



BEIERSDORF
SUPPORTS WWF'S
SMALLHOLDER
PROJECT IN
INDONESIA

Beiersdorf

A close-up photograph of a large basket filled with dark red, round fruits, likely rose hips. Some of the fruits are cut open, revealing a bright yellow interior. The basket is made of woven material, and the background is blurred, showing green foliage.

Project Update 2020

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1. INTRODUCTION

Indonesia is the largest producer of palm oil. Smallholder farmers manage around 40% of the palm oil plantation area. However, the unsustainable production of palm oil is a main driver for deforestation and threatens the habitats of many endangered species.

Beiersdorf and WWF joint forces to combat deforestation in the palm oil supply chain, protect the Green Heart of Borneo (the second largest rainforest globally) and increase the wellbeing of smallholder farmers and communities. Since 2018, a project is implemented to support 4,500 people including 240 smallholder farmers in three villages, Sungai Sena, Seberu, and Pala Kota, in Kapuas Hulu, a district in West Kalimantan, Indonesia. To protect the environment and stop deforestation of primary rainforest, the project's objectives are:

- Enhancement of sustainable agricultural management practices implemented by independent palm oil smallholders and supported by local governments
- Certification for smallholder farmers according to the Indonesian Sustainable Palm Oil Standard (ISPO)
- Maintenance and improvement of ecological conditions as well as ecosystem services for communities
- Development of a blueprint for sustainable smallholder initiatives for other commodities and regions to be used for replication and upscaling

Since the project has started, the team has implemented several activities to achieve the project objectives. One big success of the project is that the team has succeeded in drawing the attention of the local government and the local authorities to the smallholders' situation and has built a robust bridge between the authorities and the farmers. This also helped aligning the districts policies for a long-term support of sustainably produced palm oil.

2. PROMOTING THE SUSTAINABLE PRODUCTION OF PALM OIL

Harmonized policies for sustainable development

To achieve these objectives, the project tries to ensure the long-term support on promoting sustainable palm oil from the local government. The WWF team has conducted several meetings and workshops to advocate for policy support and commitment from representatives of government entities and the administration. This work was aligned with the ongoing political developments in the district. Already in 2014, the local government of Kapuas Hulu established a Strategic Agropolitan Area, covering seven sub-districts. The aim of this strategic area is to promote the economic development of the area. Since 2020, it is implemented by the Rural Area Development Program (PKP) that includes pilot projects in five villages.



Palm oil fruits © Severianus Endi

The goal of the Development Program is to improve the welfare of rural communities and reduce poverty by providing public services, facilities, and infrastructure. It aims to develop the local economic potential and to empower the communities, while utilizing natural resources in a sustainable way. WWF has supported the Development Program since 2018 with focus on the three project villages Sungai Sena, Seberu and Pala Kota. Especially the coordination with local government stakeholders has been supported to ensure policy integration and harmonization of the multitude of plans and programs targeting this area. To operationalize the Development Program, a document was needed, which was compiled by conducting an in-depth elaboration of the local context, using data provided by the district government and input from various stakeholders. Based on a regulation of the Kapuas Hulu Regent, a Village Development Coordination Team, consisting of 25 members such as the Head of District (“Bupati”) of Kapuas Hulu and his deputy, as well as representatives from eight district agencies and WWF, has been established to support the drafting of a development plan for the palm oil sector.

