

Sustainable Finance for Independent Palm-Oil Smallholders in Sabah

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Abstract

Malaysia is the second largest palm oil producer in the world after Indonesia, while Sabah is a major contributor to Malaysia's palm oil production with over 50,000 smallholders that plays an important role in economic development. However, the demand for sustainable palm oil, driven by deforestation and human rights, has led to stringent requirements, for instance, Malaysian Sustainable Palm Oil (MSPO) and Roundtable on Sustainable Palm Oil (RSPO). The upcoming EU Deforestation Regulation (EUDR) further intensifies this pressure, which demanding palm oil industry's traceability and transparency of supply chain and deforestation-free commodities. While Sabah pledged to achieve 100% fully certified by 2025, significant challenges remain; most independent smallholders are still uncertified, with only 885 total certified as of 2023, which is only 3% from the total 30,000 smallholders. This qualitative study is based on a secondary data review, which identifies key barriers faced by independent smallholders to comply with the certification requirement. High certification cost, less training, land title issues, and uncertainty of premiums are among the identified challenges. Existing initiatives are reviewed and found to have insufficient initiative taken to overcome these hurdles. The study concluded that without tailored intervention, these independent smallholders risk exclusion from the EU market. To address this, the study proposes actionable, multistakeholder recommendations that include cooperative models for group certification, expanding training programs, leveraging technology, and resolving legal issues. The findings underscore that achieving this sustainability and EU Deforestation Regulation (EUDT) compliance requires inclusive strategies that make certification more attractive but economically reasonable and practical among independent smallholders.

Keywords: certification, EUDR, independent smallholders, sustainable finance, sabah

Introduction

Sabah is one of the major contributions of palm oil production in the region, contributing one-quarter of Malaysia's total palm oil output. It indicates a vital role for Sabah's economy, where more than 50,000 smallholders cultivate palm oil mills that provide one-third to one-half of the total household income. However, the global market for palm oil compliance is increasing and demanding proof of sustainability due to concerns over deforestation, human rights, and biodiversity loss. In recent years, various sustainability certification requirements have emerged, notably Malaysia's MSPO mandatory for the Malaysian palm oil industry since 2020, and the voluntary international RSPO standards since 2003. At the same time, the incoming EU Deforestation Regulation (EUDR), which is coming into force by the end of 2025 or mid 2026 for SMEs, imposes strict due diligence on the import of palm oil that requires proof of legal, deforestation-free sourcing (Li et al., 2025). This has put pressure on palm oil supply chains to include even smallholders. By complying with the existing RSPO and MSPO standards, certified smallholders are better positioned to meet the EUDR compliance.

However, many independent smallholders in Sabah remained uncertified. These independent smallholders run at a very small capacity <50ha and basically sell through informal channels and lack organizational support from larger institutions and estate schemes. The latest report showed that as of 2023, only 885 independent smallholders have achieved RSPO certification, with nearly 3% of the estimated total (Esterman, 2024). Most certified smallholders are those who have been under organized government schemes or projects, where many remain uncertified, especially in remote areas. Compared to MSPO, over 97% independent smallholders have achieved certification in 2025 (Mpoc, 2025). Many of these smallholders do not understand the requirements, and some are not even aware of their existence. This gap is compounded by outreach barriers in rural areas, leaving thousands of these independent smallholders uncertified. Without support and assistance, the mandatory certification can become an additional burden rather than benefits to the farmers (Rahman, 2020).

Further, the pressure has risen with the EUDR's upcoming deforestation requirement for regulation. Started end of 2025 until mid-2026, corporations in the palm oil industry other than cocoa or coffee are required to prove their products are clean and deforestation-free with transparency in traceability, direct to each production area. This EUDR applies not only to the palm oil industry but also applies to all commodity products like soybean, sunflower, timber, and corn (Cramb & Sujang, 2012). Malaysia's Minister of Plantations and Commodities emphasized that these EUDR regulations ensure that more than half a million smallholders fully comply with the sustainability requirements. Still, the independent smallholders in Sabah are facing challenges to meet the new legal requirements, potential of losing market to the EU market.

Problem Statement

Sabah has pledged and targeted 100% certification of its palm oil by 2025; however, there are still most of the independent smallholders remain uncertified. The core issue is that many smallholders face barriers and reluctance to go for certification due to economic, technical, and institutional issues (Rahman, 2020). Certification involves high audit fees, documentation, and requires compliance costs that can limit the small business's income. Land tenure is another issue where the proof of legal title is required for certification. This can be time-consuming and high-cost for the independent smallholders. Other than that, the uncertainty of incentives and premiums paid, and the low guarantee of market access, leave isolated farmers unconvinced.

