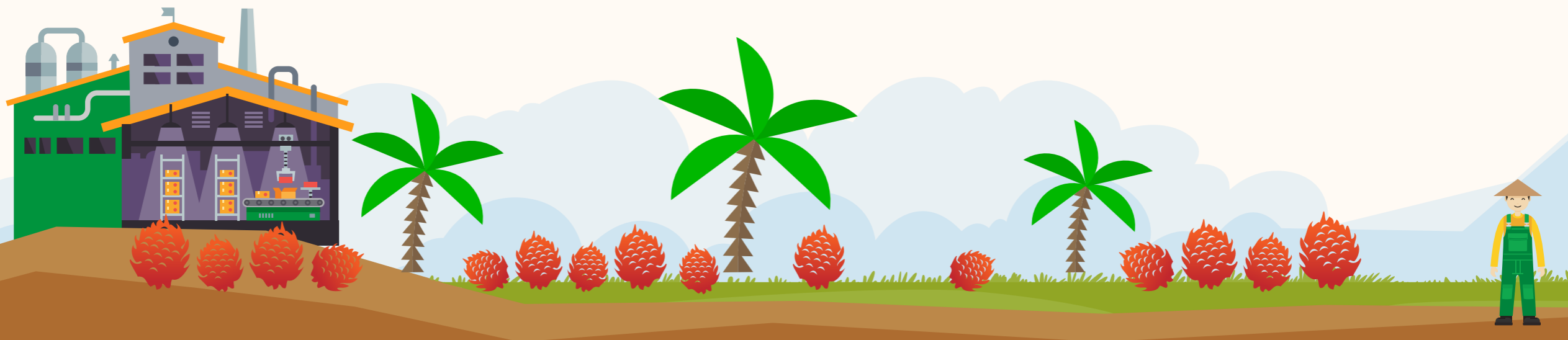


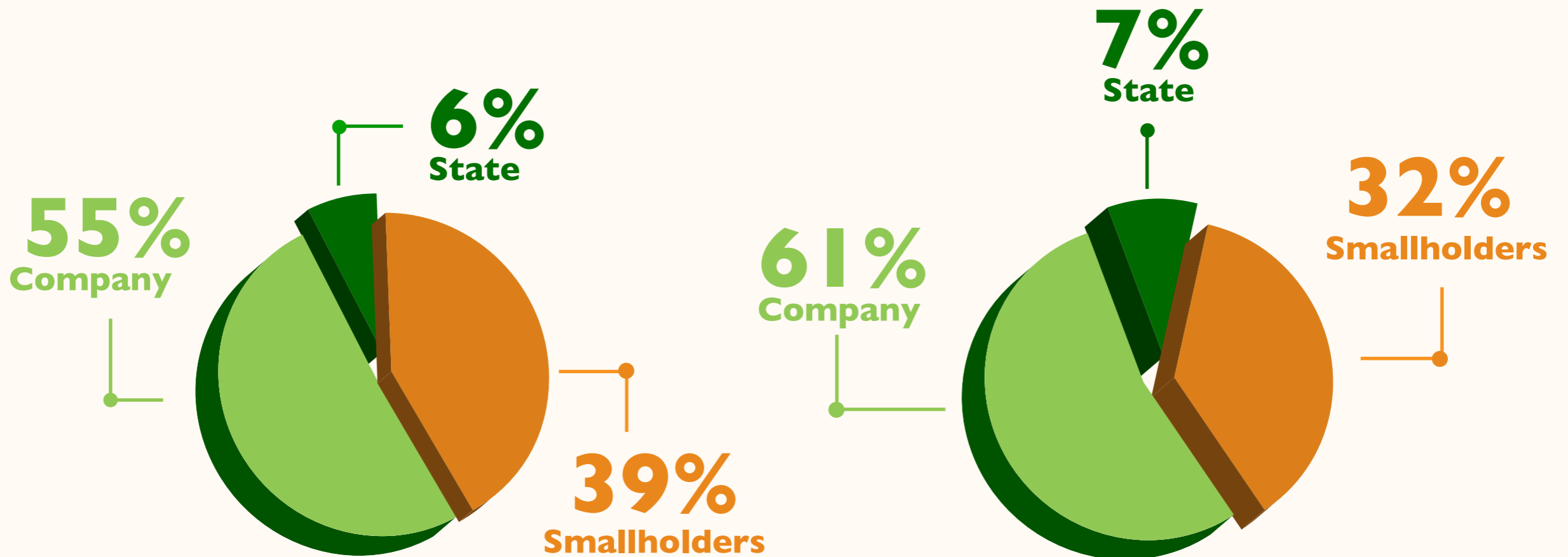


Building Sustainable Palm Oil Industry with Smallholders

“One to One Partnership Commitment”



NATIONAL SMALLHOLDERS CONTRIBUTION



Land

Palm Oil
Production



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)

