

A photograph of a person, likely a woman, carrying a large, heavy bundle of palm fruit (likely oil palm) on their shoulder. The bundle is made of many small, dark red, round fruits attached to a central stalk. The person is shirtless and has a focused expression. The background is a lush, green forest with various trees and foliage, suggesting a rural or agricultural setting. The lighting is bright, indicating it's daytime.

Market Transformation for Sustainable Products

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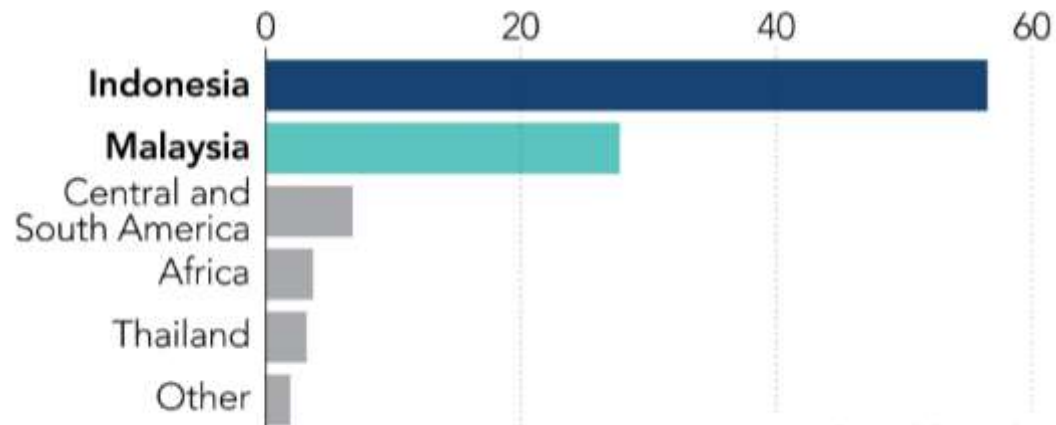


Overview: Production and Demand

<https://asia.nikkei.com/Spotlight/AsiaInsight/Palm-oil-Indonesia-and-Malaysia-push-back-as-EU-clamps-down>

Palm-producing countries and regions

Global production breakdown for 2018 (in percent)

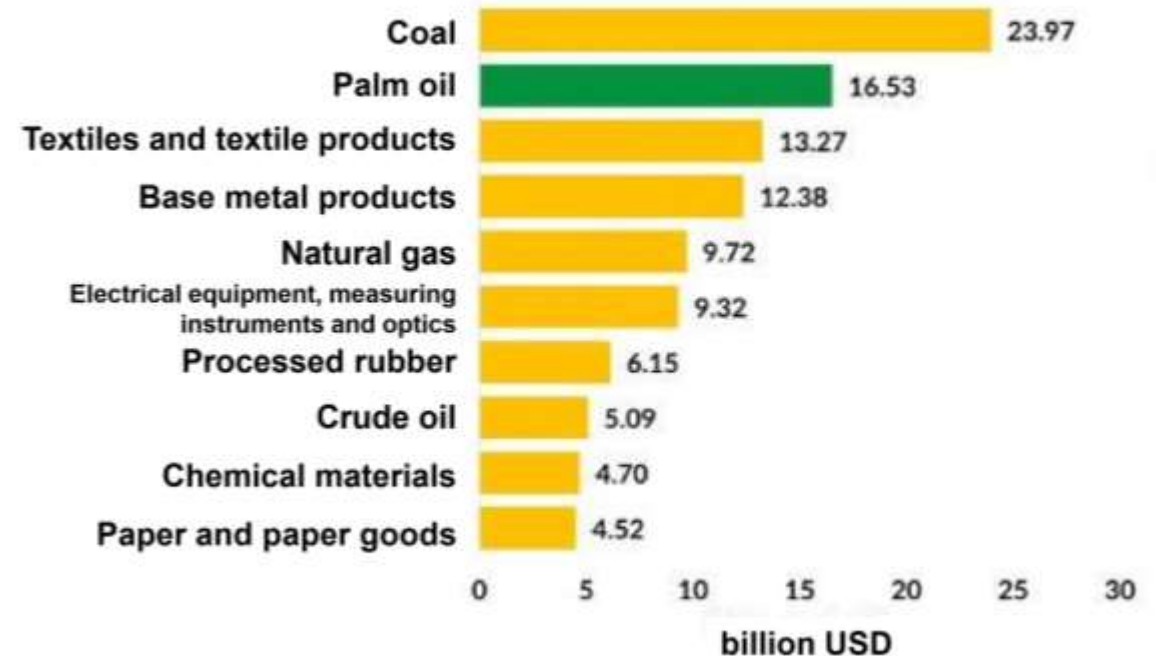


Source: Oil World, Ganling

- In the 3 years to 2018/19 world production skyrocketed by 18 Mn T.
- Consumption increased by 7.7 Mn T in 2018/19. (76.6 Mn T)
- Palm oil production contributes positively to most of the 17 objectives of the UN SDGs.

Source: ISTA Mielke GmbH, Oil World 2019.

