

**VALUE-BASED INTERMEDIATION INVESTMENT AND FINANCING
IMPACT ASSESSMENT(VBIAF) SECTORAL GUIDE PUBLIC
CONSULTATION.**

**‘OPPORTUNITIES AND CHALLENGES FOR
SMALLHOLDERS IN TRANSITIONING TO MALAYSIAN
SUSTAINABLE PALM OIL (MSPO)’**



National Association Of Smallholders Malaysia (NASH)

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DEPUTY PRESIDENT – NASH

BOARD MEMBER - MPOB.

PERMANENT MEMBERS – TECHNICAL COMMITTEE MSPO



PEOPLE

03 | FUNCTION

Unifying of Smallholders

- Smallholders - > 40.46 Ha or 100 acres.
- Total palm oil smallholders – 650,000.
- Oil palm smallholdings - reduced poverty rate from 45% in the year 1970 to 3.2% in 2016.
- Started with 54,700 ha in 1960, palm oil smallholders in 2019, 39% of 5.9 mil. Ha. Oil palm area.
- Oil palm –highly regulated industry. Smallholders discipline-no problem adopting MSPO (mandatory Jan2020)



Resource Linkers

Link with government and private in productivity enhancement program e.g. MSPO program by MPOB & income generation e.g. crop integration.



Networking

Sits on the board of MPOB, LGM, MPOC, MPOCC and cooperative movement (ANGKASA). Participate in government policy analysis.



NASH since 1975

Total Members
:150,000 members
All commodities-
mainly oil palm and
rubber and others.



02 | MISSION

Enhance the socio-
economics status of
the smallholders.

01 | VISION

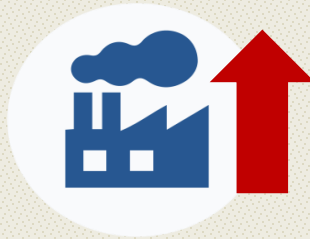
To create a progressive,
innovative, pro-active and
self-reliant smallholders
community.





PROFIT -

Challenges of Sustainability (MSPO)



Progressive increase in farm input esp. fertilizer (40% of FFB pc) cost leads to high production cost. No control on price.



 Cost of Living

- Lead to low productivity-
- Low GAP achievement.
- Farm input vs family consumption.

PROFIT/NET INCOME.



Social Capital –values of smallholders

July 2020, - 241,593.96 Ha (24%) from a total of 986,331 Ha of smallholders land are certified with MSPO.



FAIR TRADE

- Low Price of FFB due to unfair trade & non-transparent price formulation.
- Price CPO 2500/ton - FFB ex mill RM500.00/t - FFB dealer price RM450.00 /t - Smallholders price after deduction of (Mktg cost RM120/ton-Transport, harvesting, pc ,OER. No control on CPO price. Final price RM330 /ton . (FFB production cost not include)
- Price taker.



PLANET

Benefits - MSPO principles (GAP and Transparency) - Self Reliant And Ability To Make Production, Market and Financial Decision



SDG 9 Industry Innovation and Infrastructure. Access to basic technology & transportation system.



SDG 1: No poverty. Comfortable housing with good environment



SDG 2 : Zero hunger. Good & Enough Food

17 SDG's - sustainable income on smallholdings



SDG 8: Decent work and Economic growth . Able to make Savings & investment



SDG 3 . Good health & Wellbeing. Able to buy Medication



SDG 4: Quality Education

CONCLUSIONS

- **OIL PALM SMALLHOLDERS** : max size : 40.46 ha. - Total 650,000 SH (39% Of 5.9 mil. Ha) –substantial contribution to the Malaysian economy.
- **CERTIFICATION** : Oil palm industry highly regulated, earlier RSPO focused on estates and mills with selected group of smallholders. Currently Smallholders focused on MSPO certification made mandatory by the government beginning 1st January 2020. Government giving subsidy for smallholders certification. A bit slow for independent smallholders. As of July 24% certified. For organized smallholders more than 90%.
- **OPPORTUNITIES AND CHALLENGES** – Principles of GAP and Transparency in doing business will increase the value/image of smallholders business. Transaction cost can be reduced. Biggest challenges :smallholders FFB price half the price of FFB ex-mill and yet to see any tangible benefits from certification because price not a factor in certification. Have no control on commodity pricing. Price fluctuations will affect smallholders income.
- **REQUIRED ASSISTANCE** : Smallholders business as partnership in the economic development. Commodity price , cost of production and cost of living should be jointly factored in the income model. The government and financial institution should assist in reducing cost with the introduction of financial products that can reduce risks in smallholders investment.

THANK YOU ALL AND STAY SAFE

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