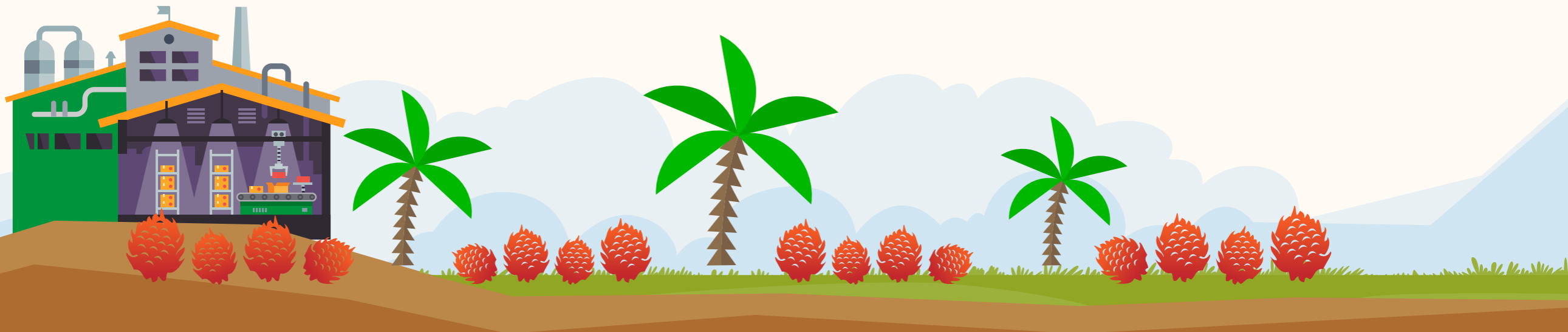
Limited access to obtain best quality seeds and other planting materials



