Supporting Independent Smallholders

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Oil Palm in Indonesia

- **State-owned enterprises**
  - (750.075 Ha)
  - 6.85 %

- **Yield CPO**
  - 3-4 Ton/Ha/Year

- **Smallholders Farmers**
  - (4.55 million Ha)
  - 41.55 %

- **Independent Farmers**
  - 2.5 Million Ha
  - Yield CPO
  - 2-3 Ton/Ha/Year

- **Private Plantation Companies**
  - (5.65 million Ha)
  - 51.60 %

- **Yield CPO**
  - 5-6 Ton/Ha/Year

- **Plasma Farmers**
  - 2.0 Million Ha
  - (working with the Private Plantation companies)
  - Yield CPO
  - 5-6 Ton/Ha/Year

- **Indonesia Land Area**
  - 189 Million Ha

- **Total Oil Palm Planted Areas**
  - ~ 10.95 Million Ha
  - ~ 5.8%
Understanding independent smallholder farmers

- Replanting 2 Million Ha

1 Million Independent Farmers

Yield Increase

- Do not manage their land well.
- Do not use certified high quality seeds.
- Low Fresh Fruit Bunch ("FFB") yield of 10-15 ton/ha/year.
- Crude Palm Oil ("CPO") yield of 2-3 ton/ha/year.

Increased Income

CPO Price

5-6 Mio Ton CPO x USD 700 = USD 3.5-4.2 Bil/Year

Save New Land opening and avoid forest encroachment of 1 Million Ha forest
GAR multi-stakeholder partnership

**Government**
1. Recognise land ownership
2. ISPO certification
3. Improve farmers’ livelihoods

**Customers**
1. Supports no deforestation
2. Enhance supply chain value
3. Good PR

**GAR**
1. Share knowledge & good management practices (BMP)
2. Provide high-yielding seeds & fertilisers
3. Market access (mills and market pricing)

**Social NGOs**
1. Ensure FPIC process
2. Explain IFS model
3. Socialise multi-stakeholder partnership

**Certification Bodies**
1. Ensure compliance
2. Maintains SOP

**Technical NGOs**
1. Implement good agricultural practices (GAP)
2. Educate environment and conservation
3. Capacity building and training
4. Organise Cooperatives

**Smallholders**
1. BMP / GAP
2. Finances
3. Higher yield
4. Legality
5. Market access
6. Higher returns

**Financial Institutions**
1. Low interest rate
2. Guarantee and stable contract
3. Good publicity
Replanting Program via Innovative Financing Scheme - A public-private partnership involving the Indonesian Government, the Indonesian Chambers of Commerce (KADIN) and the Indonesian Economists Association (ISEI) under the umbrella of Partnership for Indonesia’s Sustainable Agriculture (PISAgro).

- Good Agriculture Practice (GAP) in oil palm development.
- Increase Productivity with high yield quality seeding.
- Provide Income during oil palm seeding growth period.
- Government Support Program to legalise land ownership through Indonesian Sustainability Palm Oil (ISPO) certification.
Innovative Financing Scheme

**Before Scheme**

- NOT REGISTERED
- LOAN @COMMERCIAL INTEREST RATE
- NON CERTIFIED and LOW QUALITY
- NOT CONFORMING AGRICULTURE PRACTICE
- LOW: 2-3 ton CPO/ha/year
- NOT APPLICABLE
- NOT CERTIFIED

**After Scheme**

- REGISTERED with GOVERNMENT (funding assistance, if applicable)
- LOAN @SUBSIDISED INTEREST RATE
- CERTIFIED and HIGH QUALITY (ensure high yielding)
- IMPLEMENTING GOOD AGRICULTURE PRACTICE (GAP)
- HIGH: 5-6 Ton CPO/ha/year
- 4 Years during seeding growth
- Compensation = Living Cost
- CERTIFIED by ISPO (Indonesia Sustainable Palm Oil)
Benefits of the Partnership

Farmers are managed professionally
- Implementing Good Agriculture Practice (GAP)
- Capacity building by providing education and training on administration, technical, organization
- Transferring technology

Open Opportunities
- Farmers’ descendants or family will have opportunities to work in the plantation as well as having other career or do other businesses

Plants Uniformity
- Trees are uniformly planted and equally maintained according to best practices
- Efficient Operational Costs

Create Solidarities
- Better estate security
- Effective technical supervisions
- Equality among farmers

Higher income
- Higher FFB yield
- Much better quality FFB
- Farmers may work in the estates accordingly
- Partner company must buy FFB with the price determined by Provincial Government

Achieve yearly target of FFB production, and purchase guaranteed by partner company
Targeted Areas

Riau
1000 ha = 360 farmers

Jambi
100 ha = 40 farmers
Thank you