Building Sustainable Palm Oil Industry with Smallholders

“One to One Partnership Commitment”
CHALLENGES FOR SMALLHOLDERS

- Limited knowledge on sustainable practice
- Difficulties in selling the fruit without intermediaries
- Lack of access to financing facilities for plantation management purposes (including replanting)
- Limited access to obtain best quality seeds and other planting materials
Asian Agri
One to One Partnership Commitment
SMALLHOLDERS CONTRIBUTION IN ASIAN AGRI

- Company
- Plasma Smallholders
- Independent Smallholders

Per year

- 250,000 MT
- 500,000 MT
- 250,000 MT
In 1980–1990, The Indonesian Government launched the transmigration program to solve national issues:
1. Population density on Java Island
2. Unbalanced national socio-economic development
3. Poverty among rural communities
CHALLENGES IN PARTNERSHIP

Background
- Origin
- Education
- Age
- Lot Ownership Change
- Plasma Plantation Domicile

Infrastructure
- Road / Access
- Equipment
- Technology

Mindset
- FFB price comparison
- Mills around smallholders plantation
- Best practice will increase FFB price

Information
- Agronomy Knowledge
- Reference
Based on Founder’s philosophy, Asian Agri became a Pioneer in supporting The Indonesian Government Transmigration Program (PIR-TRANS) through The Plasma Smallholders program in 1987.

60,000 Ha of Plasma Smallholders land OR 40% of total Asian Agri managed plantation area.
**KEY SUCCESS FACTORS**

- **Foster and Manage Smallholders’ Plantations**
  Planting best quality seeds and implement best management practices

- **Managed by Dedicated Team**
  Deployed the best team to partner smallholders, including R&D team

- **Develop and Manage Cooperative Village Unit**
  To help smallholders in daily coordination and provide daily needs

- **Routine Accompaniment & Sustainable Development**
  Trained by experts who are master in their field

- **Fair and On-time Payment**
  Paying based on the price set by the government
IMPROVING SMALLHOLDERS INCOME

Source: PASPI (Palm Oil Agribusiness Strategic Policy Institute) 2014
ONE TO ONE PARTNERSHIP COMMITMENT

100,000 Ha : 100,000 Ha

Fostering partnership with smallholders to increase welfare as well as to ensure food security

The One to One Commitment will see us match each hectare of our own plantations with land owned by smallholders by the end of 2018.

We provide smallholders with training, assistance and modern equipment to help increase yields and earn sustainability certification.
Asian Agri Independent Smallholders Program began in 2012 in North Sumatra.

In April 2012, the partnership program reached to Riau Province.

The program continued to Jambi in March 2013 and keeps growing to date.
INDEPENDENT SMALLHOLDER PARTNERSHIP PROGRESS

2012
- North Sumatra: 1,168 HA
- Riau: 763 HA
- Jambi: 415 HA

2017
- North Sumatra: 13,498 HA
- Riau: 7,358 HA
- Jambi: 11,070 HA
WHO BENEFITS FROM THE ONE TO ONE PARTNERSHIP COMMITMENT

Smallholders
1. Increased yield
2. Higher income

Asian Agri
Traceability of supply chain

Environment
1. Increased sustainability
2. No new land clearance
3. Help smallholders earn sustainability certification

Economy
1. Higher production
2. Increased welfare
3. Development of local economy potential
The One to One commitment not only protects the traceability of palm oil, but also increases the capability of the smallholders to achieve optimum results.

**Negeri Lama**
- The First Independent smallholder empowerment project in 2012
- Growing from 1,169 ha to 5,097 ha
  - Involving 1,209 families

**Amanah**
- The First Independent smallholder association that received RSPO certificate
- Growing from 763 ha to 1,048 ha;
  - Involving 501 families

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WHERE WE ARE HEADING

Independent Smallholders
Plasma Smallholders
Owned by Asian Agri

2012 2013 2014 2015 2016 2017 2018
20,000 0 60,000 40,000 31,000 11,242 18,600

Area (Ha)

2,791 6,045 11,242 18,600 24,500 31,000 40,000

100,000 Ha

- Plasma Smallholders
- Independent Smallholders
- Owned by Asian Agri
The journey for smallholders to move toward sustainability requires support and assistance in multi-dimensional perspectives.

Intensification:
1. Better management through Assistance Program
2. Better Genetic through Planting

It starts from understanding the needs, engagement to build commitment and loyalty, education agriculture knowledge, facilitation of access to many aspects (from Off-taking the FFB, Fertilizer to Financing).

The idea of Sustainability would only be making sense to smallholders after certain level Welfare & Livelihood has been reached.
THANK YOU

www.asianagri.com