

Mapping and Analyzing Smallholders for EUDR Compliance: A Pilot Project across 5 Oil Palm Mills in Indonesia

Daemeter conducted a pilot project to map and analyze independent smallholders (ISH) for EUDR compliance in 2024 using relatively affordable and accessible technology.

The project was funded by an EU-based buyer and piloted in one of its supplier groups, hereinafter referred to as the Pilot Company, across five mills in Riau and West and East Kalimantan. The project compared different approaches to analyzing deforestation and legality under EUDR and identified specific trends and challenges among ISH in EUDR compliance.



The project analyzed **650 farmers** for 6 months from scoping to reporting.

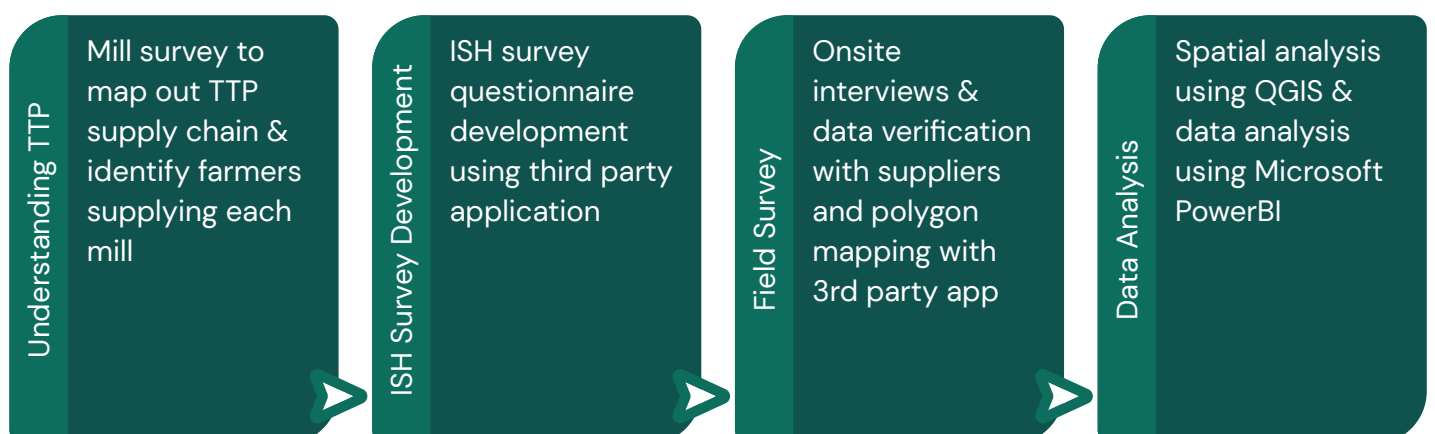
Methodology

Prior to data collection, Daemeter surveyed each of the 5 mills to map out the tiers, complexity, and actors (including intermediaries) of the supply chain, ensuring each mill has sufficient Traceability to Plantation (TTP) data to identify and survey current supplying farmers.

The field survey team consisted of both Daemeter and Pilot Company personnel representing marketing, mill operations, and sustainability divisions. The active participation of Pilot Company personnel during each stage of the fieldwork was essential to the success of the data collection.

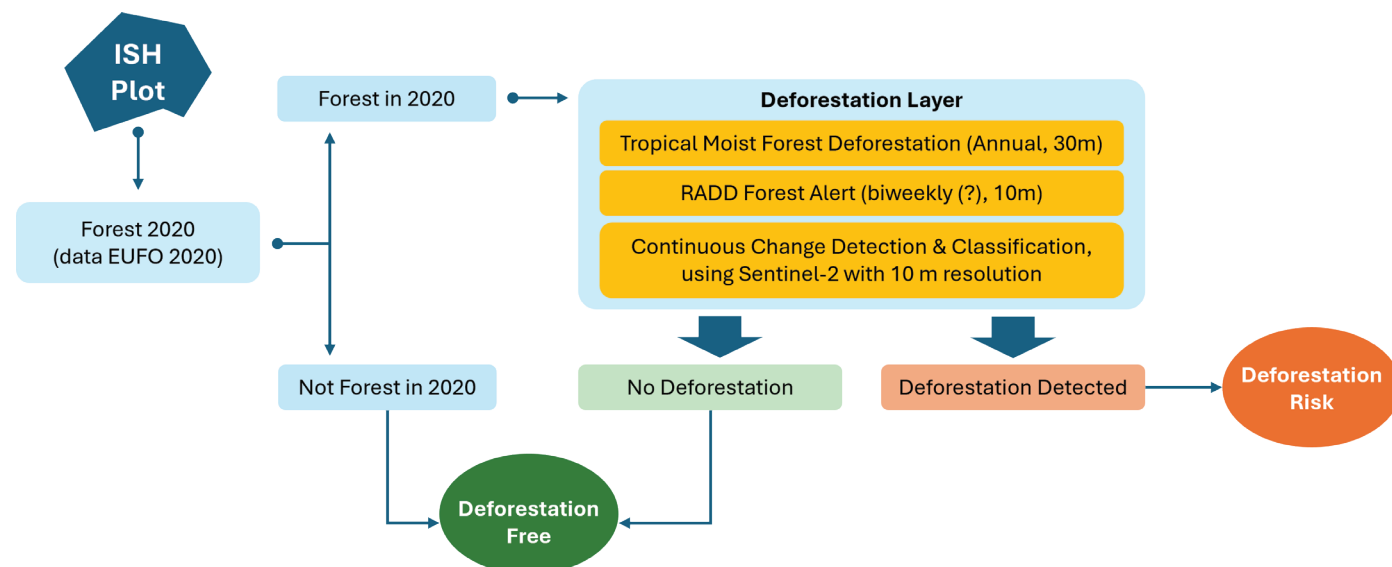
Prior to ISH survey and mapping, the field team engaged with and communicated the project to suppliers in their respective supply chain, arranged permits from the village where necessary, and generally followed FPIC principles to obtain data with the suppliers' consent.