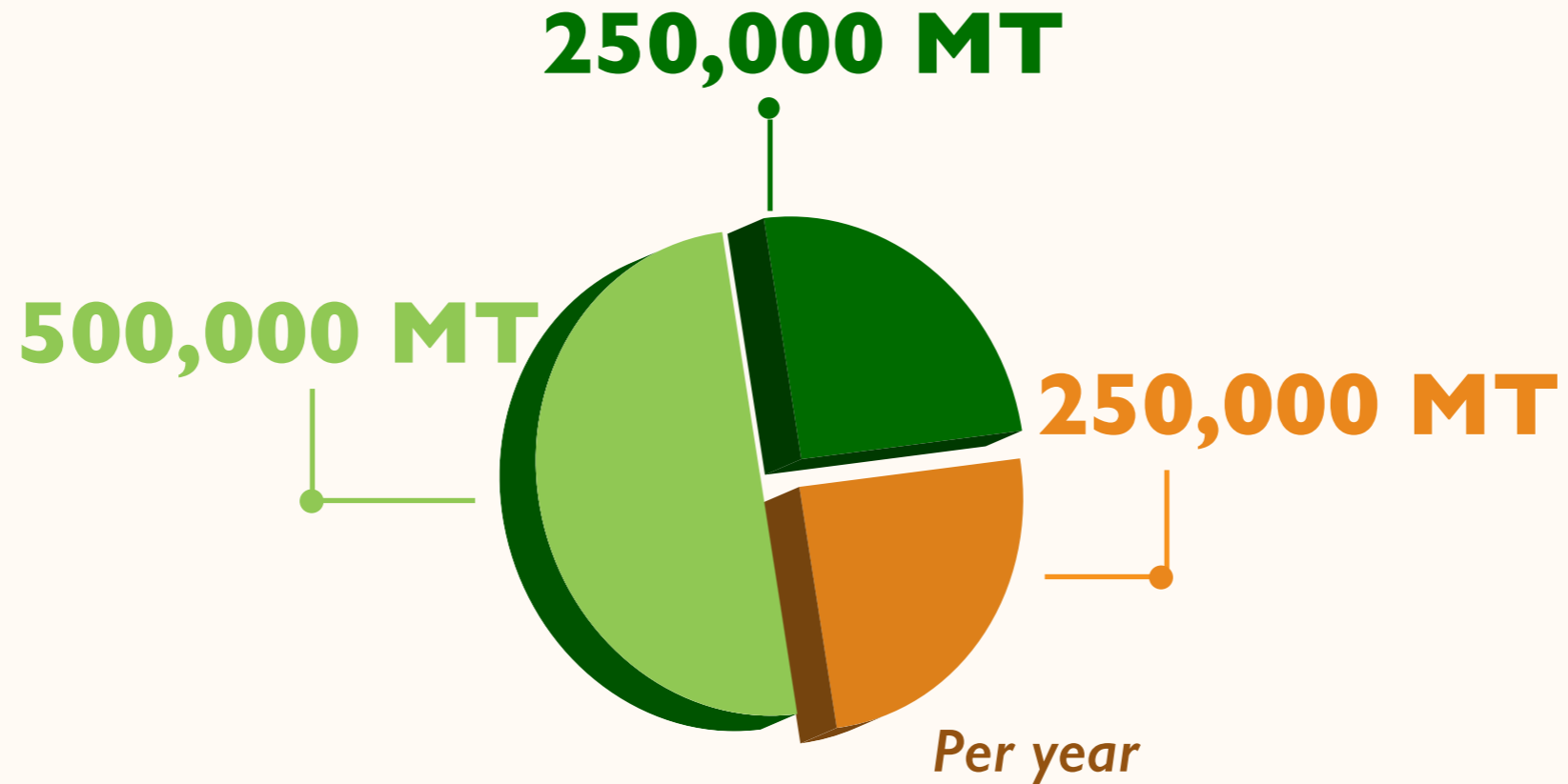


Asian Agri

One to One Partnership Commitment



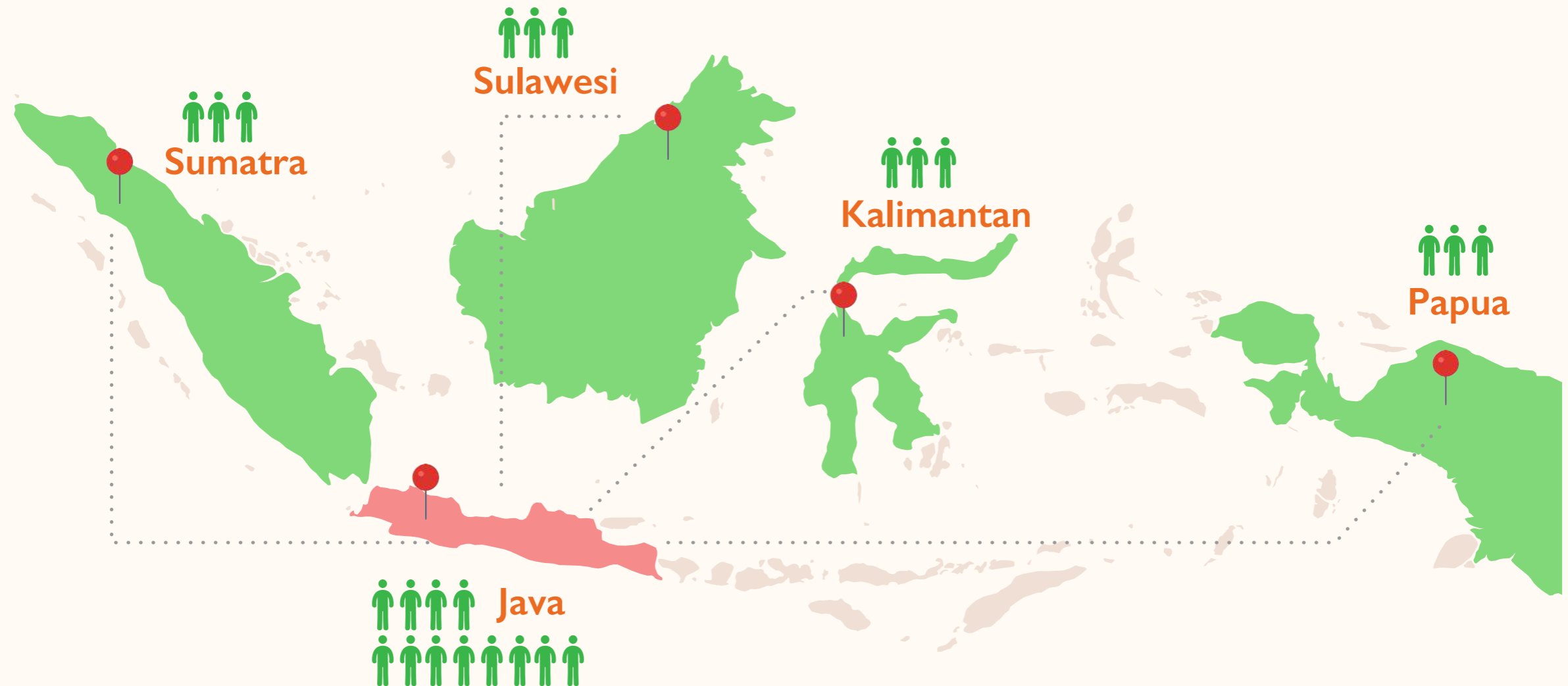
SMALLHOLDERS CONTRIBUTION IN ASIAN AGRI



- **Company**
- **Plasma Smallholders**
- **Independent Smallholders**



SMALLHOLDER PARTNERSHIP BACKGROUND



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 Lot Ownership Change
Education Plasma Plantation Domicile
Age



Infrastructure

Road / Access
Equipment
Technology



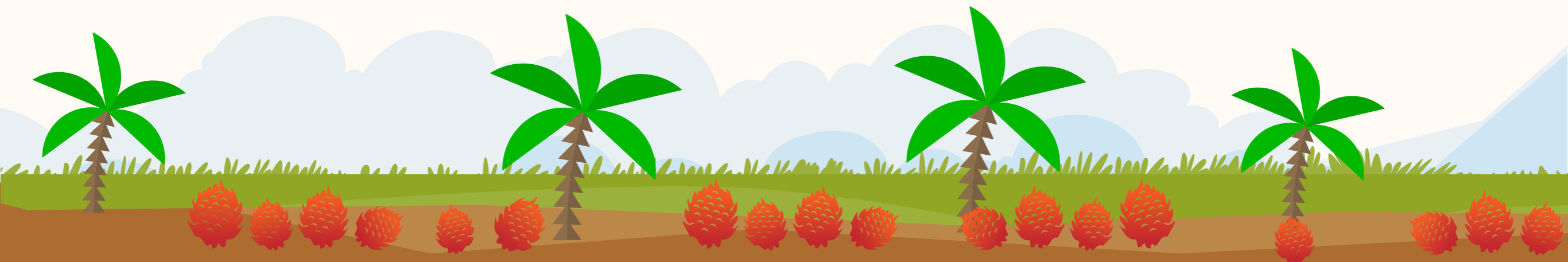
Mindset

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



Information

Agronomy Knowledge
Reference





PIONEER OF PARTNERSHIP PROGRAM



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



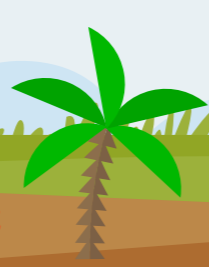
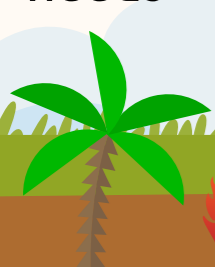
Routine Accompaniment & Sustainable Development

