO) and the global Roundtable on Sustainable Palm Oil¹ (RSPO) standard and have limited access to high-quality palm oil seedlings and subsidized fertilizer. Furthermore, they have limited bargaining power to negotiate prices with middlemen to whom they sell their fresh fruit bunches.

Especially the missing legalization of land units is a problem. Unclear ownership causes conflicts between smallholders. At the same time, the farmers do not have any knowledge about the administrative process to legalize their plantations. Conflicts also arise when palm oil companies open new plantations in an area. Because smallholders often cannot proof their ownership of the land they cultivate, they might risk losing their plantations.

Suparto, Head of Seberu village

“In the past, people did not care about land boundaries, but now they become aware how important the legal status of their land is. They finally realise the value of their land.”

One important first step to support the smallholders is to help them legalize their land units and register their businesses.

¹ The RSPO standard for independent smallholder certification foresees three phases to fulfill the required principles and criteria. To enter the Eligibility phase, minimum requirements need to be met to enter the certification system; to achieve Milestone A, intermediate requirements must be met within two years and to achieve Milestone B (full compliance), final requirements have to be met within one year after meeting milestone A.

This process brings various benefits for the farmers:

- conflicts about land ownership can be solved,
- smallholders with legalized land units can join farmer groups and farmer associations that will ultimately strengthen their bargaining position with middlemen,
- smallholders can get certified according to the ISPO and RSPO standards,
- smallholders have better access to government support and funding as well as loans from financial institutions,
- and smallholders have better opportunities to cooperate with palm oil mills.



AMB smallholders from Sungai Sena village are discussing the required documents to legalize their land units © WWF Indonesia/M. Aldi Khatami

3. WHAT IS THE PROCESS TO LEGALIZE THE PLANTATIONS AND GET A BUSINESS REGISTRATION?

The legalization of land units and the registration of palm oil businesses require very long, and bureaucratic processes. The smallholders not only need several documents but sometimes the documents are also issued by several agencies:

- 1. Land Ownership Statement Letter** (Surat Keterangan Tanah, SKT), which is issued by the local head of the village and required to achieve the RSPO-certification and ISPO-certification. For RSPO, SKT is sufficient to get the 100 % certification (Milestone B).
- 2. Letter of Property Rights** (Sertifikat Hak Milik, SHM), issued by the National Land Agency (BPN). SHM is needed for the ISPO-certification and theoretically, SHM is needed for the 100% RSPO-certification (Milestone B), but RSPO does not provide a clear deadline until when SHM is required.
- 3. Plantation Business Registration for Cultivation²** (Surat Tanda Daftar Budidaya, STD-B), which is issued by the district government. STD-B is required to get the partnership agreement with a mill under the RSPO-certification and is also needed for the ISPO-certification.
- 4. Statement of Ability to Manage and Monitor the Environment** (Surat Pernyataan Kesanggupan Pengelolaan Lingkungan, SPPL), is required by national law and is legalized by the head of village and the head of sub-district (“camat”). It is also needed to achieve 100% RSPO-certification and get the ISPO-certification. Each smallholder needs the SPPL document.

At the beginning of the project, the WWF staff invested a lot of time and effort to create a trustful relationship with the smallholders. Many farmers were suspicious about the legalization of their land units and getting the business registration. They feared that they might have to pay for the documents and that afterwards, they must pay taxes. The team organized several meetings with the smallholders in the three project villages to inform them about the processes and the benefits they will have. In a second step, the WWF staff

² STD-B is intended for smallholders with less than 25 ha of land and its processing is free of charge. The registration is not only required to get ISPO-certification but is also used to collect statistical data that will help develop norms, standards, procedures, and criteria for sustainable oil palm plantations, including traceability, access to government support and to fulfill the requirements for the Community Oil Palm Replanting Program (PSR).

together with the communities and representatives of the farmer association “Mitra Bersama” (AMB)³ used GPS data to calculate the boundaries and generate information about the history of the land units. After mapping the plots, the results have been jointly discussed to clarify the ownership, which is required to get documents such as the “Land Ownership Statement Letter” (SKT) and “Letter of Property Rights” (SHM).

Suparto, Head of Seberu village

“We tried to discuss the legalization of plantations several times, but because of limited resources, we couldn’t move forward. Measuring the boundaries was a big challenge for us because we didn’t have access to GPS data. But without GPS, the measurement is not exact and ownership conflicts continue. With the help of the WWF team, we could settle those disputes.”



Smallholders from Seberu village and WWF staff during land mapping activities © WWF Indonesia/Muchlis

In a third step, the WWF team supported the members of the farmer association AMB to get the registration “Plantation Business Registration for Cultivation” (STD-B). The process started by collecting data of 121 farmers and mapping the land units. After the data was available, WWF published the verified data that had been authorized by the officers of the Agriculture and Food Office of the Kapuas Hulu district. Finally, WWF engaged with the Regent of Kapuas Hulu to issue the STD-B registration.

³ The project also facilitated the establishment of six farmer groups and the farmer association “Asosiasi Mitra Bersama” (AMB). 216 smallholders from the three project villages are members of AMB today.

Paskalis Shap, Head of the Plantation Division at the Agriculture and Food Office of the Kapuas Hulu district

“Problems often arise during the legalization process because it turns out that the land units overlap. For example, a smallholder whose land unit overlaps with district territory may not cultivate this land. He needs the STD-B registration letter verified by an officer of the Agriculture and Food Office of Kapuas Hulu. It is also very important that farmer associations register in the Agricultural Extension Management Information System (SIMLUHTAN) before registering for STD-B because the SIMLUHTAN membership brings many benefits, such as assistance to get fertiliser and seedlings and monitoring of the land development.”