Thus, the independent smallholders are reluctant to go for certification because of high costs, unclear benefits and incentives, and practical hurdles; nevertheless, without their participation in Sabah's sustainable palm oil, the target to 100% fully certified by 2025 is unachievable.

Objectives

(1) To identify challenges that make the independent smallholders in Sabah reluctant to pursue sustainability certifications. (2) To access existing initiatives for sustainable finance aimed at encouraging or assisting smallholders towards certifications involving government programs, NGOs, financial institutions, industry-led support schemes, or community-driven approaches in Sabah. (3) To provide actionable recommendations to increase the uptake and sustainability among Sabah's independent smallholders.

Literature Review

This section reviews the key literature on sustainability certification for independent smallholders include the relevant experiences from other commodities, initiatives, and implications of the EUDR for the palm oil supply chain.

Challenges of Independent smallholders in adopting the sustainability certification

Study highlights that independent smallholders face challenges in sustainability certification. Studies in Southeast Asia consistently highlight that independent smallholders struggle to comply with compliance when sustainable requirements are introduced to them. According to Pramudya et al. (2022), the implementation of Indonesia's sustainability palm oil certification (ISPO) has been slow among the independent smallholders due to complicated requirements, limited capacity, and issues with financial assistance. In particular, the cost of meeting requirements like legal status, audit reports, and documentation poses major obstacles. Furthermore, the inconsistency of premium information further dampens the smallholder motivation. The same situation happened in Malaysia, where certified estates have a few issues, while independent smallholders mentioned they have a lack of time, too many documents needed, and high costs as a major obstacle (Aziz et al., 2021).

Aziz et. Al (2021) in the study stated that smallholders often lack human resource assistance, financial resources, the high cost of certification, and fewer consultants to assist with the certification progress and become barriers to applying for the sustainable certification. For the Sabah area specifically, industry reports found that most independent smallholders are aware of the RSPO certification but claim they were not fully informed. According to Onn & Lee Poh Onn (2021), in the case study done in Sapi, Telupid found that a total of 93% had heard about the RSPO certification, and yet many had no idea what it is.

According to Jelsma et al. (2017) study done in Riau, Indonesia, identifies numerous barriers to compliance involving different group including land title issues, lack of training and practices, uncertified materials, where some smallholders are well-resourced and more commercially oriented, while others are resource poor and prone to being alienated from the formal market due to different standards. Different smallholders face different issues and difficulties; not all of them are the same. The author mentioned that there is a possible bifurcation where better-off smallholders can comply and gain benefits from it, while the independent smallholder that located in remote areas facing with risk of being left behind. This underscores that support and initiatives must be tailored to varied needs among them.

Other Commodities

Smallholders from other commodities like cocoa and coffee are also experiencing the same challenges. According to Ansah et al. (2025), on fairtrade certification among Ghanian smallholders, a significant gap in certification implementation due to inadequate training, irregular inspections, and a lack of information regarding the incentives and benefits of the certification. Many of the smallholders are not familiar with the overall certification of how it works and how to do it. Furthermore, training on sustainable practices was also inconsistent; many farmers reported receiving fewer than half of the expected training sessions. Overall, this study concluded that the gaps and

inadequate follow-up from the system can undermine the efficiency and credibility of the certification. Eventually, if farmers think that the certification does not offer tangible benefits to them, they may not be motivated and may be reluctant to be involved in the program.

Initiatives to support independent smallholders

Literature provides several support initiatives, assistance, and incentives to help smallholders to comply with the certification. One of the initiatives was financial support programs like the RSPO smallholder support fund (RSSF) that provides grants or incentives to cover the certification cost, such as training, environmental assessment, and audits (RSPO, 2025). This RSSF was established in 2013, which taps a portion of certified palm oil sales revenues to help smallholders with certification. It covers audit fees, documentation assessments, reports training, and so on.

Other than that, Malaysia's MPOB implement initiative named Sustainable Palm Oils Cluster (SPCOs) where they offer financial support like subsidies, audit fees, training assistant and so on for the MSPO certification (Aziz et al., 2021). Meanwhile, in Indonesia, ISPO was implemented that equivalent to RSPO which also found that independent smallholders lack funding capacity (Pramudya et al., 2022). Islamic microschemes have also been proposed to fund sustainable practices.