National Biggest Export Commodity

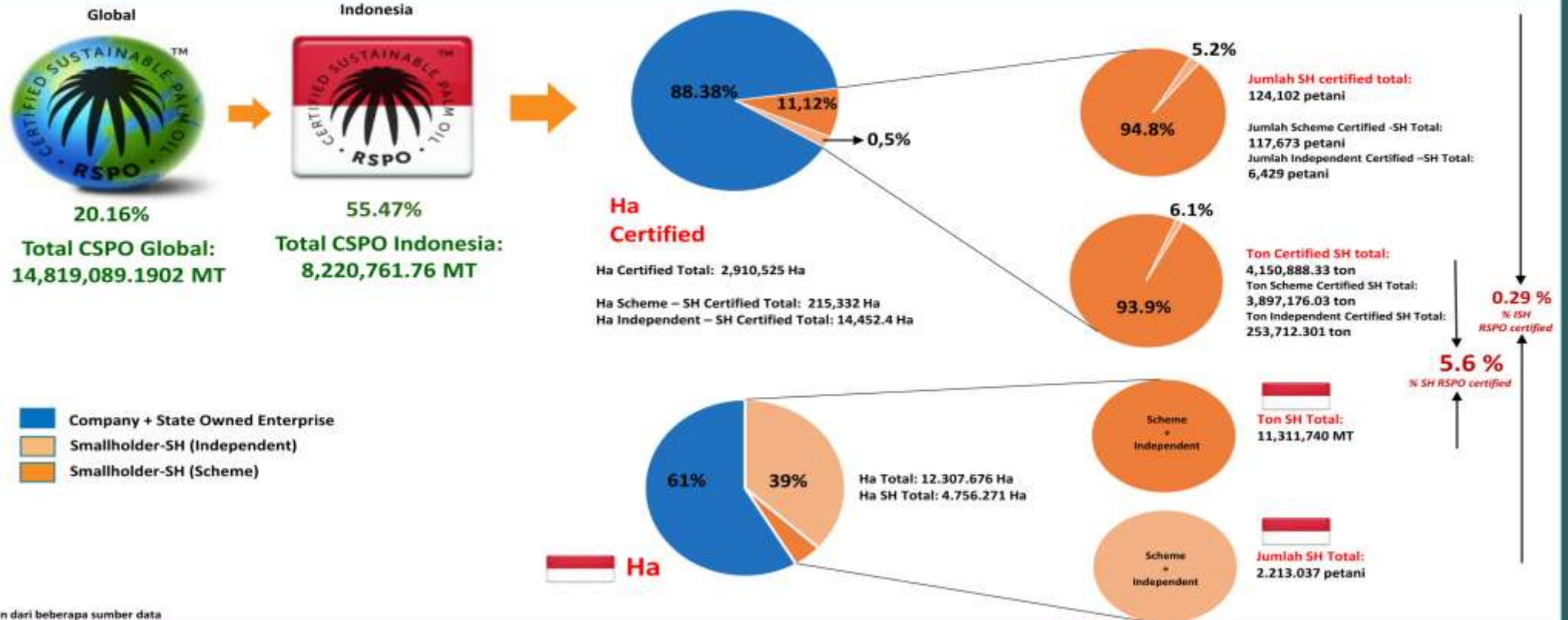


| Source: Bank Indonesia (2019, processed data)

Overview: Indonesia – Smallholder Production



Smallholders Status

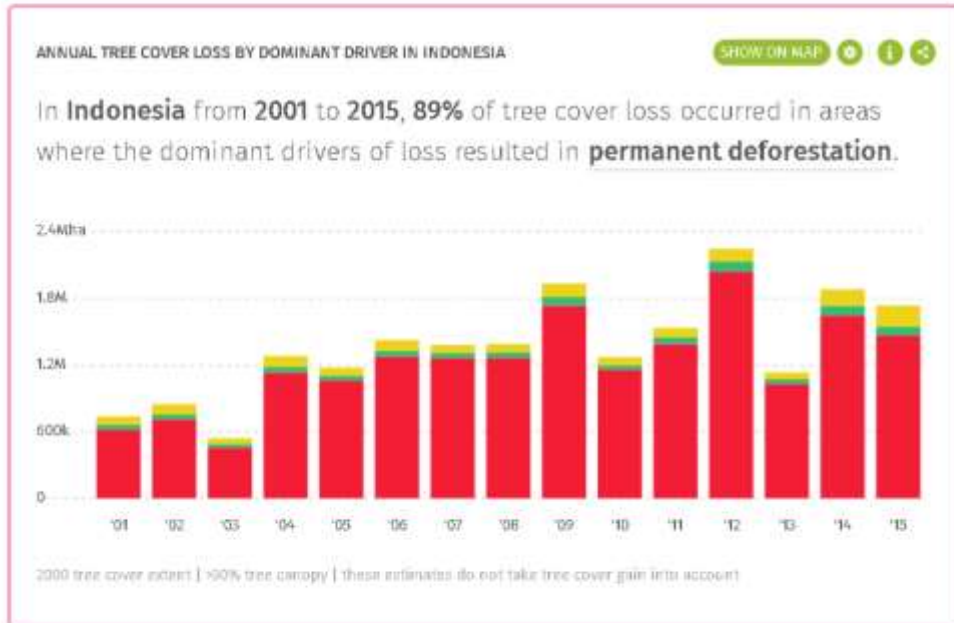


Overview:

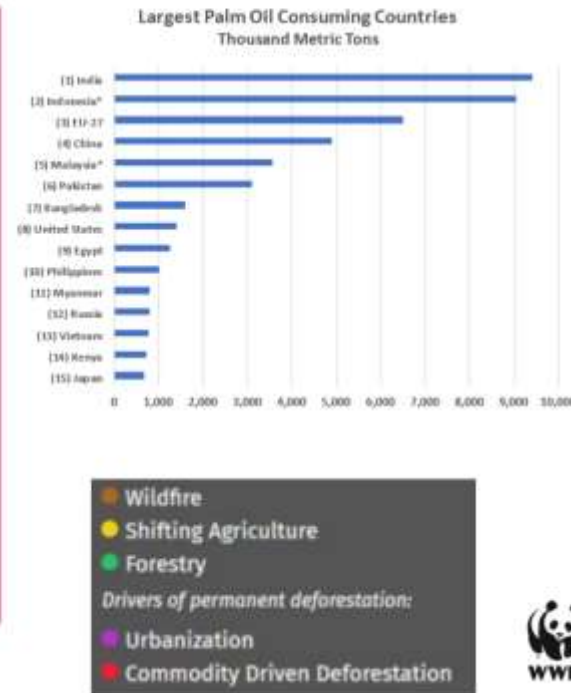
Treat and Challenges



Commodity Driven Deforestation is the Largest Threat to the Habitats & Climate



Source Global Forest Watch



Indonesia since 2001 until 2015, 89% of tree cover loss occurred in areas with the dominant drivers of loss resulted in permanent deforestation.

Currently Indonesia are first palm oil consuming in the world.

Forest and land fires are **INDONESIA** 857.756 Ha

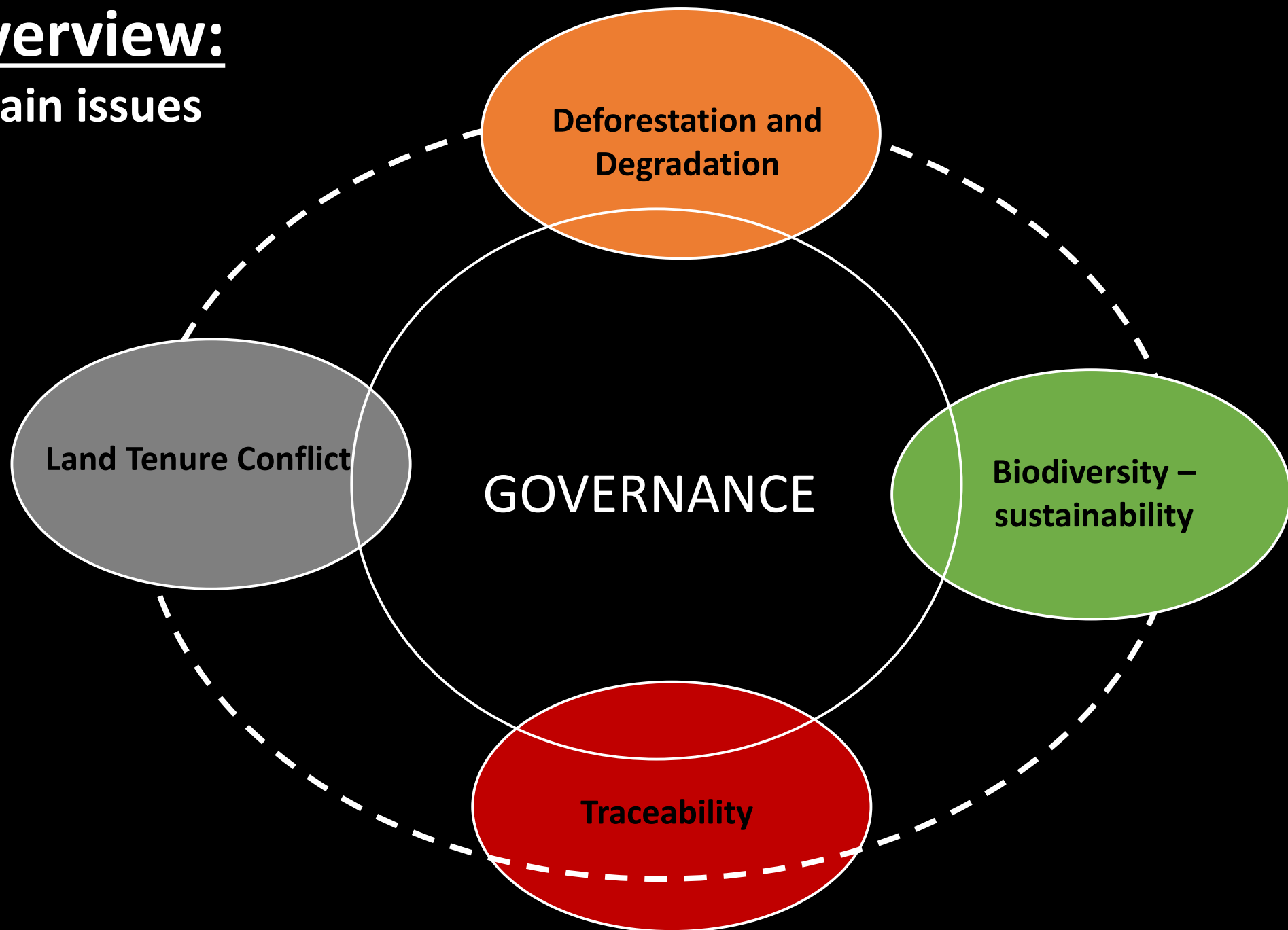
(Source: Ministry of Environment and Forestry of the Republic of Indonesia, October 2019)