A team of the Agriculture and Food Office is conducting interviews with smallholders and filling out forms for the STD-B verification © WWF Indonesia/Muchlis

In 2021, the farmer association AMB decided to start the RSPO-certification process. This also requires the smallholders to commit to manage their plantations sustainably and to get a Statement of Ability to Manage Cultivation and Environment (SPPL). To facilitate this process, WWF has conducted several trainings from June to September 2021, in three villages and in the AMB secretariat office in Seberu village. The seminars were attended by representatives from sub-districts and districts, the farmer groups and the association AMB. The participants discussed environmental risk factors of unsustainable practices and how to manage those risks. They also learnt how to fill in the SPPL documents. The activities helped to strengthen the capacities

not only of the smallholders but also of the representatives of the district and sub-district to issue the SPPL statement.

Suparto, Head of Seberu village

“I hope by involving the local government, they will play a more proactive role in helping and assisting independent farmers to legalize their land units and get the business registration.”

With the help of the project, the first SPPL statement for independent palm oil in Kapuas Hulu was developed, which includes the commitment of the smallholders to sustainably manage their plantations. In November 2021, the farmer association AMB and its members agreed on the SPPL Standard Operational Procedure (SOP) which will serve as their reference. Trainings to inform AMB members about the SOP have been conducted in December 2021.

Suharto, Head of Sungai Sena village

“WWF not only helped us to fulfill the formal requirements to get the SPPL statement. The whole process also strengthened the capacities of our community and our understanding how important the sustainable production of palm oil is for us.”

The process to develop the SPPL statement was supported by the Kapuas Hulu Environment Agency, which also helped to register the SPPL correctly in the official Online Single Submission Risk-Based Archive, a requirement from the district government. Imam Buhari, Head of the Environmental Division of the Kapuas Hulu Environment Agency, explained that his administration is also responsible to provide supervision for the farmers every six months. “If we find violations, we coach the smallholders first before we proceed with any law enforcement.”, Imam Buhari said.

It was a long process from building knowledge among the smallholders to land measurement activities, land legalization and finally business registration. But the hard work of the WWF team, the farmer association AMB and the local communities will pay off because this is the base to further proceed with the legalization and registration processes.



A smallholder is asking questions about the procedure for the SPPL statement during a seminar in Seberu village in August 2021

© WWF Indonesia/Putri Sonia.

Suharto, the Head of Sungai Sena village, claimed to have been overwhelmed about the progress the smallholders made with the help of the project: “After three years of support through WWF and Beiersdorf, the village governments and the National Land Agency, we finally achieved the legalization of so many land units, which is a great success for our village. The careful approach of the WWF team to inform the smallholders about the process and the impacts in several seminars was very helpful to build a trustful relationship. Conducting the meetings in coffee shops or in some private houses, where people usually meet, was a very good way to engage with them.” Members of the farmer association AMB who joined the seminars and trainings also perceived the activities as very positive. Pak Tolib, one of the independent farmers from Pala Kota, said that by facilitating discussions about land ownership and finding mutual agreements, the conflicts have significantly decreased. He also stated that the seminars facilitated by the project helped to change the mindset of the smallholders: “We are now more aware of our environment”. Pak Fakhurmat, an independent farmer from Sungai Sena appreciates the help of WWF and Beiersdorf to support the smallholders in this lengthy process. He hopes that the project continues, and WWF and Beiersdorf will support the smallholders and farmer association AMB moving forward.

Table 1: Current status of land legalization and business registration of AMB farmers as of June 2021.

Village	Farmer Group	TOTAL	Legalization of productive plantations			
		Farmer*	Land Ownership Statement Letter (SKT) (per land unit)	Letter of Property Rights (SHM) (per land unit)	Plantation Business Registration for Cultivation (STD-B) (per farmer)	Statement of Ability to Manage and Monitor the Environment (SPPL)** (per farmer)
Sungai Sena	Margo Mulyo	30	7	4	0	0
Sungai Sena	Sinar Pelangi	41	8	3	0	0
Sungai Sena	Karya Jitan	44	12	0	0	0
Seberu	Sawit Jitan Mandiri	46	11	0	0	0
Seberu	Sagu Lestari	32	6	0	0	0
Pala Kota	Berkat Usaha Mandiri	28	1	5	0	0
Total		221	45	12	0	0

* Independent smallholders sometimes have several plantations. Each land unit has to be legalized separately.

** Each smallholder needs the SPPL document but AMB as a farmer association also requires one.

4. LESSONS LEARNED

Several lessons can be learnt from the activities conducted with the smallholders and farmer association AMB over the past three years to support them to get all the legal documents:

- **Building trust:** The first and most important is that trust must be built among the smallholders. The WWF team conducted several meetings and social gatherings in all three villages to familiarize with the smallholders and offer their support. This was especially necessary to find solutions for conflicts about land ownership with WWF acting as a mediator. Once conflicts had been settled, it was very important to write down the agreement between the two conflicting parties.
- **Empowerment:** Smallholder farmers also need to be informed in a transparent way about their rights and the challenges and benefits of the legalization process. They have to be empowered to understand the laws and requirements in order to make informed decisions.
- **Involving stakeholders:** It turned out to be highly effective to involve representatives from the local government and administration from the beginning to increase their capacities but also get their support in the process.



Smallholders at a training in Seberu village in November 2021 who fill several documents to complete the legalization process © WWF Indonesia/Muchlis

The current project will end in June 2022 but WWF and Beiersdorf decided to continue working together in Kapuas Hulu. The goal of the second phase of the project that is supposed to start in summer 2022, is to certify the members of the farmer association AMB according to the RSPO-standard. Beiersdorf's supplier Evonik decided to join and support the three-year project as well.



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