Training and technical assistance were another initiative that improved yield on existing farms, which, through fertilizer management, seedling, harvesting, and replanting, can reduce the pressure on certification and make it easier to justify (Wenda et al., 2024). Study shown that training could potentially improve FFB yield and production and increase income substantially. Hence, investment in training and education practices should be included to ensure more frequent and quality training and inspections.

Lastly, the jurisdictional RSPO certification initiative that forming multistakeholder committee involves government, NGOs, and also industry players, which selected areas Telupid, Tongod, Beluran, and Kinabatangan to identify the gaps and issues. This includes on-ground details analysis and coordination training, and making the certification the first initiative for Sabah to achieve its RSPO.

Independent smallholders and the EU Deforestation Regulation (EUDR)

The impending EU Deforestation Regulation (EUDR) has become a hot topic in commodity markets. It will come into effect in late 2025 for the big corporations, while for SMEs, to be in force in mid-2026. According to Proforest (2025), EUDR represents a shift from voluntary standards to mandatory regulated compliance for all market players. It requires proof that all commodities, not only palm oil, like soybean, corn, and timber, are legally produced and deforestation-free. While the responsibilities lie among the EU buyers, the burden falls to local growers and suppliers (Proforest, 2025). Those smallholders that already comply with MSPO/RSPO can easily cope with the EUDR requirement, where they can easily provide proof and evidence for traceability (Nash, 2025).

A recent brief by Solidaridad and the Council of Palm Oil-Producing Countries (2023) stated that without deliberate inclusion measures, EUDR could worsen smallholder marginalization. The EUDR applies a traceability cutoff at 4 hectares that requires precise coordination (Cramb & Sujang, 2012). Many smallholders in Sabah have around 3-7hectares meaning a significant number will require a mapping in the EU deforestation regulatory. Also, the policy brief by Sustainability of Malaysian and Indonesian palm oil (2023) noted that peninsular Malaysia smallholder involve only 1.5-4.4 hectares, while in Sabah can be larger, exceeding 4 hectares. That is why Sabah smallholders are required to do face mapping as required by the EUDR.

Another challenge is the land legality issue in Sabah smallholder. Under EUDR, it expects that commodities produced are in accordance with local laws. For smallholders, especially in Sabah, where most of the independent smallholders facing with temporary Land Title of LA will become complicated for them to comply with the EUDR.

Research Methods

This study is based on a qualitative research design which utilizing the secondary data analysis and a previous case study. This design allows an in-depth understanding of independent smallholder challenges in obtaining sustainability certification, which focusing in Sabah, Malaysia.

A review on literature collection was conducted, including academic articles, journals, reports, and NGO publications related to independent smallholders. The literature review also covered the EUDR development and updates. The study was selected based on its relevance to palm oils as well as comparative experiences with other smallholder-based commodities, e.g., cocoa and coffee.

Comparative case studies were adopted to enhance the analysis. Sabah's smallholder current situation was examined along with Indonesia's ISPO implementation and with African (Ghana) fairtrade models. This comparative study provides a different perspective that enabled the identification of both shared challenges.

Results and Discussion

Challenges for Independent Smallholders

Even though the government subsidizes MSPO certification, it is still citing the complexity and providing hidden costs as a significant limitation. According to Siti-Dina et al. (2023), the total cost for MSPO audit is almost RM40,000, equivalent to USD9630 per smallholding, which requires continuous support from the government. Other than that, documentation expenses such as paperwork, audit reports, and numerous record keeping were time consuming that could have been spent managing farms. Without consistent financial support, certification can become a burden to smallholders, with no guarantee of economic benefits. This underscores the fact that even with partial assistance and subsidies by the government, the process of getting certification remains financially demanding.

Many independent smallholders, which involve elderly, have less exposure to information and are basically less formally educated, tend to have limited access to agronomic training and a lack of information on the certification. According to Ansah et al. (2025), a Ghanaian study shows that inadequate training and irregular training and inspection left farmers less interested in obtaining the certification. Meanwhile, in Sabah, the awareness of RSPO is there; however, there is less understanding of its importance (Rahman et al., 2024).