Regulation to address;

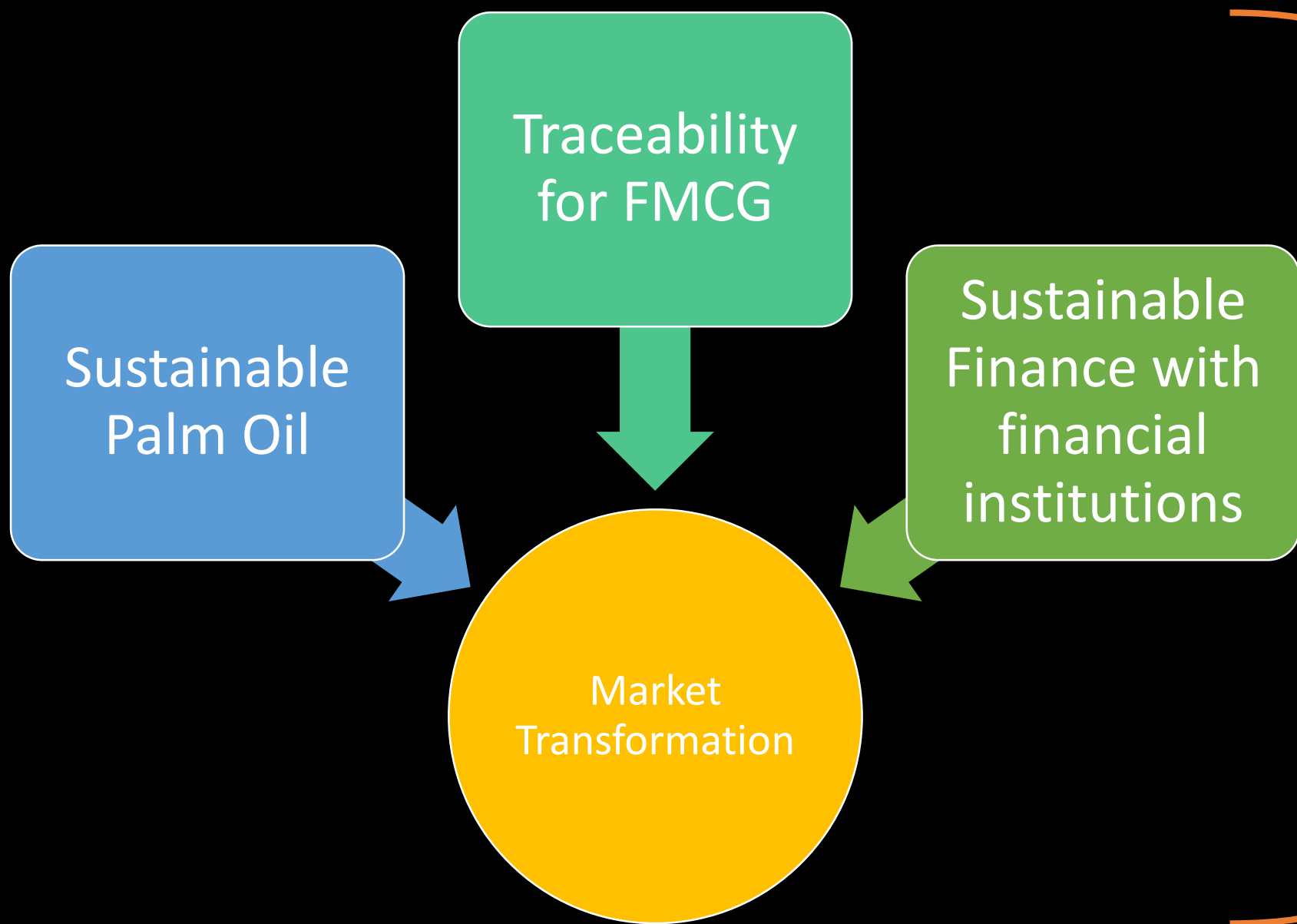
- Supplementary Regulation to UU No.32/2009
- Moratorium & Rehabilitation on Damaged Peat
- Fire Prevention through Cluster of Fire Free Villages Program

Overview:

Main issues



**TOWARD:
SUSTAINABILITY & TRANSFORMATION**



Jurisdictional landscape approach develop based on spatial and zonation – supporting and assistance with **government** (province and district level)

Incentive and disincentive related **ecological fiscal transfer** – scheme develop by Ministry of Finance | Fiscal Policy Agency

NDPE (No Deforestation, No Peatland, No Exploitation) Approach

No Deforestation, No Peat, No Exploitation Policy

No Deforestation



No development of High Carbon of High Carbon Stock (HCS) Forests



No development of High Conservation Value (HCV) Areas



No burning

No Development on Peat



Progressively reduce greenhouse gas (GHG) emissions on existing plantations



Best Management Practices for existing plantations on peat



Where feasible, explore options for peat restoration by working with expert stakeholders and communities

No Exploitation of People and Local Communities



Respect and recognise the rights of all workers including contract, temporary and migrant workers