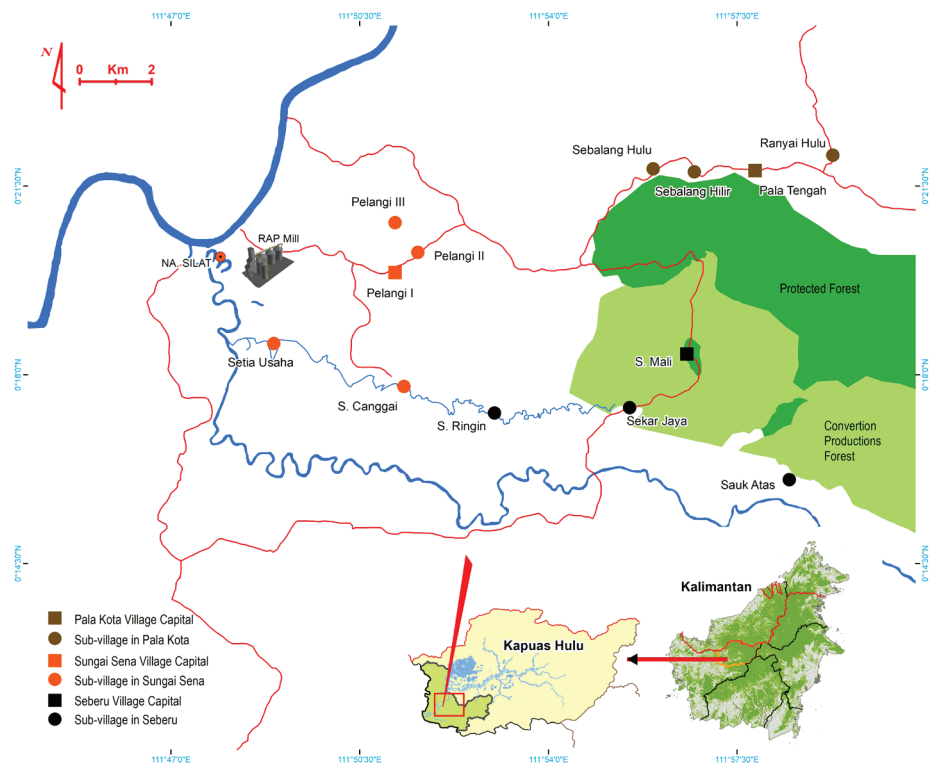
After the development plan was finalized, WWF organized a public event on the 7th of December 2020 to hand over the plan to get approval from the Bupati. Since then, the district government has taken further steps to implement the development plan such as provision and distribution of subsidized fertilizer, issuance of plantation business permits etc.



Public consultation of the Rural Area Development Plan in Putussibau © M. Aldi Khatami

Palm oil production in Kapuas Hulu, West Kalimantan

In Kapuas Hulu, smallholder farmers started to plant palm oil in the early 2000s. Between 2014 and 2017, there was a huge increase of palm oil plantations in Kapuas Hulu. A mapping in 2020 revealed that there are 288 independent palm oil smallholders with approximately 465 hectares in the project area. Most of them are in Sungai Sena, a village located in the middle of a company's oil palm plantation area. Many residents work as employees or laborers there. The number of independent palm oil smallholders in the three villages is actually higher, because not all smallholders were willing to conduct an inventory of their smallholding area. Today, palm oil is a very important commodity for the smallholders to generate income. But smallholders, especially the increasing number of independent smallholders, face several challenges, such as lacking knowledge of sustainable farming practices. The establishment of farmer groups is one approach to help them organize themselves and to empower them.



Map of the project area © WWF Indonesia

Farmer groups: Why are they so important for palm oil smallholders?

Organizing themselves in a farmer group brings several benefits for the smallholders. Within a group, the farmers can share best practices, can engage with external parties such as palm oil mills for marketing purposes or can jointly negotiate the price for fertilizers. Long before the project from Beiersdorf and WWF had started, a few smallholders had conducted several field activities: They reached out to other smallholders, developed relationships with them and started building a data base of plantations in the area. The project used this as the groundwork to establish farmer groups in Sungai Sena, Seberu and Pala Kota. Supported by the project, the smallholders in Pala Kota established the group “Berkat Usaha Mandiri” (“Independent Effort”) which was officially formed the 4th of August 2020 at the meeting hall in Pala Kota village.

The meeting was also attended by the Head of Seberuang Sub-district, Iyul and by the Head of the Plantation Sector of the Kapuas Hulu Agriculture and Food Office, Piet Sumaryoto. The attendance of Piet Sumaryoto at the meeting provided an excellent opportunity to address the smallholders’ misconceptions regarding the registration process for the Plantation Business Register for Cultivation (Surat Tanda Daftar Budidaya, STD-B). The registration is needed to legalize the business of the smallholders. To get it, the land units must be located outside protected areas and the mapping of the land must be done by an appointed officer. However, there were rumours that smallholders get taxed once they are registered. Therefore, some of the smallholders were suspicious and rejected the registration. This perception became an obstacle for further project implementation. But Piet stated: “STD-B is needed to ensure the smallholdings have met the required norms. There is no fee for processing the registration. The registration helps to gather statistical data for marketing purposes”. However, it is true that land units will be subject to Land and



*Socialization meeting to explain the STD-B process with the local government
© Ismu Widjaja*

Building Tax (PBB), and in the future farmers who have the STD-B registration will have to pay taxes. WWF staff tried to raise awareness and provide information about the land taxes and the benefits the registration brings. Once registered, the smallholders can access a plantation replanting fund from the Palm Oil Plantation Fund Management Agency. Additionally, it enables funding assistance from the municipal budget. Furthermore, the registration is needed to get certified, either for the national Indonesian Sustainable Palm Oil Standard (ISPO) or the global Roundtable on Sustainable Palm Oil Standard (RSPO).