Other challenges were the land and legal issues where many smallholders operate on Land Application (LA) without any formal title, and it understands without valid land ownership can affect the sustainability certification compliance (Córdoba et al., 2022). Results from a field study conducted in Tongod, Telupid, Beluran, and Kinabatangan (TTBK) by RSPO recorded that 61% of the surveyed smallholders hold LA rather than RSPO acceptable titles. Under EUDR, producers must demonstrate legal compliance and transparency in traceability, and this caused raising stakes for those smallholders who do not have land title (EUR-Lex - Official Journal of the European Union, 2019). Another issue were sometimes independent smallholders encountered in overlapping claims on land compounded the legal vulnerability (Rahman & Onn, 2025). While Sabah has ongoing land law issues, settlement remained limited, and issues remained unsettled.

Compliance with many certifications leads to the thought among smallholders that it promises and guarantees better premiums and incentives. However, they frequently see no reliable premium for meeting this higher certification and weakening incentives to certify (Eusebius Pantja Pramudya et al., 2022). Premium RSPO paid to certified mills usually pays at \$3 to &5 per metric ton, but these benefits have tended to accrue to those better and more organized growers (Córdoba et al., 2022). Independent producers also face market dynamics where bargaining is limited and not consistently rewarded (Ekaputri et al., 2025). Even where sustainable practices are adopted, immediate price incentives can be negligible when compared to commodity price movement (WWF-Singapore, 2022)

Lastly, complying with certification entails exposure to compliance checks and audit procedures, where, if unmet, it can result in penalties and even licences being suspended under MPOB requirements (MPOB Regulations, 2005). With the incoming EUDR regulations implementation in mid-2026, policymakers see long-term alignment as unavoidable, but the cost burden will still be heavily to

farmers, especially independent smallholders (Reuters, 2024).

Existing initiatives

There are several initiatives offer from governments, NGOs, and industry players to support the compliance of certification. First, MPOB's approach to SPOCs has successfully handled and organized thousands of smallholders in Sabah into groups of corporations, which easing group audits and sharing cost among the group committee. Providing full subsidies for audit fees has removed the advanced cost required for auditing requirement (Aziz et al., 2021). Furthermore, expanding this by combining with low-interest loans from financial institutions or Islamic financing can further ease the capital constraints among the growers.

Next, the extension services from MPOB/FELDA and NGOs like Forever Sabah can be extended and scaled. Forever Sabah's ground assessment targeted areas or districts that created tailored training modules. Training on Good Agricultural Practices (GAP) has been proven to double FFB yield when delivered well. Furthermore, regular visits by field officers can ensure understanding among the smallholders, specifically. For the upcoming EUDR compliance, extension should be implemented and improved to comply with this regulation.

Business partnership with mills and plantations, and traders to secure purchase agreements from the certified smallholders is crucial. For example, big players like Wilmar and SD Gutrie shows premium incentives can attract those certified holders. This partnership that promises to pay CSPO premium usually demonstrates tangible benefits.

An integrated support package is another initiative that suggests combining incentives. For example, studies in Indonesia recommend that skills training should be combined with advisory and reward together. Normally, programs that are offered in packages like free training, subsidies, and certification assistance will support the group of smallholders to commit to compliance. These can reduce the financial burden on the growers.

Finally, the certification was not only focused on the palm oil industry but also on other commodities elsewhere. For instance, mentioned in a Ghanaian study where certification programs for commodities like cocoa and coffee always offer community development projects that consist of schools and clinics, and are funded with certification premiums that incentivize the farmer groups. Even though RSPO had limited premiums, the visible community benefits could motivate their participation.

EUDR convincing points

As mentioned, EUDR will soon be implemented and will bind all exports to the EU market. This is equivalent to almost 11% of Malaysia's palm market. Farmers should understand that non-compliance with EUDR will limit their EU market access and possibly result in being barred. Sabah palm oil product is often bundled and sold to overseas markets, not only in China and India, but also in Europe, and any destination in the EU requires documented compliance (Proforest, 2025). As RSPO mentioned, being certified is the best way for traceability evidence, deforestation-free, and legality required by EUDR. At the same time, Sabah's target to 100% fully RSPO certification by 2025 should be communicated to all smallholders as a government initiative tied directly to global market resilience. If the initiative by the government is mandating and encouraging RSPO, the smallholder should appreciate it and support it rather than go against it.

Gaps identification

(1) Most case studies are giving limited scope of study, only a few hundred farmers. To reach thousands of farmers in Sabah remains logistically challenging due to road conditions in remote areas. (2) Consistent and continuous funding is needed to support the certification. Government budgets are often limited and constrained due to other communities' projects. (3) There is still mixed information from the market. For instance, they were required to comply with sustainability at the same time the government was pushing for high yields of production. This conflict of messages will confuse all smallholders in terms of which one to comply with first.