Facilitate the inclusion of smallholders into the supply chain

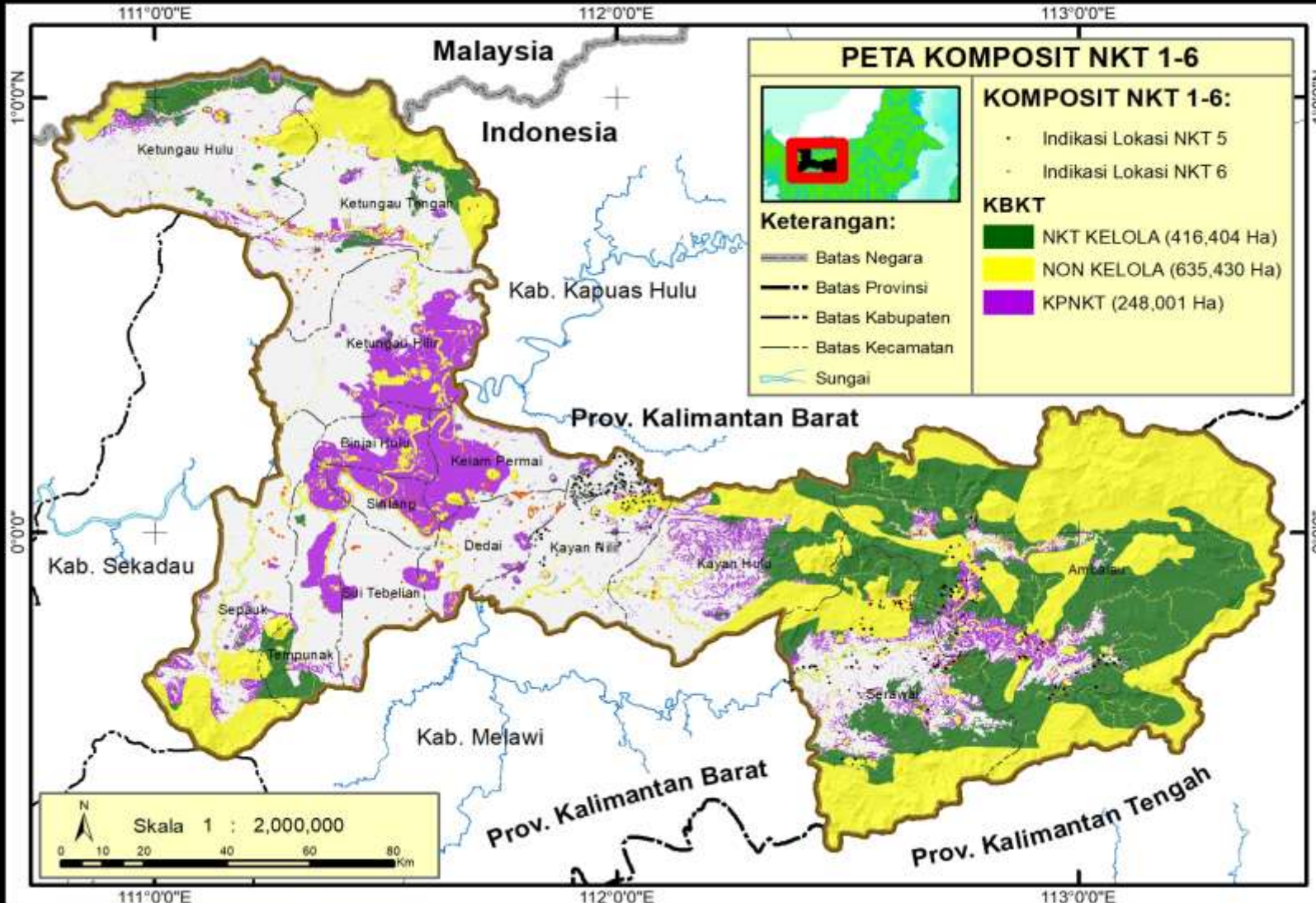


Free, Prior and Informed Consent (FPIC) from indigenous and local communities to operations on lands to which they hold legal, communal or customary rights



Resolve all complaints and conflicts through an open, transparent and consultative process