Amri Yahya from WWF Indonesia expressed his appreciation for the involvement of the smallholders and government stakeholders. He explained that several activities had been initiated since 2019. The activities included field data collection, identifying challenges, engagement with smallholders, and intense discussions with government agencies at district level.

Amri Yahya, Project Manager of WWF Indonesia

“The smallholders who drive the community’s economy have to be empowered, and their welfare has to be improved. The establishment of the farmer groups helps to legalize their businesses, to build capacities and create future business schemes.”

Besides the farmer group in Pala Kota, two groups have been established in Seberu and three in Sungai Sena.



Formation of the farmer group Tani Sagu and Jintan Mandiri in Seberu
© Ismu Widjaja

One farmer association to join forces



Once the six farmer groups had been established, the smallholders were encouraged to join forces in an association. A focus group discussion was facilitated at the village hall in Seberu on the 25th of August 2020, involving representatives from all groups. After the participants had agreed to initiate an association, they discussed its structure. The association was named “Asosiasi Petani Kelapa Sawit Mandiri Mitra Bersama” (Mitra Bersama Independent Oil Palm Smallholder Association, AMB). Three divisions were created: the registration and counseling section, the internal inspection section, and the purchasing and marketing section. In addition, a supervisory agency consisting of three members will be established.

Mangasi, smallholder and member of the approval committee

“Initially, I had doubts about the benefits of this association but now I understand that it is our forum, and the association will support us to negotiate prices, for example for fertilizers.”

At the end, representatives of the association signed a notary deed to establish the association as a legal entity. The association will receive a decree from the Ministry of Law and Human Rights, that allows to own and to act on behalf of the member groups.

With the establishment of the six farmer groups and the association, the farmers have more self-confidence, a better bargaining position, more personal and organizational capacities, and a long-term perspective. The increased capacity to look for alternative solutions provides a way for them to build new relationships with external parties, especially the palm oil mills and local governments.



*The approval of the formation of the farmer association AMB is handed over
© M. Aldi Khatami*

Certified seedlings: Ensure access for independent smallholders

Another challenge for independent smallholders is the access to certified seedlings. Most of the farmers lack knowledge and plant uncertified seedlings. They never have received any trainings or assistance. Traditionally, they produce the seeds themselves from loose fruits falling from the trees (“*kentosan*”). But then they have difficulties selling fresh fruit bunches to the crude palm oil processing factory in their village. “Factories require certified superior seeds, and the farmers can’t meet the required standard”, explains M. Munajib, the head of Silat Hilir sub-district. As a result, the farmers sell their bunches to other mills outside the district through middlemen, which reduces the farmer’s income. This also creates dependencies, especially as the plantations are very often far away from any transportation route. “The farmers invest time, money and land without generating enough income”, affirmed Yuvita, an Agricultural Development School graduate. Munajib hopes that with the help of the project, the farmers will be able to meet the standards to sell their bunches directly to the local factory.



Demonstration during the study tour to the Parindu Palm Oil Research Center © M. Aldi Khatami

The project also organized an excursion to the Parindu Palm Oil Research Centre with 23 participants in total, representatives from the farmer association and the Agricultural Extension Centers, and field agricultural extension officers. The theoretical and practical input helped participants to understand land preparation techniques that pay attention to environmental aspects and good nursery techniques to ensure the quality of the palm oil seedlings. The palm oil research centre and farmer association AMB agreed on a mechanism to process the ordering, administration, payment, and seed

delivery. AMB members have now started to purchase certified superior seeds. In addition, the project conducted five training series. They were attended by 198 farmers and 176 interested community members who gained knowledge about planting, maintenance, pruning, fertilization, and integrated pest control, to promote sustainable farming techniques.



*Participants of the study tour to the Parindu Palm Oil Research Center
© M. Aldi Khatami*



*Farmers from Seberu village learn preparation and nursery techniques
© M. Aldi Khatami*

The Role of the Middlemen in the Palm Oil Supply Chain

Although middlemen and large collectors can decrease a farmer's income, they also play an important role because they link independent smallholders and factories. Large collectors, who hold work orders from factories, engage people in the villages as their sub-collectors. The smallholders depend on them to sell their fresh fruit bunches because only a limited number of smallholders can sell their bunches directly to a factory. Yulius Yogi is a very prominent large collector, who has pioneered the transport business since 2014. He says that "the price per kilogram of fresh fruit bunches has dropped to 300 Indonesian Rupiah, which is a huge problem." In euros this is less than 2 cents. However, the smallholders must harvest the bunches for the trees to remain productive.