Recommendations

Increase Financial Incentives and Support

The Sabah government, together with MSPO/RSPO authorities, should continue and expand the subsidy programs and incentives to support audit fees and other compliance costs. For example, 100% cover of audit fees for first-time applications or perhaps even subsequent audits until a certain date. Since MPOB certification compliance has reached almost 100% certified among the smallholders in Sabah, the existing financial program by MSPO is a good practice that can be applied. For RSPO, the existing financial program, the RSPO Smallholders Support Fund (RSSF), can also negotiate with other companies or organizations to contribute to this fund.

Consequently, smallholder farmers are more likely to join and support any programs they are offered if the program benefits them. For instance, “sustainable practice incentives” means that those who successfully certify or support the compliance will be granted a fertilizer voucher or free seedlings for crop diversification. This proves the concept of rewarding for good practices as stated in the literature. This can address short-term benefits that can cater to the needs of the smallholders while still adhering to the sustainability program.

Next, the government should cooperate and partner with corporations in the palm industry to guarantee a premium or incentives for all FFB certified from independent smallholders, given a time limit. The issue arises where there is no premium guarantee for certified FFB productions among the smallholders. With this initiative, government and industry players can offer increase of 5-10% higher price to motivate and as a promise for the smallholders to go for a certification.

Nonetheless, Bank Negara Malaysia (BNM) can cooperate with financial institutions to provide a green financing option for smallholders. For example, encourage microfinance institutions in Sabah to offer low-interest loans for farms that support certification compliance, while repayment is partially tied to future yields or premiums. One initiative from the government recently was

Extension of Training and Education Programs

Empowering growers with the information, knowledge, and skills needed for the certification is crucial. This includes launching a concerted awareness campaign in all oil palm communities. Activities can involve roadshows, demonstrations, and distribution of manuals in Bahasa Malaysia or multiple native languages to explain what MSPO/RSPO or EUDR are about, what and why they are being implemented. This should feature consultants, educators, or NGOs and provide evidence and proof of studies showing that certified smallholders can increase average household income.

On the contrary, using the existing structures like MPOB’s officers (TUNAS) shows more effectively and focuses specifically on sustainability requirements, and requires them to allocate time to train and guide the farmers regarding the certification readiness. Involving and participation from the head of the village, ‘Ketua Kampung’ or ‘JKKK’, can efficiently help to convey messages to the community.

Another crucial strategy is the need to train regularly and on-site people to monitor. Establishing a schedule for ongoing training focusing on the important topics related to certification, for instance, agricultural practices on how to raise yield and meet the certification criteria, what environmental measures, documentation, and bookkeeping to simplify the audit process, and so on. The EUDR model practices, for example, are a good example, a very practical, hands-on approach that immediately empowers the farmers (Global Gateway, 2025).

Land and Legal Compliance Issue

The Sabah government should initiate and focus on land title among the smallholders in Sabah. This is to ensure that the process of certification can become smooth and achieve the target to 100% fully certified by 2025. Besides that, helpdesk for smallholders, especially independent smallholders, can assist them with the compliance matter. For instance, if farmers need help to navigate issues

related to labor law regulations, they can get guidance immediately. Sometimes they need help regarding permits and approval for land conversion; thus, if there is a helpdesk, it is easy for them to seek assistance.

Strengthening the Cooperative Model and Group Certification

Strengthening the cooperative model is crucial to ensure the process of certification is more attainable and sustainable for independent smallholders in Sabah. Government and industry players play an important role by helping in identifying clusters of independent smallholders and establishing formal cooperation among them. These groups of cooperation and association will receive funding and appointment of coordinators who will manage the certification paperwork, documentations, or reports, training, and communicate with auditors what they need and require for the audit process. This can create systematic and structured systems that reduce administrative burdens to the smallholders. To ensure it is sustained, the program must target cooperative leaders to lead and equip them with specific and essential skills, especially in organizational, financial management, record keeping, and how to handle conflict, particularly handling issues among the smallholders.

Partnership and collaboration between mills and smallholders can help to strengthen further and smooth the process of certification. Mills should be actively engaging with nearby smallholders, providing technical assistance, sharing the latest information, and dealing with long-term agreements that guarantee future benefits. This collaboration can make the EUDR a shared opportunity for sustainable sourcing. Meanwhile, shared facilities such as a nursery and composting units would reduce costs and expenses, promote organic farming, increase productivity, and promote long term sustainability.