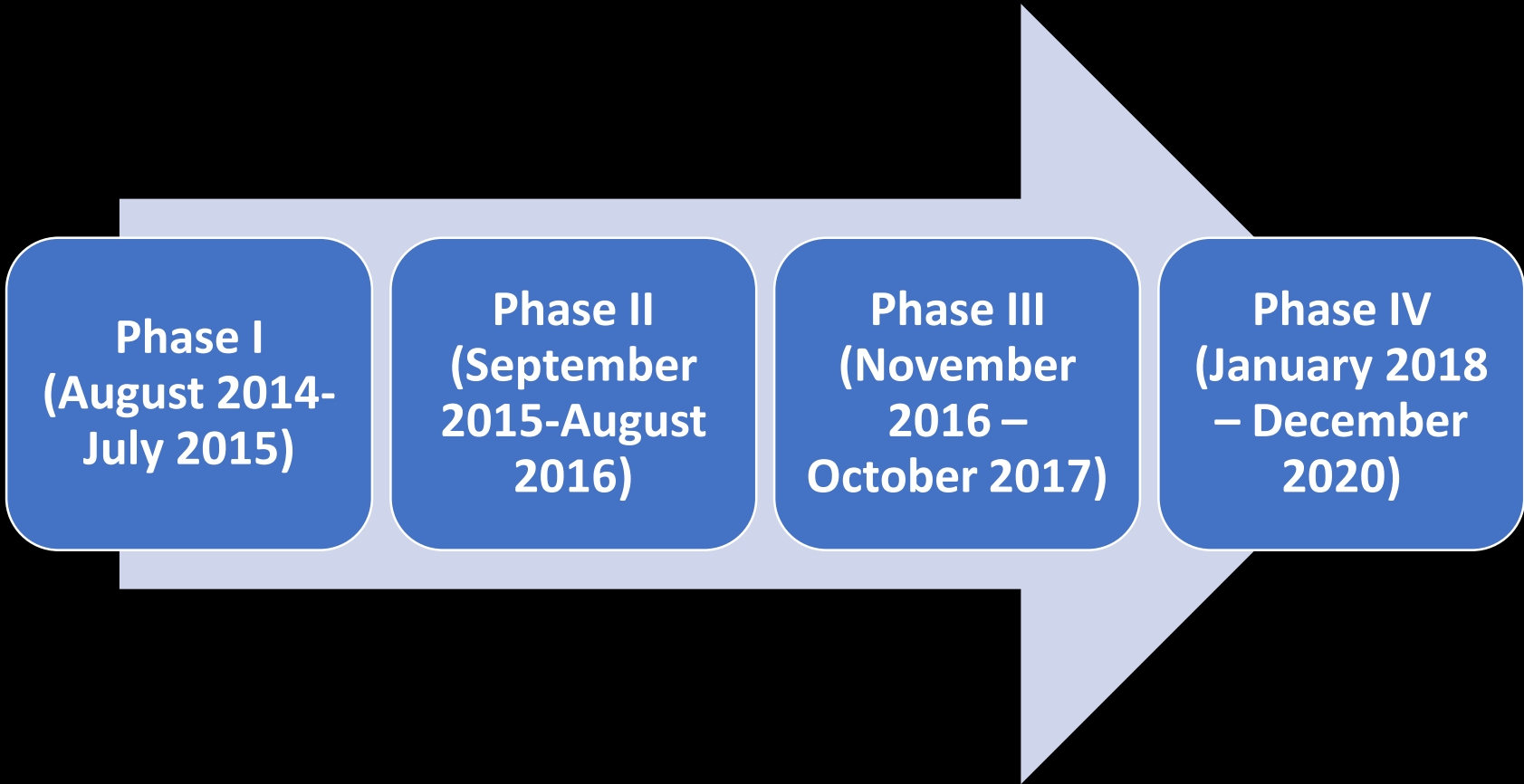
Production: Landscape – smallholder



- Sustainable Palm Oil Forum in Sintang District; Established by Bupati Decision Nomor 525/305/KEP-DISTANBUN/2018
- District Action Plan for Sustainable Palm Oil in Sintang District; Established by Bupati Regulation Nomor 87 Tahun 2018
- There are 408 Independent Smallholders mentoring with 828,7 ha Oil Palm Plantation in 3 Villages
- HCV assessment and Critical Land Areas | Forest Resources Assessment – references to Develop Sintang District Plantation Master Plan.
- Task force for sustainable palm oil
- Collaboration with key stakeholders: district government, private sector, NGO, CSO and CBO

Experience HSBC and WWF Indonesia on Palm Oil Program:

Toward Certification – Strengthening the role of smallholder farmers in implementing sustainable oil palm practices in Sintang District.



- Focus on supporting independent smallholders capacity building to:**
- implement GAP (Good Agriculture Practices)
 - institutional group farmers strengthening ,
 - conditioning for certification RSPO/ISPO,
 - access to market with fair price, and
 - managerial aspect including micro finance management

Experience HSBC and WWF Indonesia on Palm Oil Program:



Phase I (2014-2015):

- Baseline
- Approach selected farmers and starting establish institutional farmers
- Starting ToT GAP



Phase II (2015-2016):

- Serial GAP and BMP trainings (ICS, mapping, HCV, no burn system, micro finance management)
- Conduct land mapping by farmers
- Introduce RSPO system

Phase III (2016-2017):

- Continuing serial of ToT for farmer
- Strengthening of farmer group management
- Identify alternative commodities beside palm oil for farmers adding income. Those commodities are rubber, chicken; banana and guava

Phase IV (2018-2020):

- Empowering independent smallholder oil palm farmers to obtaining RSPO and/or ISPO Certification.
- Develop business plans on the identified alternative source of income from husbandry, aquaculture, agriculture mixed and crops.
- Building market linkages for the identified alternative source of income.
- Successful conduct link market direct to mills, under partnership MoU

Experience HSBC and WWF Indonesia on Palm Oil Program:
Coaching and Assistance of smallholder at Sintang toward implementation GAP and RSPO Certification



Figure 5. Farmers from West Kalimantan learning and following the documents verification process against the standar operating procedures (SOP) of Amanah Assocation.



2019-2

Head of Bappeda of Sintang District provides feedback on FGD of Identification of the Formal Working Group on Oil Palm Sector at Ladja Hotel, Sintang.



Joseph C Sibirian gave explanation to the cooperative members about the main tree of oil palm seeds in PPKS Parindu Substation.



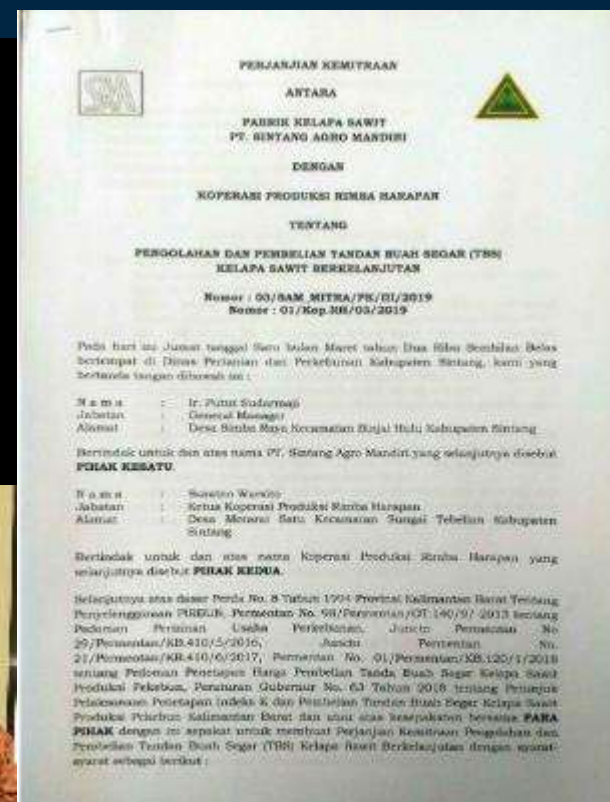


Experience HSBC and WWF Indonesia on Palm Oil Program:



Initiative to create market link
 Rimba Harapan to mills PT SINTANG
 AGRO MANDIRI at Sintang through
 partnership government program

(Signing of MoU TBS supply for 10
 years contract 2018-2027)





Experience HSBC and WWF Indonesia on Palm Oil Program:

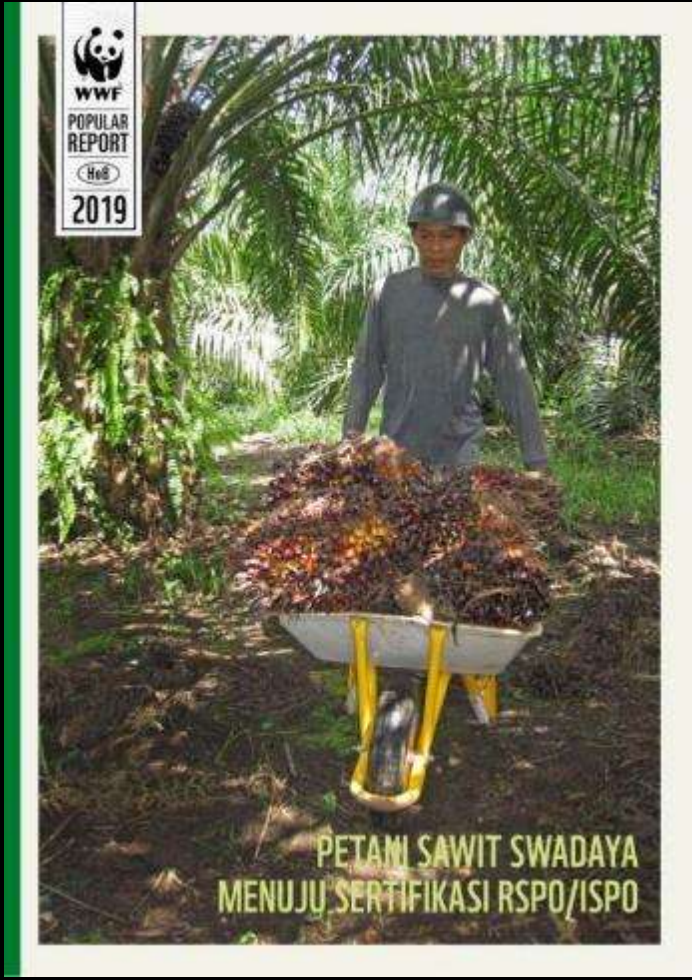
Media Coverage:

https://www.instagram.com/p/Bvko36cHQTP/?utm_source=ig_share_sheet&igshid=1pzivfpj4kqw3