Trained by experts who are master
in their field

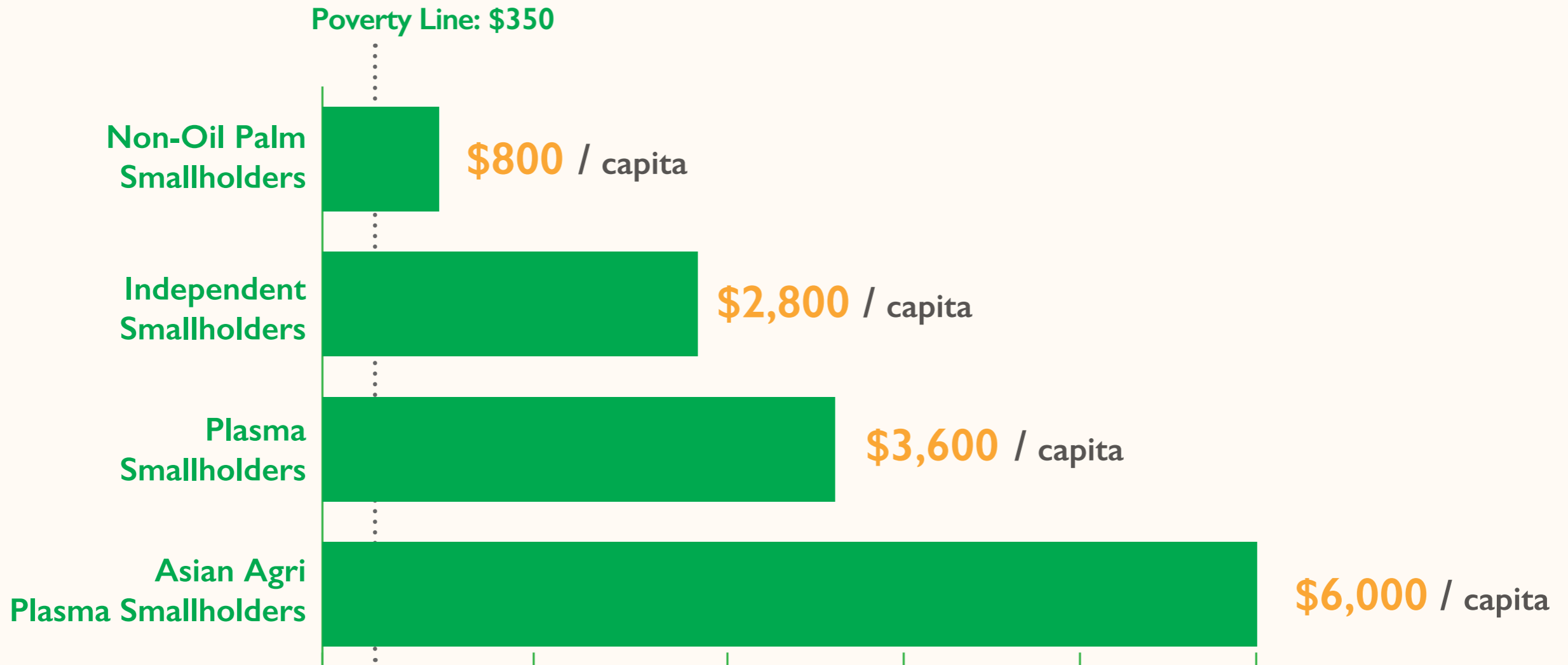
BUY FAIR BE FAIR

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

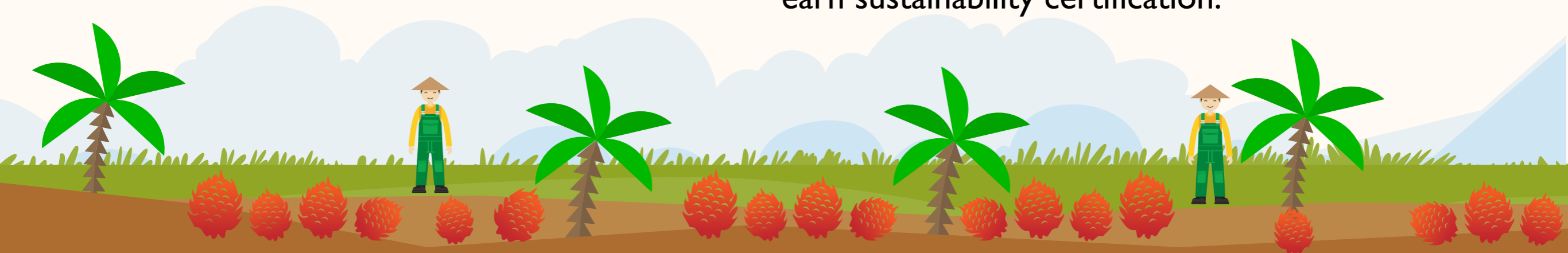
The One to One Commitment will see us match each hectare of our own plantations with land owned by smallholders by the end of 2018.