The perspective of the mills

In 2020, the WWF Indonesia project team supported by the consultants from Global Resource Sertifikasi visited PT. Agro Sukses Lestari, a palm oil mill in Sintang district. The mill is located close to the district border of Kapuas Hulu. The mill manager, Yantoni, mentioned that 10% of the total fresh fruit bunches comes from independent smallholders.

The team also visited another factory owned by PT Permata Subur Lestari. Their crude palm oil serves the national demand and is processed in Jakarta. Three aspects are important for the company, according to the mill coordinator



Fresh Fruit Bunches © M. Aldi Khatami

Wang: “First, we depend on smallholders. Second, empty bunches are given for free to the smallholders as fertilizer. Third, we regularly communicate with the communities through field personnel”. Currently, 90% of the fresh fruit bunches the factory processes comes from independent smallholders. Usually, they are organized in collector cooperatives, commercial cooperatives, or firms. “At the moment, we focus on smallholder institutions to use the multiplier effect, because we assume that smallholders will become important if they gain knowledge, receive trainings and are able to meet our standards”, says Wong.

Together with the district government, the project has facilitated a partnership process between farmers and mills. One company is open to enter a partnership agreement with the farmer association and several companies have supported the implementation of training of trainers-activities initiated by the project.

3. ENHANCING THE RESILIENCE OF COMMUNITIES: OUR WORK WITH A HANDICRAFT COOPERATIVE AND RUBBER FARMER GROUPS

In March 2019, a team from WWF and its partner Diantama Foundation reached out to the residents in the three project villages. The core objective was to implement an assistance program for the community members who do not have oil palm plantations and to develop alternative livelihoods based on non-timber forest products. The community in Sungai Canggih, a sub-village of Sungai Sena, decided to develop a handicraft program. The activities included the establishment of the *Tuah Menua* handicraft group which consist of men and women. *Tuah* means luck, blessing, and fortune, and *menua* means the village where they live. So, *tuah menua* implies luck that they can get from their own village.

Handicraft in Sungai Canggih

Between February and April 2019, the *Tuah Menua* handicraft group received a training to implement standards for their handicraft products. Until today, eleven types of woven products, especially household furniture and accessories like mats (*perupuk*) or bags (*takin*), have been designed.



A community member prepares the rattan © Alfeus Krispinus

The group members use rattan, and several other materials, some of them grow wildly around the house. Additionally, the group members have been trained to produce according to market demands such as different sizes.

But implementing the activities in Sungai Canggai can be challenging. Especially during the rainy season, it is very difficult to access sub-villages like Sungai Canggai as roads are damaged due to excessive rainfall and motorcycles are covered with mud. But once you enter Sungai Canggai on the road, you cannot miss a wooden building. The six by eight meters building consists of a terrace, a spacious room, and a small storage room and is called the *Sungai Canggai Tuah Menua Gallery Training Centre*. The centre provides space to display the products of the handicraft group.



Construction of the Training Centre and gallery in Sungai Canggai © M. Aldi Khatami



Training Centre and gallery in Sungai Canggai © Severianus Endi



Women of the Handicraft Cooperative Tuah Menua © Alfeus Krispinus

Damianus Apun is the chairperson of the group. He is an activist concerned about arts and cultural preservation and the members of the group asked him to become their chairperson. “There are around twenty women in this village, who are very good at making plaited handicrafts. They pass these skills on to their children; thus, knowledge is passed on from generation to generation,” says Apun. These skills have been used for decades to produce agricultural and household equipment. The activities support the preservation of the communities’ culture and traditions (called “adat”) and sustainable natural resource management. The enthusiasm of the group members gives hope that the knowledge will be preserved for the future.



Handicraft product “Beritut” © Alfeus Krispinus

Hopes beyond palm oil

Jointly with the communities Seberu and Pala Kota, the project also established two rubber farmer groups, the *Tembawang Mangkuk* rubber farmer group in Seberu and the *Gerai Nyamai* rubber farmer group in Pala Kota. *Tembawang Mangkuk* implies the meaning of “life obtained from cultivated land”. *Gerai Nyamai* signifies “a healthy, happy and prosperous life”. From September until December 2019, the two rubber farmer groups received support on capacity building for rubber plantation land mapping, organizational development trainings, the development of standard operating procedure manuals, and the management of their plantations.