<http://www.kapuaspost.co.id/2019/03/28/kemitraan-pertama-antara-koperasi-sawit-swadaya-dengan-perusahaan/>

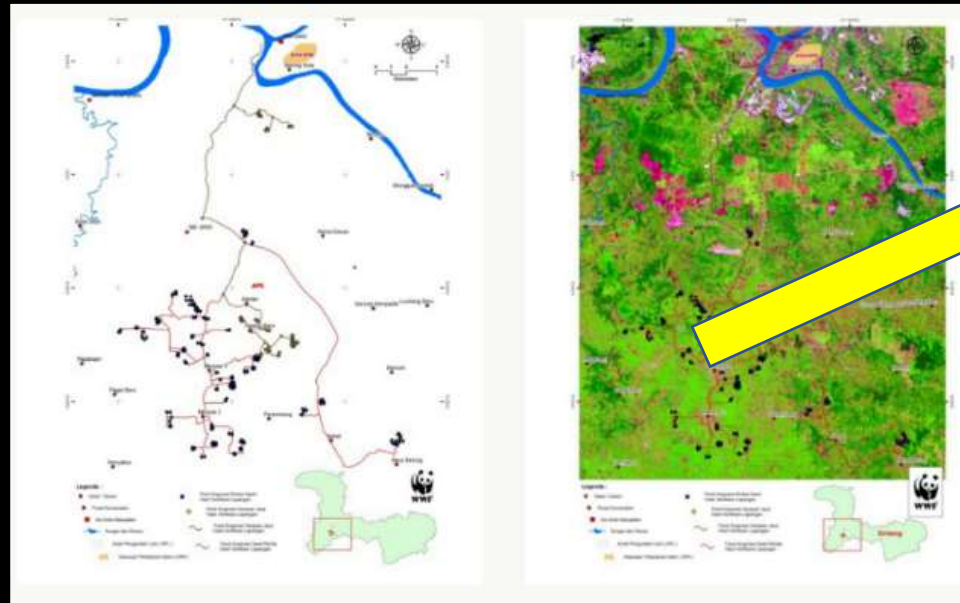
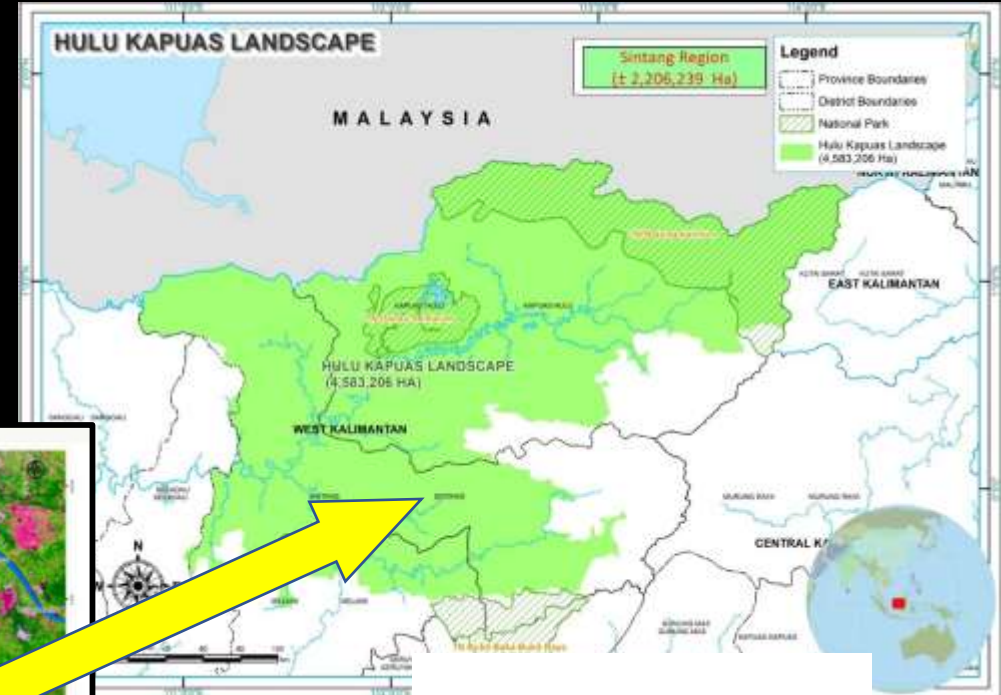
<http://m.rri.co.id/post/berita/654836/daerah/koperasi-rimba-harapan-jalin-kerjasama-dengan-pt-sam.html>

<http://www.detiksaga.com/2019/03/29/koperasi-rimba-harapan-kerjasama-penyaluran-tbs-dengan-pt-sam/>



Plan for RSPO Certification on Rimba Harapan Community Group in 2020, First Group.

No	ESTATE	Jlh Petani	Jlh Areal	Alamat
1.	Rimba Sawit Estate	23	35,14	Merarai Satu
2.	Sapta Mandiri Estate	26	35,12	Merarai Dua
3.	Harapan Baru Estate	13	20,04	Kajang Baru
4.	Sumber Rejeki Estate	20	24,97	Kenyabur Baru
5.	Berkah Mandiri Estate	15	33,59	Perembang
6.	Tunas Mandiri Estate	8	22,3	Repak Sari
Jumlah		105	171.16	



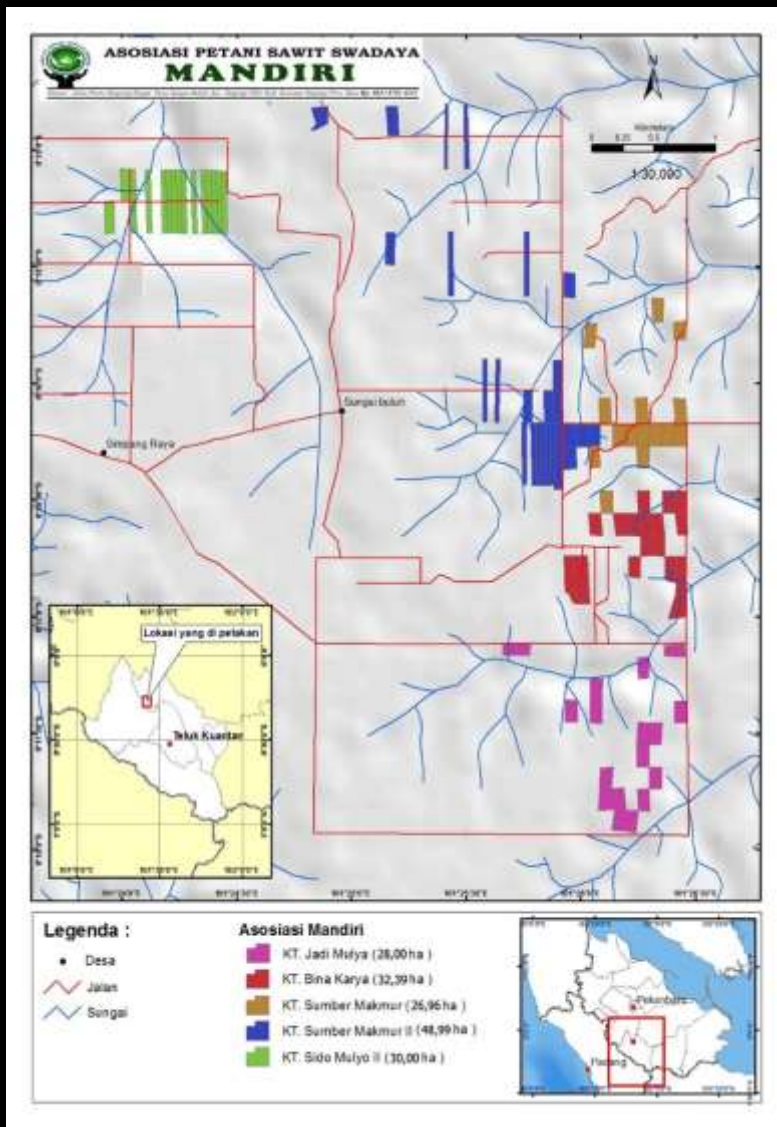
Others Main Activity in Rimba Harapan Group Community at Sintang.....