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



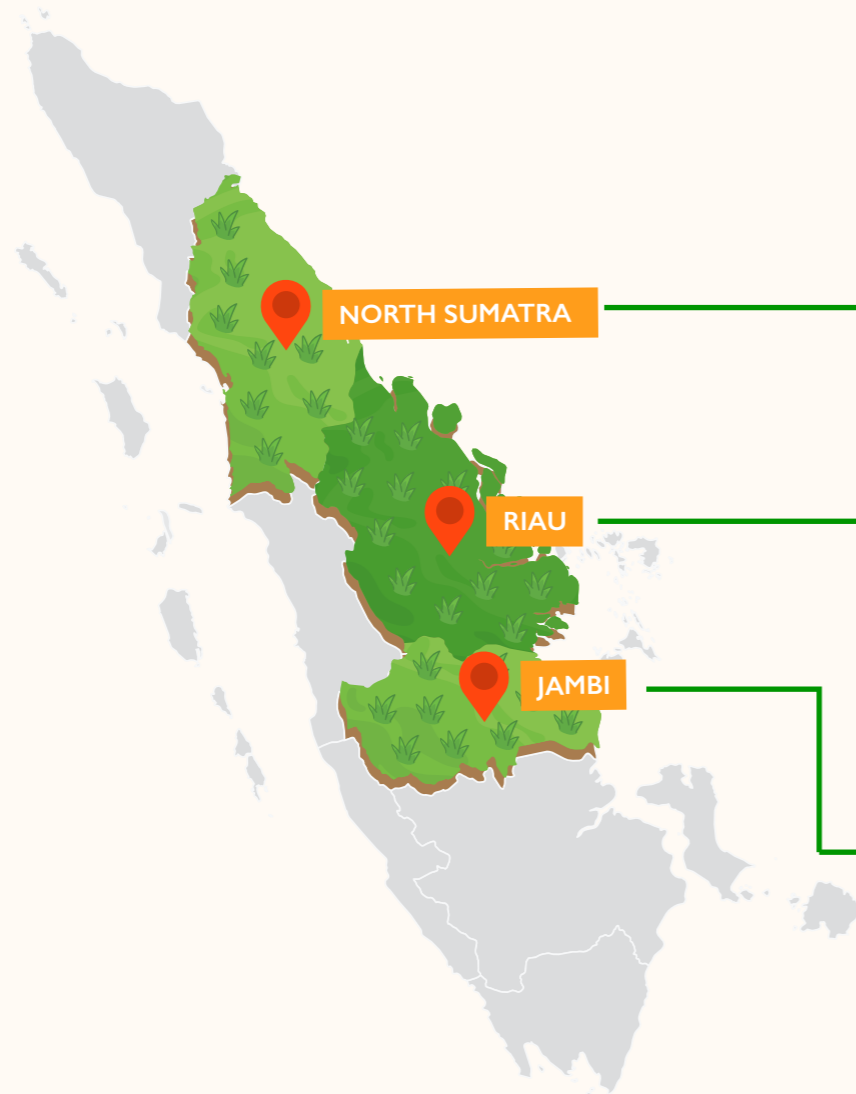
ISPO

We provide smallholders with training, assistance and modern equipment to help increase yields and earn sustainability certification.





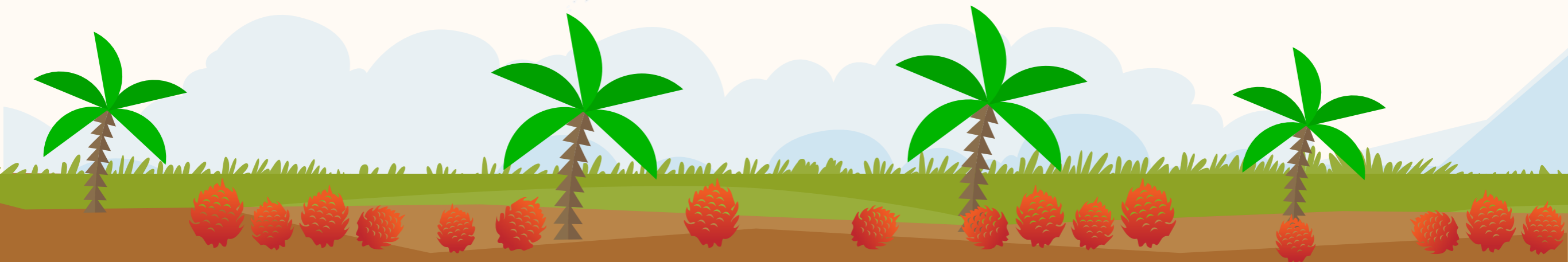
INDEPENDENT SMALLHOLDER PARTNERSHIP PROGRAM



Asian Agri Independent Smallholders Program began in 2012 in North Sumatra

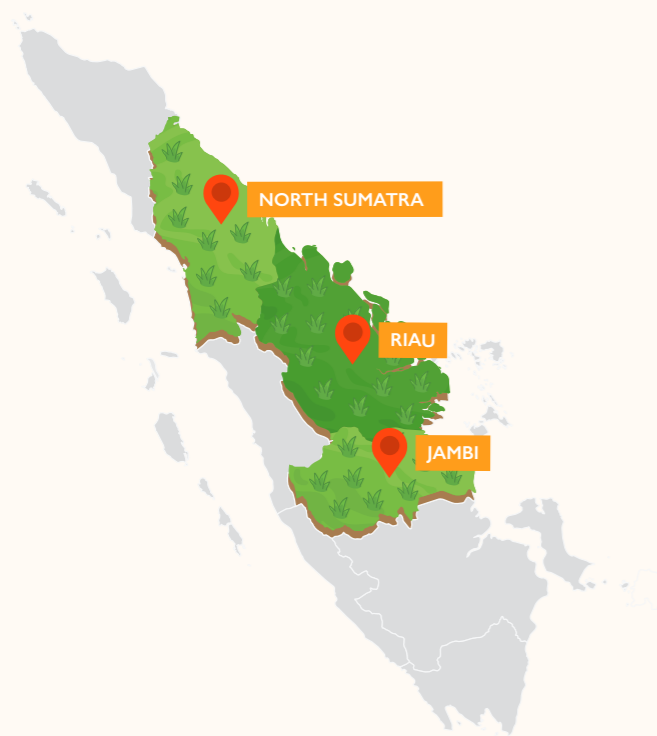
In April 2012, the partnership program reached to Riau Province