Leverage on Technology and Transparency

Leveraging and advancing technology can impact the process of certification easily and build trust among independent smallholders. For example, creating user friendly mobile application that allows users, especially farmers, to easily upload required documentation and essential data, such as coordination, replanting process, management practices, and so on, can streamline compliance with multiple standards like MSPO/RSPO and the upcoming EUDR. The success of implementing GIZ's geolocation training proves that it can help all levels of plantations, including independent smallholders, even though, with limited technical experience, they still can use smartphones for mapping and bookkeeping. Expanding this can help to create a traceable supply chain where smallholders can track their product journey until destination (buyers) and can directly interact with end buyers, thus increasing networking and transparency.

Subsequently, active community participation can reinforce accountability and directly shared responsibility. This can focus on the young generation and where they can be trained as pre technicians where can assist in periodic compliance checks. By combining these efforts with a reward system like giving bonuses, incentives will remain compliant and directly boost motivation.

Stakeholder Collaboration and Engagement

The most important overarching issue is the collaboration among the stakeholders with the independent smallholders. As recommended by Solidaridad, it urges all downstream companies, refineries, brands, refiners, traders, and big plantations to go-finance smallholders support, including independent smallholders (EUDR and Palm Oil, 2023). Pay a reasonable and fair price and invest in essential infrastructure so suppliers can commit to EUDR requirements and due diligence without being left behind. In Sabah itself, it can translate this into MOUs with major EU buyers that provide funds for group certification, geolocation mapping, and audit progress while prioritizing smallholder inclusiveness on supply chains.

Government intervention in creating policies ensures that they are aligned with compliance and

encourages independent smallholder sustainability. This includes agricultural subsidies like fertilizer, seedling meet sustainable practices, and deforestation monitoring is enforced equally among all sizes of producers. In addition, governments should communicate with the EU about the situation and realities faced by Sabah's smallholders and, if possible, negotiate and discuss the possible solutions.

Lastly, involving smallholders in decision-making will be key. For example, through the JASPO committee or cooperatives, it will ensure the voice of smallholders will be heard and find solution on the issues that are being raised. According to Mongabay Environmental News (2023), Sabah JSCPO committee members bring growers, industry, and government representatives together to oversee and find solutions to any issues related to certification. This platform can help to address smallholders' concerns equitably.

To summarize, smallholders are not fundamentally reluctant or opposed to going for certification; rather, their hesitation is mainly due to concern about the high cost, the complexity of compliance, and risk. When this resolves and is mitigated, motivation and willingness will increase. In fact, based on the survey conducted, the majority of smallholders expressed interest comply with certification when it is fully explained to them. All the above strategies and recommendations are meant to serve and convince, especially independent smallholders, that this certification requirement is in their interest. Meaning, by complying with this certification, it can guarantee a better future for their plantations, generate more stable income by better incentives and premiums at the same time, protecting the environment.

Conclusion

Independent smallholders in Sabah are the backbone of Sabah's economy; however may are currently underutilized in certification. As of 2023, only 885 smallholders are fully certified, which is only 3% from the total 30,000 smallholders in Sabah. With this statistic, it is very hard to achieve the 100% fully certified by 2025 as pledged by the local government. As mentioned, the reason is largely due to the lack of information, financial assistance, and institutional gaps (Rahman, 2020).

The reluctance of Sabah's independent smallholders to comply with certification requirements is largely due to the systematic barriers rather than a lack of interest. Knowledge gaps, lack of financial assistance, land and legal issues, and so on. However, when challenges are addressed and rectified, it will gain smallholder interest and motivate them to participate in the certification.

Based on the findings, certification can be made possible and attractive with the existence of support such as training, cooperative group model, transparent and guaranteed, with incentives and premiums which directly benefit the smallholders. It suggests that multiple strategies, like simplify the requirements, building capacity, and creating better economic value for smallholders.

For Sabah to achieve its sustainability and comply with the upcoming EUDR, no smallholder, especially an independent smallholder, should be left behind. The support from different agencies, like the government, NGOs, and big players in the industry, can substantially increase uptake.

Thus, independent smallholders in Sabah should not be seen as obstacles to achieving sustainability but as partners in progress. When given proper incentives and benefits, they will become champions of sustainable palm oil and safeguard both the environment and their own economic future. The challenge of their reluctance can be overcome by converting them into confidence and capability. With concerted efforts, the target and pledge to be fully certified by 2025 is achievable.

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