Developing for alternative sources of livelihood for community daily cash money income

1. Layer chicken (Ayam Petelur)
2. Planting Guava Cristal trees
3. Boilers chicken (Ayam pedaging)
4. Planting, maintenance and rubber tapping



Others experience with assistance independent smallholder in Kuansing District, Riau Province :



To promote sustainable palm oil, and reducing encroachment for palm oil plantation in illegal land area. Kuansing District, Riau Province is connecting areas for Natural Forest and conservation – protection forest. The areas also corridor for flagship species; Tiger and Elephant

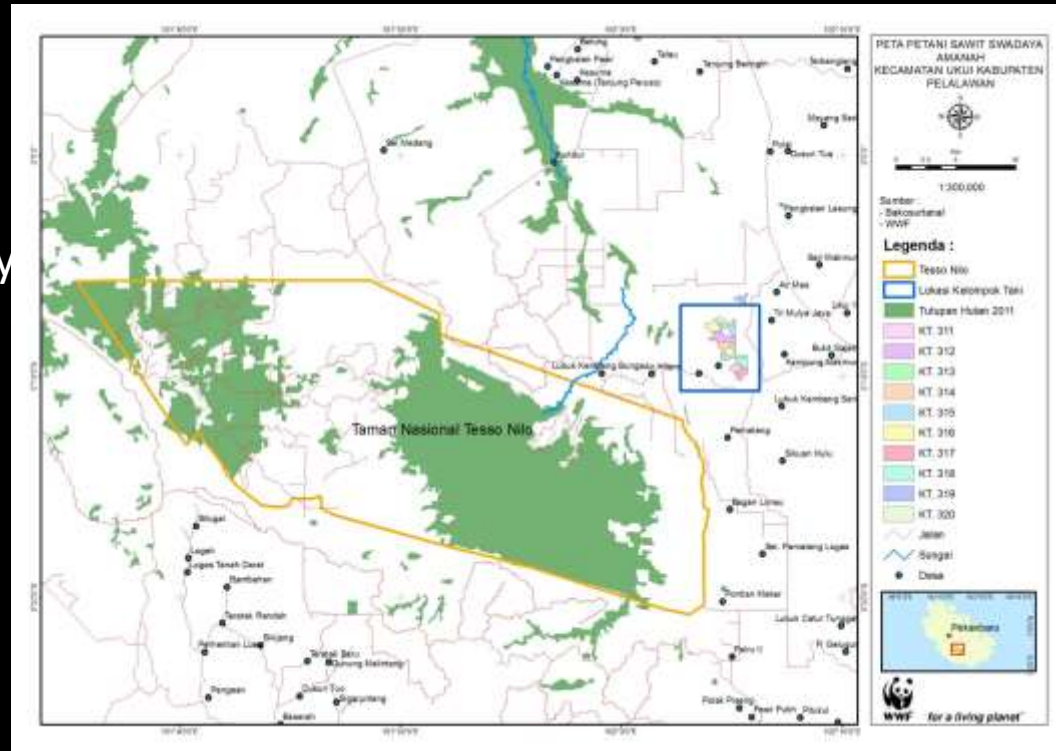
- Mandiri Association (independent smallholder organization) -- become first independent smallholder organization RSPO certified in 2016.
- Member group is 76 farmer managed areas in 166,33 ha
- RSPO certified on September 2019, audited by TUV Rheinland

AMANAH Association at Tesso Nilo, Riau:

Others experience with assistance independent smallholder



To promote sustainable palm oil, and reducing encroachment for palm oil plantation in illegal land area. In 2012, WWF make pilot project to assist and give capacity building for independent smallholder to do good agriculture practice, good on organization and produce sustainable palm oil by RSPO scheme near from Tesso Nilo National Park in Pelalawan District, Riau Province.



- Amanah Association (independent smallholder organization) : become first independent smallholder organization RSPO certified in 2013.
- 2013-> 349 farmer, 763 Hectare RSPO certified.
- 2015-now-> 500 farmer, 1000 hectare RSPO certified.
- 2017,-> 318 farmer are ISPO certified.

Lesson Learn & Replication from Existing Program regarding supporting independent smallholders :

- Independent smallholders has limited to access finance institution that they need to capital for growth their palm tree.
- Collaboration with many stakeholders need to conduct (with local government, mills, fertilizer trader/company, finance institution) that ensure smallholders can survive with efficiency and productive ways to manage their plantation