The program continued to Jambi in March 2013 and keeps growing to date



INDEPENDENT SMALLHOLDER PARTNERSHIP PROGRESS

2012

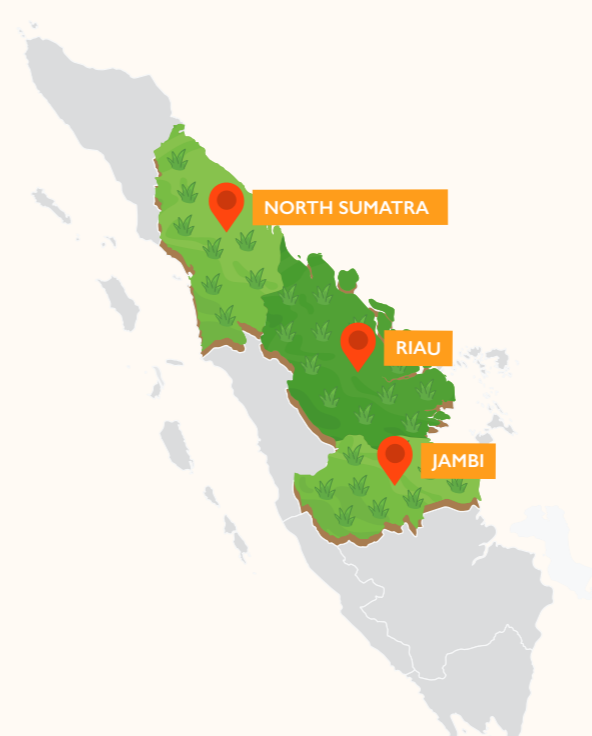


North Sumatra
1,168 HA

Riau
763 HA

Jambi
-

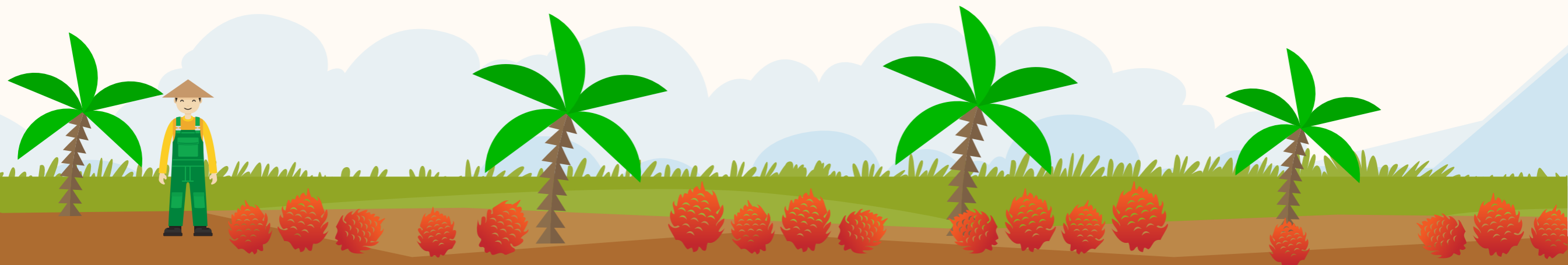
2017



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

Environment

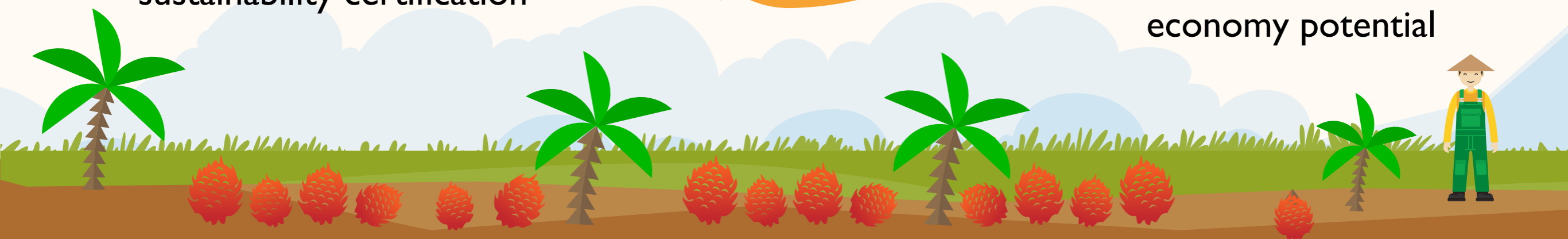
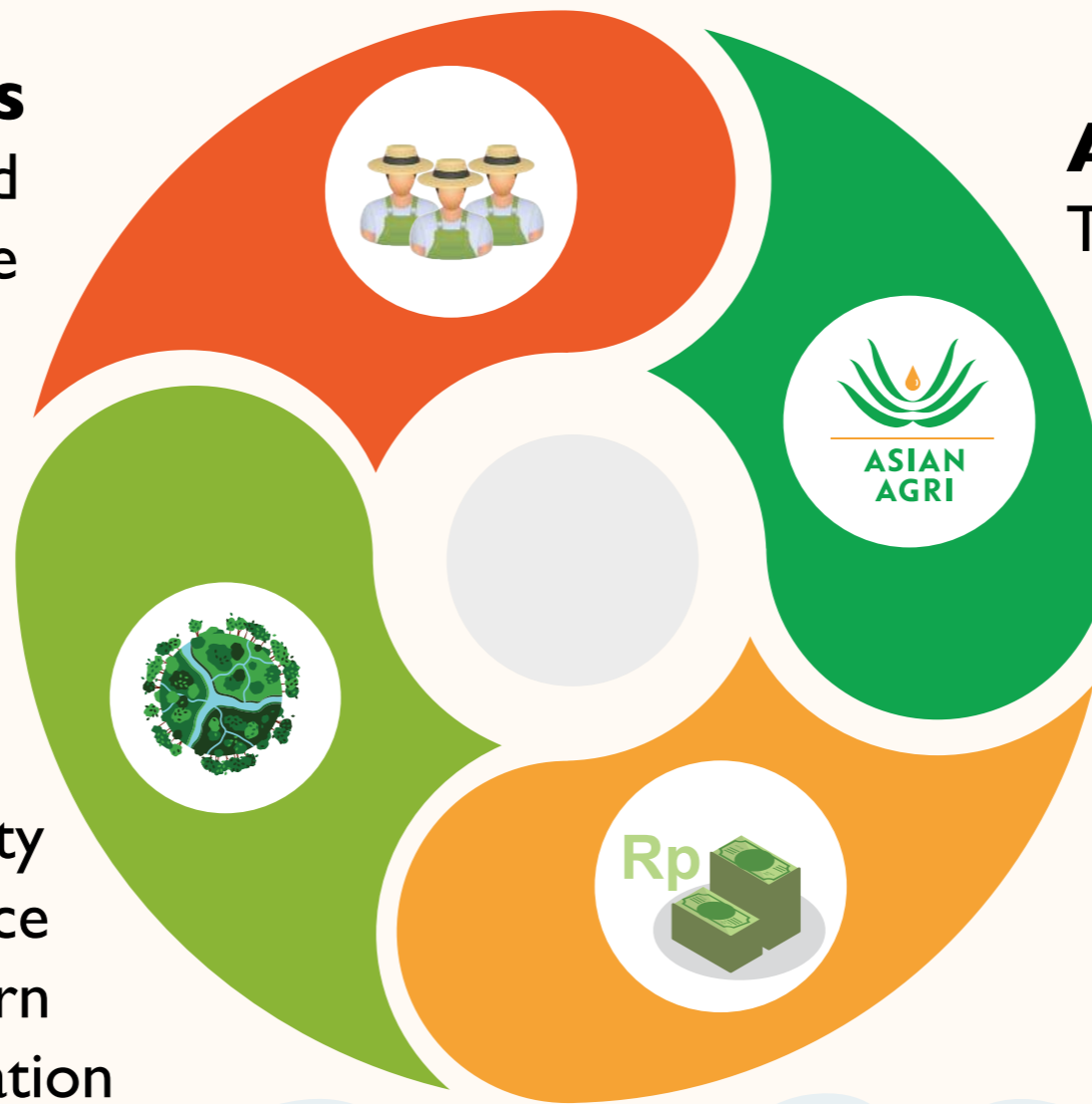
1. Increased sustainability
2. No new land clearance
3. Help smallholders earn sustainability certification

