



Biodiverse & Inclusive Palm Oil Supply Chain (BIPOSC) Project

Our project aims to achieve sustainable palm oil supply chain through the implementation of regenerative agriculture practices, locally adapted agroforestry model, and ecosystem protection. Ultimately, we aim to move towards deforestation free palm oil supply chain.

Background

Current trend shows that consumer and industrial users awareness on limiting environmental impact from palm oil plantation has increased. This leads to increased demand for sustainable palm oil supply chain. In North Sumatera, Indonesia, growing palm oil has become the main source of income for most smallholder farmers in North Sumatera, Indonesia. Many of them has been doing the palm oil farming for over 30 years. However, current palm oil practice rely heavily on monocropping practice which over a long period of time will decrease the soil fertility. Another issue is that smallholder often has limited funding to do replanting. This will lead to low productivity by farmer.

Moreover, most smallholder have lack of knowledge of good plantation management technique which is crucial for independent smallholder to improve their product quality. With these limitations listed above, lack of good management practice knowledge, and lack of access to alternative funding could inhibit the smallholder to fulfil the market demand on sustainable palm oil. Which will threaten their source of income as they could not meet the market' standard or worse will eliminate them from the palm oil market.

As an essential part of the palm oil supply chain, independent smallholders must be involved in the effort to create sustainable palm oil cultivation. An approach is needed to reduce the negative impact on the environment from palm oil plantation. Also, to increase the livelihood of independent smallholders by maintaining and improving their palm oil production quality.

Through partnership between Livelihoods Funds for Family Farming (L3F), Danone, Mars Incorporated, and L'Oreal, with SNV Indonesia, Musim Mas, and World Agroforestry as the implementing partner, we all share the same goal towards sustainable palm oil supply chain through Biodiverse and Inclusive Palm Oil Supply Chain (BIPOSC) project implementation.



About Project

Programme Name:

Biodiverse & Inclusive Palm Oil Supply Chain (BIPOSC)

Target and Location:

2,500 independent palm oil smallholders in 13 villages in Labuhanbatu District, North Sumatera Province, Indonesia

Funding:

Livelihoods Fund for Family Farming (L3F), Danone, Mars Incorporated, L'Oreal, and L'Occitane

Project Duration:

2021-2031

Implementing Partner:

Labuhanbatu District Government, PT Musim Mas, and World Agroforestry (ICRAF)



Our Approach

The project aims to encourage sustainable practices in the palm oil supply chain by enhancing the capacity of smallholders farmers and strengthening the institutional framework of farmers association.

Through capacity building and technical assistance, we promote the adoption of regenerative agriculture practices that will improve soil health, preserve biodiversity, and better water resource management.

Moreover, we encourage the agroforestry model that integrated the palm oil plant with local commodity to improve farmer livelihood. These approaches are further elaborated into our project components.

Project Component



Training for Better Management Practices Regenerative Agriculture (BMP -Reg Ag) for Palm Oil



Piloting Palm Oil Agroforestry



Institutional and Business Capacity Strengthening for Farmers Group, Cooperatives, and Association



Increase Access to Fund for Replanting and for Alternative Income



Women Economic Empowerment



BMP Reg-Ag Training for Palm Oil

We give training to smallholder farmer to encourage better management practice hence improving their yields and crops' quality. The training focuses on implementing regenerative agriculture practices. The training also covers about utilisation of organic compost and fertilizer, integrated pest and disease management, and good management to use herbicide. Ultimately, by applying the BMP Reg-Ag we hope that farmers will improve their yields and improve soil health.

The training not only focuses on text-book knowledge but also increasing farmer's skill. So we establish a demonstration plot for farmer to apply what they have learned during the training. In the demonstration plot we also give them regular assistance to ensure the correct implementation by farmer.



Applying Palm Oil Agroforestry

In the program, we recommend 5 models of agroforestry that combine palm oil with local commodities such as horticulture, banana, mangosteen, and durian. Not only we introduce the agroforestry practice, we also put it into practice with the trained farmers in the demonstration plot. We give assistance, capacity building, and monitoring regularly in the demonstration plot as it serves as place for learning and adoption.

Institutional and Business Capacity Strengthening for Farmers Group, Cooperatives, and Association

We offer comprehensive training and technical assistance to cooperatives, farmer groups, and associations to enhance their organizational and business capabilities. To support farmers in improving their businesses, we have established a composting unit that provides affordable fertilizer. Additionally, we facilitate the formation of cooperatives, where we focus on capacity building for farmer groups to strengthen their business practices, streamline collective sorting, and improve delivery processes.

Increase Access to Fund for Replanting and for Alternative Income

The project engages and support smallholders on the ability to tap into microcredit loan products or financial institution for replanting needs. Independent smallholders also receive training on financial management to ensure they could use the loan wisely and able to repay the loan.

Women Economic Empowerment

We empower women farmer by creating, mentoring, and strengthening the women's group capacity. We give training on financial literacy so that they have the capability to manage their income. Moreover, we facilitate the access to credit and alternative funding to improve their livelihood.





Project Achievement*

Human Capital

- Improved knowledge of 1.045 independent smallholders on Better Management Practice of regenerative agriculture for palm oil, institutional business development, and agroforestry
- Improved skill of 25 Village Facilitator to give assistance to the smallholder farmers
- Selected 40 farmer champions who have applied regenerative agriculture
- Strengthened 9 farmers groups on their institutional framework, organisation, and management
- One established cooperative has started to operate according to their role and responsibility



Social Capital

- Established good relationship with relevant stakeholders, including District and Provincial Government institutions, smallholder association, and farmers groups



Financial Capital

- Increased potential access to fund (government and nongovernment)
- Improved access to fund for 2 selected woman farmer groups which are able to tap into business model for seeds funding

Physical Capital

- 1.032 independent smallholders farmers have applied bio-input which have reduced the use of chemical input



Natural Capital

- 1 composting unit has been established with production capacity of 100-150 ton per month
- 7 demonstration plot of PO Reg. Ag has established for the lesson learn of farmers in the 7 villages
- 1.954,41 hectares of independent smallholders farmers have been applied regenerative agriculture to improve their soil health
- 20 hectares of agroforestry demonstration have been established and maintained for lesson learn and knowledge of farmers in the 7 villages
- 50 farmers in totally 71 hectares have committed to adopt the agroforestry application model to enhance the soil biodiversity, water resistance and soil quality



*per September 2024



SNV is a global development partner, rooted in the African and Asian countries where we operate. With 60 years of experience and a team of approximately 1,600 people, it is our mission to strengthen capacities and catalyse partnerships that transform the agri-food, energy, and water systems to enable sustainable and more equitable lives for all.

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