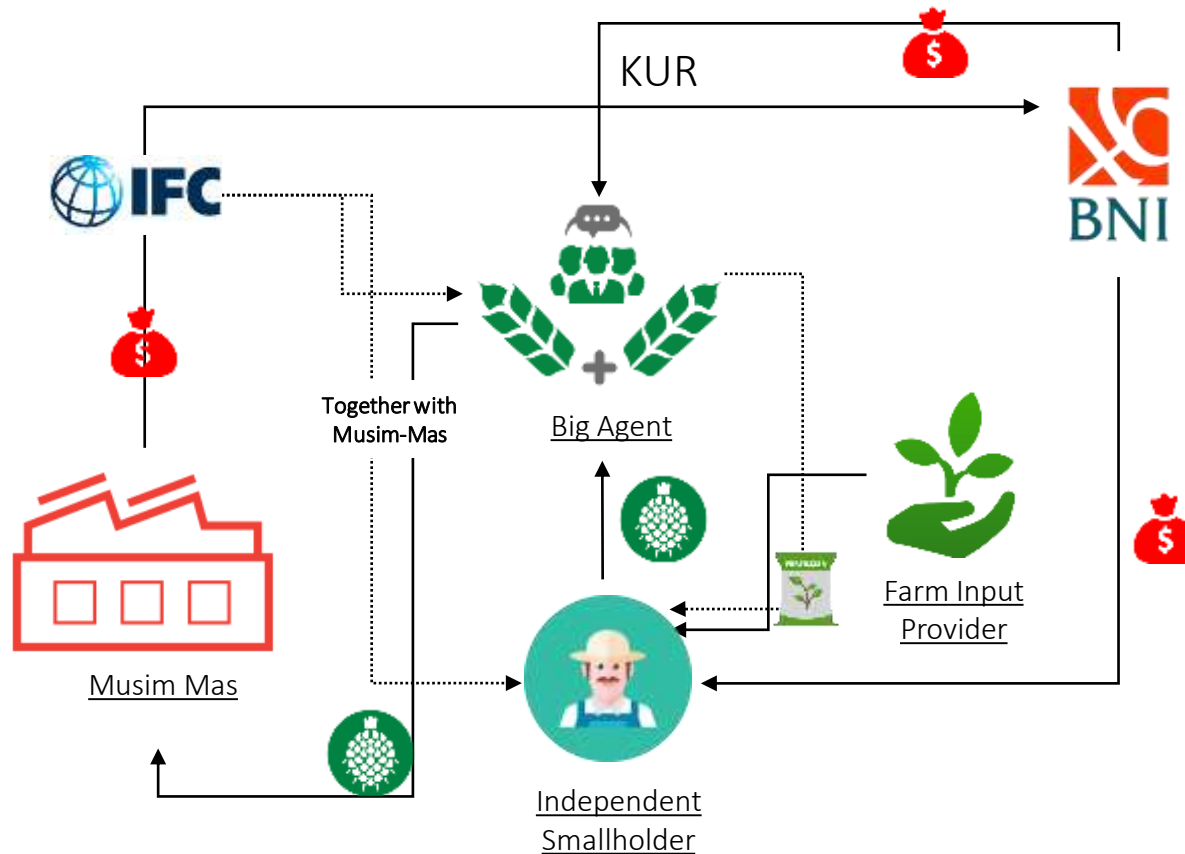




Independent Smallholder Proposed Financing Scheme

Alternative 1 (Working Capital-KUR) Examples of IFC – Musim Mas

In 2016, IFC targets 20,000 independent smallholders to receive working capital financing from BNI, where IFC together with Musim Mas provides the baseline study of eligible farmers to have access to market, knowledge, and finance. BNI disburses loan through big agent or directly to bigger scale of independent using KUR approach and standard (subsidized interest rate and collateral pledge for certain amount of loan). IFC also monitor the impact of the initiatives with income and productivity of the farmers as parameters to focus.



Cash Line:

Independent smallholder will receive financing in a form of fertilizer from big agent or cash for bigger scale of farmer. BNI received its repayment through escrow account of big agent from Musim mas payment of FFB

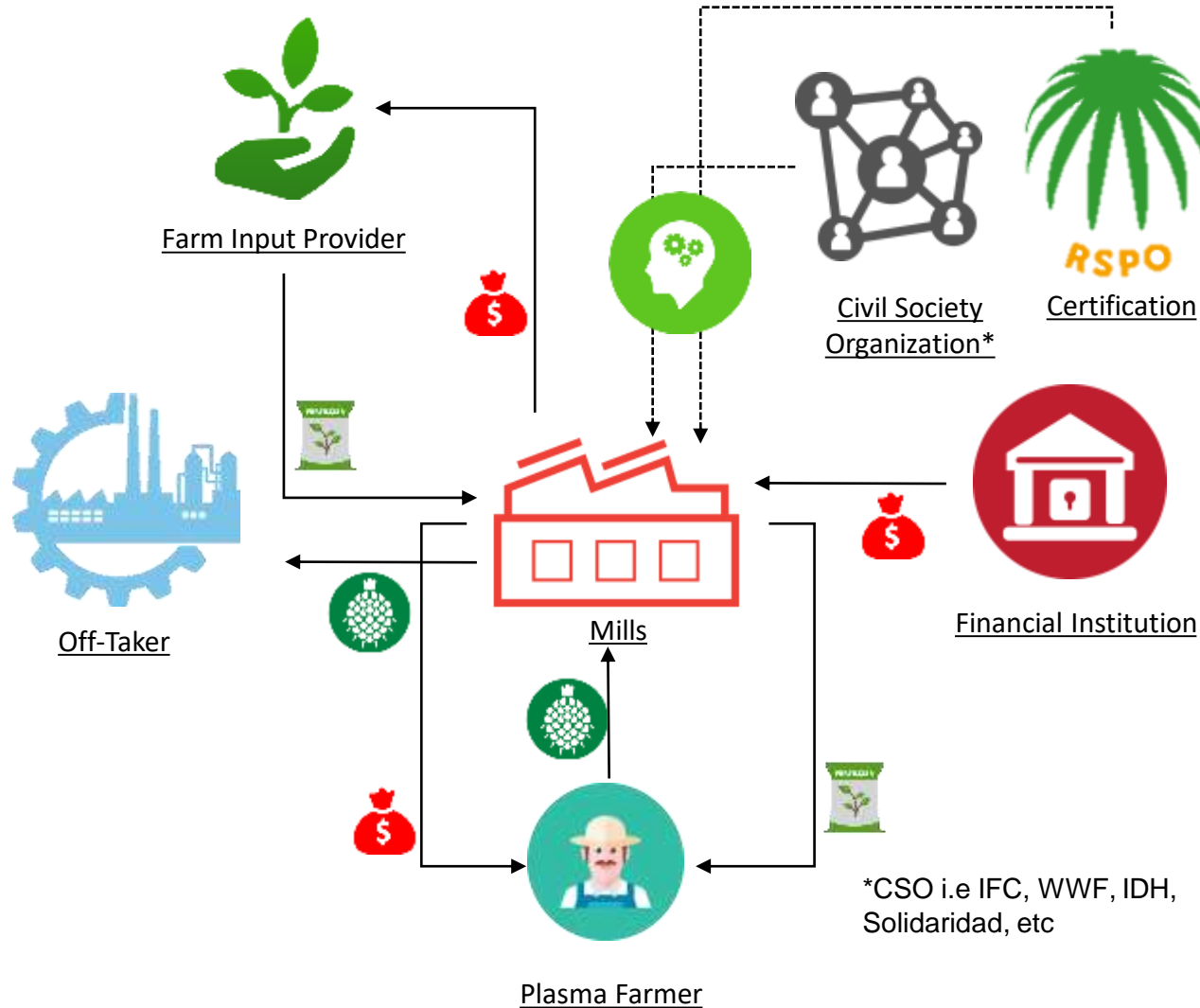
FFB Line:

Big agent collects FFB from independent smallholder to be further distributed to mills

Capacity Building:

Musim mas and IFC in collaboration to provide GAP and BMP training to farmers

Off-Taker Proposed Financing Scheme



Cash Line:

Financial Institution disburse financing for mills to buy farm input. Proceed payment to plasma farmer for FFB. Payment from off-taker received by mills for bank repayment

FFB Line:

Mills collect FFB from plasma farmer to be further distributed to the off-taker

Capacity Building:

Mills are expected to give capacity building for GAP and BMP towards Plasma farmer. CSO knowledge to mill for sustainable practice

Certification:

Mills are required to meet the 7 principals in Prosperity, People and Planet



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