Asian Agri

Traceability of supply chain

Economy

1. Higher production
2. Increased welfare
3. Development of local economy potential



INCREASE YIELD

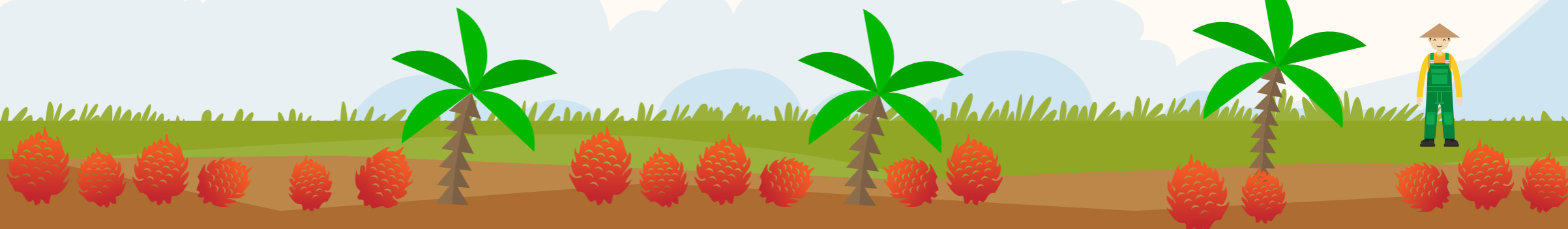
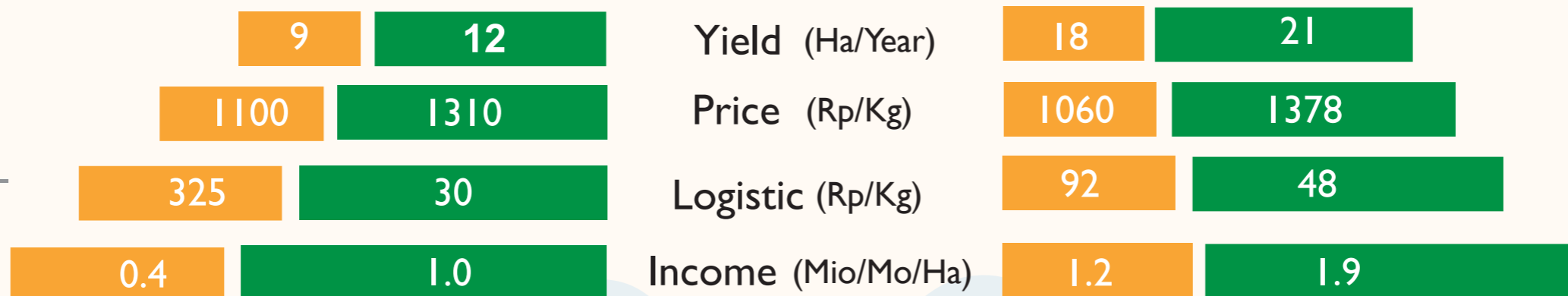
The One to One commitment not only protects the traceability of palm oil, but also increases the capability of the smallholders to achieve optimum results.

