



Sustainable Palm Oil Programme

Introduction

Indonesia is the world's leading producer of palm oil, responsible for over 50% of global supply. This sector is a cornerstone of Indonesia's economy, contributing between 13% and 15% of total export revenue and providing employment for millions, particularly in rural areas. As a result, palm oil plays a vital role in driving local and national development.

However, palm oil expansion has also led to significant environmental challenges. Over the past two decades, it is estimated that around over 3 million hectares of forest have been lost due to palm oil-related deforestation, contributing to Indonesia's high deforestation rates. This deforestation affects biodiversity, endangers key species, and contributes to greenhouse gas emissions due to the conversion of carbon-rich peatlands.

Over the years, the global market has required that palm oil be sourced responsibly, with stringent sustainability standards. Recently, the European Union Deforestation Regulation (EUDR) also mandates that palm oil imported into the EU be traceable. While this challenges Indonesian producers, it also creates opportunities for adopting better practices.

Smallholders, who account for around 40% of Indonesia's palm oil production, face challenges such as limited access to financing, lower yields (compared to larger estates), and difficulty meeting international sustainability standards. Continuous monocropping has also degraded soil health, impacting productivity.

To address these challenges, SNV promotes a Deforestation-Free Supply Chain (DFSC) approach and champions regenerative agriculture practices. Regenerative agriculture emphasizes restoring soil health, enhancing biodiversity, and improving ecosystem resilience, all while increasing productivity. Through this approach, SNV aims to support smallholders in improving yields and long-term farm viability while minimizing environmental impacts.

SNV collaborates with the government, private sector, academia, and local communities to build an economically viable and environmentally sustainable palm oil sector. Together, we strive to ensure responsible palm oil production that benefits farmers, ecosystems, and the broader economy.

Our Approach

We promote a comprehensive Deforestation-Free Supply Chain (DFSC) approach to sustainable palm oil production that integrates regenerative agriculture practices, capacity building for farmers and their institutions, collaboration with the private sector, and compliance with sustainability standards and traceability systems. This strategy ensures environmental protection, uplifts local communities, and fosters long-term economic growth, providing a sustainable solution for the palm oil sector.



Better Management and Regenerative Agriculture Practices

We promote improved management and regenerative agriculture practices in palm oil plantations to establish resilient farming systems, restore soil health, and enhance biodiversity. Our program provides smallholders with training and coaching, connects farmers to sustainable markets, and creates an inclusive supply chain by empowering women and advancing environmental and economic sustainability.



Building Farmer Institutional Capacity

Our approach focuses on strengthening cooperatives, associations, and farmer groups through improved governance and financial management. We provide training in financial literacy and institutional business development, helping farmers access markets and secure financing for replanting. This holistic support fosters resilient, self-sufficient institutions that drive economic growth and improve livelihoods over the long term.





Supporting Sustainable Standards for Smallholders

We assist farmers in achieving mandatory and voluntary sustainability certifications, enabling them to meet market demands, enhance income, and sustain their businesses. Our program aims to significantly increase the number of certified smallholders, granting them access to premium markets, especially in the EU, where sustainability certifications are increasingly essential.



Developing a Traceability System

Our program advances traceability within the supply chain, equipping stakeholders with essential information for informed decision-making, accountability, and trust. We design and implement traceability systems that allow complete tracking of palm oil from farm to market, ensuring compliance with emerging EU regulations and bolstering transparency across the sector.



Engaging the Private Sectors

SNV promotes inclusive and sustainable value chains that balance profitability with social and environmental responsibilities. By collaborating with private sector partners, SNV accelerates the scaling of sustainable practices and innovations, contributing to better market access for smallholders, poverty reduction, and environmental sustainability. Our work with companies also ensures alignment with global standards, such as the Roundtable on Sustainable Palm Oil (RSPO) and other certifications, to enhance industry-wide accountability.

Our current partners include the Livelihoods Funds, MARS, Danone, L'Oreal, Louis Dreyfus Foundation, Louis Dreyfus Company, PT Musim Mas, and others. Louis Dreyfus Company, Musim Mas, etc..



Active Palm Oil Projects In Indonesia (2021-On-

Biodiverse and Inclusive Palm Oil Supply Chain (BIPOSC)

Partner: The Livelihoods Funds, Danone, MARS, L'Oréal, PT. Musim Mas, and World Agroforestry (ICRAF).

Location: Labuhanbatu District, North Sumatera

Year: 2021 – 2031

Target and beneficiaries



2,900 farmers are trained in better management practice, regenerative agriculture, agroforestry, and institutional business development



400 women are empowered economically through financial literacy and income-generating activity



50 farmer groups and 3 associations/cooperatives are established and strengthened



2 composting units are established and operational



4,800 Ha lands are adopting sustainable and regenerative practices.

Solidarity Sourcing for Palm Oil Smallholders (TRACTIONS)

Partner: L'Oréal, CIRAD, and local CSO.

Location: Muaro Jambi District, Jambi

Year: 2023 – 2028

Target and beneficiaries

This project builds on the previous initiative from 2019-2022, aiming to enhance its impact based on earlier results.



12,500 farmers are trained in better management practice, regenerative agriculture, and institutional business development



500 male and female farmers are trained in gender awareness and economic empowerment



At least **1,000 farmers** are RSPO certified.



20 farmer groups and/or cooperatives are established and strengthened



4 composting units are established and operationalized.

Sustainable Regenerative Agriculture Palm Oil for Smallholders (SERAPS)

Partner: Louis Dreyfus Foundation, Louis Dreyfus Company

Location: Ogan Komering Ulu (OKU) District, South Sumatera

Year: 2024 – 2027

Target and beneficiaries

This project builds on the previous initiative from 2019-2022, aiming to enhance its impact based on earlier results.



2,000 farmers are trained in better management practice, regenerative agriculture, and institutional business development



At least **600 women** are engaged actively in the training



2 farmer groups and/or cooperatives are established and strengthened



At least **100 farmers** are identified and eligible to receive credit for replanting.

Smallholder Regenerative Agriculture and Sustainable Palm Oil (HORAS) Hub

Partner: Unilever and Local Civil Society Organisations (CSOs)

Location: 7 locations in North Sumatera (Simalungun, Asahan, Labuhanbatu Selatan, Batubara, Deli Serdang, Serdang Bedagai, and Tapanuli Selatan Districts)

Year: 2023 – 2028

Target and beneficiaries:



20,000 farmers are mapped and included in the companies' supply chains



20,000 farmers are trained in better management practice, regenerative agriculture, and institutional business development



14,000 farmers are RSPO certified



40 Internal Control System (ICS) unit are established



10,000 farmers are trained Gender Awareness



1,400 women are empowered economically through financial literacy, leadership, and income-generating activity



40 farmer associations and/or 5 cooperatives are established and strengthened



2 composting units are established and operational



7,000 Ha lands are adopting sustainable and regenerative practices.



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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Impact
that matters