The steps for the ISH EUDR mapping and analysis project are:



Deforestation Analysis and Risk Assessment

All the ISH plots are mapped and analyzed based on field-delineated polygons (for plots larger than 4 ha) and circular-plots simulated from coordinates and hectareage as declared by the farmer (for plots smaller than 4 ha). As there are different ways to classify "Forest" and "Deforestation," in this approach, a plot is considered Deforestation-Free if it is not forested in 2020, or if it contains forest but does not show deforestation after 2020. A plot has been considered as deforested if any deforestation is identified using any of the 2 forest baseline layers against any of the 3 deforestation detection methods, and any plot with deforestation occurrence after 2020 is considered as a plot with deforestation risk.



Using this approach,
around

90%

of ISH plots are
identified as

deforestation-free

This approach is conservative by utilizing an analysis with three different deforestation layers, whereas in comparison, a single-layer analysis would produce a higher deforestation-free value.

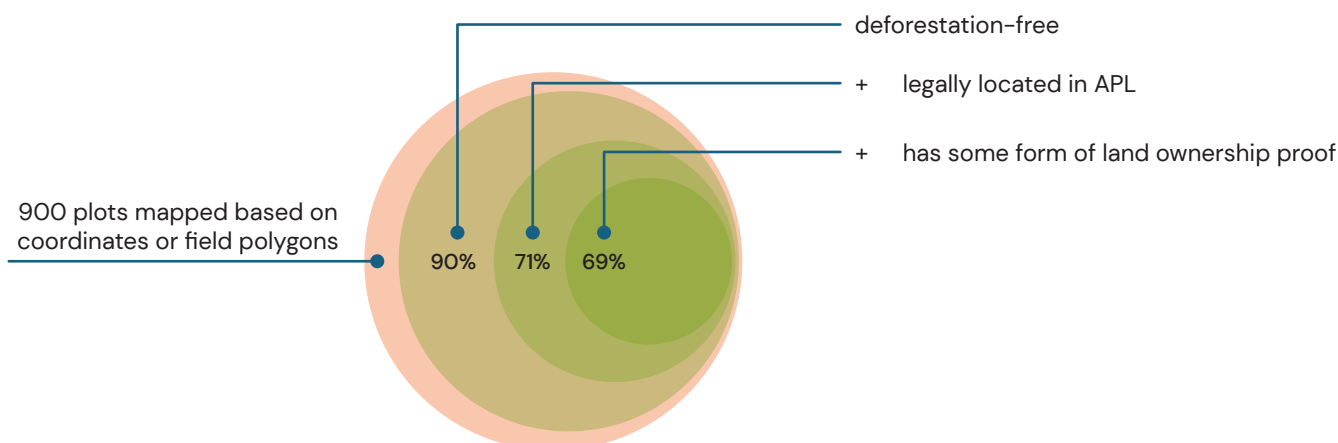
Legal Compliance

With the lack of clarity from authorities regarding requirements on smallholder legal compliance, Daemeter defines ISH legality in this project as the following, along with findings:

Possible Legality Requirements:	Findings in the Pilot
Plot is located in APL/Other Land Use/non-Forest Zone and aligned with RTRW, with no permit overlaps	93% of plots are in APL
Farmer owns proof of land title in the form of certificate (SHM), local title (SKT), compensation letter (SKGR), or other forms that may be recognized by the government	50% plots have SHM 47% plots have SKT or SKGR 3% of plots have no proof of land
Farmer has STD-B (palm oil business license for ISH)	<1% of farmers know of STDB
Farmer is ISPO-certified	No farmer has ISPO certification

Summary of Findings

In sum, 90% of ISH plots have fulfilled EUDR's deforestation requirements, whereas around 70% of plots have fulfilled both deforestation and some degree of legal requirements. The final number of plots complying with both requirements will depend on the authorities' final legality definitions.



Limitations

Some farmers refused to participate in the survey and mapping, due to concerns such as data confidentiality and potential misuse of data, lack of direct benefits and financial incentives for sharing data, and disappointment over previous surveys (done by other parties) resulting in no follow-ups. The number of deforestation-free plots may increase with higher resolution imagery and field verification. There is also discrepancy between the number of plots identified as having deforestation through ISH declaration versus spatial analysis, warranting further analysis.

Key Takeaways



Buyers, especially EU operators, should engage and support suppliers to comply with EUDR through similar projects of mapping and analyzing ISH compliance with EUDR. Financial support, data sharing mechanisms, and good communication are key to good engagement.



Palm oil companies must start by having strong TTP systems and procedures to enable access to farmers and actively assign personnel for ISH engagement and data collection.



Palm oil companies should develop procedures to address noncompliant ISH and noncompliant volumes, and to continue monitoring ISH with existing forest in their plots.



Most farmers in this pilot have some form of land title legality for their plots. At the same time, advancing STDB registration is necessary to promote legality and EUDR compliance.

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