Negeri Lama

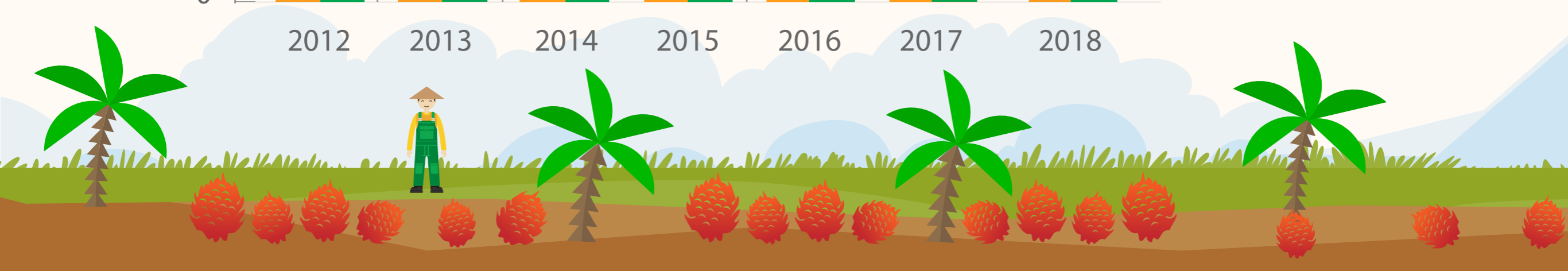
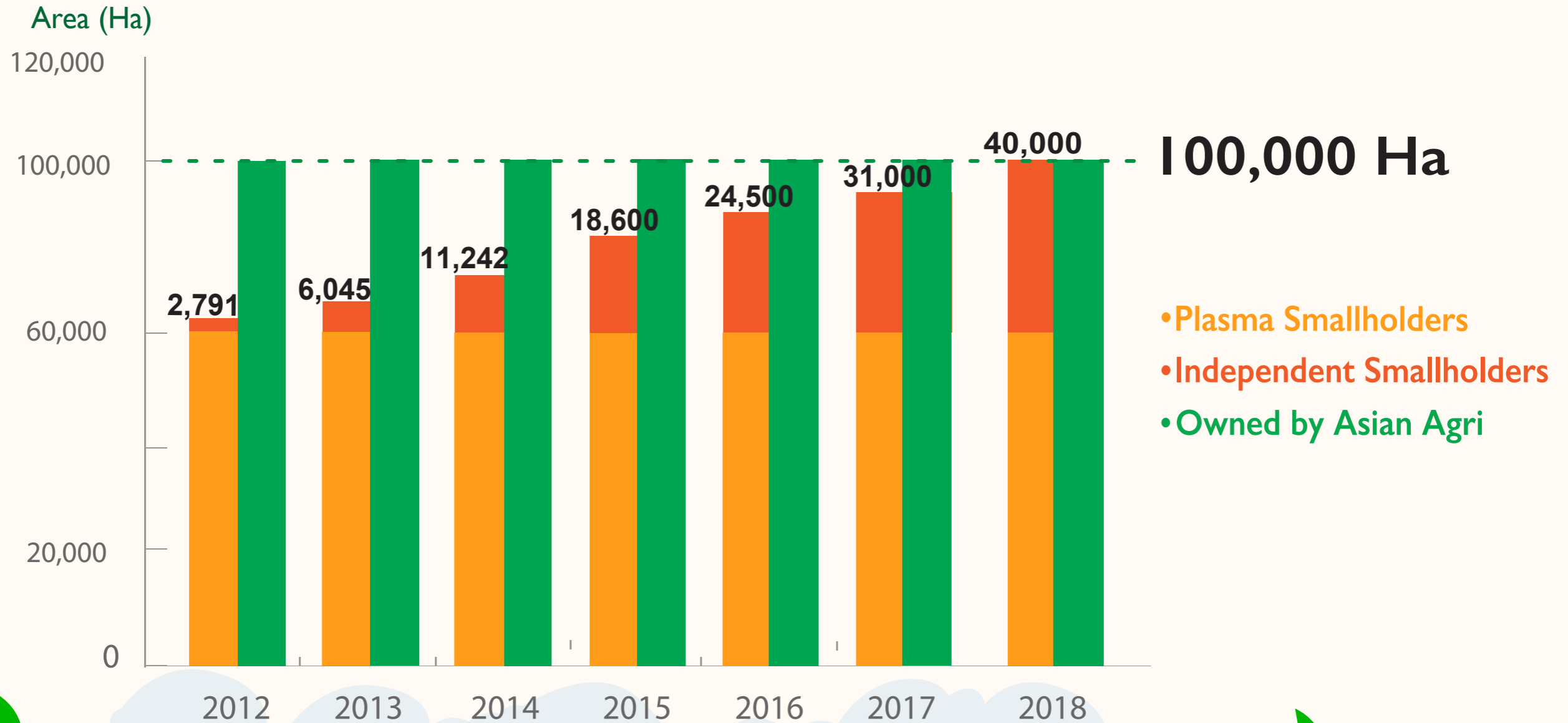
- The First Independent smallholder empowerment project in 2012
- Growing from 1,169 ha to 5,097 ha
- Involving 1,209 families

Amanah

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



WHERE WE ARE HEADING



SMALLHOLDER JOURNEY TOWARDS SUSTAINABILITY

1 Improved
Productivity

2 Maximized
FFB Yield
Potential

3 Optimized
Income &
Livelihood

4 Understanding
Sustainability
Perspective

5 Dis-incentive
Un-sustainable
Practices

The journey for smallholders to move toward sustainability requires support and assistance in multi-dimensional perspectives.

It starts from understanding the needs, engagement to build commitment and loyalty, education agriculture knowledge, facilitation of access to many aspects (from Off0-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.

Intensification:

- 1. Better management through Assistance Program**
- 2. Better Genetic through Planting**





THANK YOU



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