Collecting rubber © Severianus Endi



Rubber farmers of the Gerai Nyamai farmer group © Alfeus Krispinus

The land mapping activity was carried out jointly by WWF and Diantama Foundation. The farmer groups learned how to investigate the plantation area and the use of the global positioning system (GPS) measurement tool. This activity helped to successfully map 81,46 hectares of land belonging to 81 members of the two rubber farmer groups. The knowledge gained through the trainings also improved the bargaining position of the groups, because they can demonstrate and document good practices in rubber plantation management.

The trainings also included field visits to members' plantations to see how they manage their plantations. The lessons learnt were included in the manuals. Later, the smallholders were educated on the importance of the manuals and the standardized rules they have to apply to ensure the sustainable management of their plantations. According to Krispinus, the Director of Diantama, the standardized processes had already been implemented intuitively in most cases by the farmers, but it was not documented yet.

Rubber as one income source for the communities

For the members of the rubber groups, rubber is considered as supporting income for the family, even though the current selling price is relatively low. The price of *getah*, the local term for rubber, dropped significantly in the first quarter of 2020. Usually, the price can be several thousand Rupiah per kilogram. The situation for the farmers and their families got worse during the Covid-19 pandemic because it was even more difficult to sell the rubber. In addition to the low selling price of rubber, harvesting the product remains a real challenge. Not only is it very difficult to predict the *memantai* which means "to see if the rubber is ready to be harvested" in the local language. Sudden weather changes can also jeopardize the harvest, as the rubber will not become solid if mixed with rainwater.

The 62 years-old farmer Pilipus Salem taps his rubber plants three times a week. Traditionally, he starts at six o'clock in the morning and finishes after four or five hours of work. After ten days of tapping, three sacks of rubber chunks are collected.

Pilipus Salem, rubber farmer

"I think it would help us a lot to learn how to produce seedlings. Until today, we have suffered a lot of losses from the seeds we bought. Out of 100 superior rubber seeds, only 40 grew and 60 failed."

Even though the farmers have better seeds, they lack the knowledge to use them. He is looking forward to receiving a training to learn how to produce seedlings independently and how to apply them. With this knowledge, he could avoid large purchase costs. Apart from using the seeds for himself, he could also sell them to other farmers.

Another important aspect is the collection of the rubber. The standards strongly recommend the use of bamboo or reed trays, which produce acids that help the latex solidification process, instead of plastic trays made from used beverage bottles, that are not environmentally friendly. But bamboo trays break very fast, within two to three weeks, and continuously replacing them for hundreds of rubber plants is challenging. In addition, bamboo is relatively difficult to purchase in some sub-villages of Seberu and Pala Kota and needs to be purchased in other areas. Therefore, the plastic pan remains the preferred choice, as it is durable, even though the rubber will take longer to solidify. Experience shows that farmers perceive the regular replacement, usually once a month, of the bamboo as negative. But seeing the benefits of bamboo making the latex solidification process better and faster could motivate them to use bamboo in the future. The project will continue raise the awareness among the farmers and help them to adapt to the use of bamboo.

But why is the state of aggregation of the rubber so important? The standard processes recommend that the rubber should undergo a simple drying process to meet the factory standards, whereas smallholders are used to sell wet



Collecting rubber with plastic trays © Alfeus Krispinus

rubber. Middlemen usually prefer to buy dry rubber because the farmers very often don't meet the quantity requirements for dry rubber imposed by the companies. "We highly depend on the middlemen. If you sell your rubber at a higher price one day, be sure that your regular middleman will reject your rubber the other day" says Asan Esra, Deputy Chairman of the *Gerai Nyamai* farmer group. He adds that selling wet rubber is hassle-free because less steps need to be done in the process. "Whenever you need, just pick it up and sell it," voiced Asan. Thus, smallholders always preferred to sell wet rubber, because of the practicality and the dependency on middlemen. Nevertheless, the project promotes the production of dry rubber because the farmers can get higher



A farmer is preparing the bamboo to collect rubber © Severianus Endi

prices. In the trainings the farmers learnt how to dry the tapped product. At the same time, it is important to connect the smallholder groups with buyers at factory level. “In the future, we plan to bring the smallholder groups together with the rubber processing factories to secure a mutual agreement regarding the quality and quantity of dry rubber. If smallholders possess a bargaining power and a price agreement can be reached, the road to prosperity will open up,” explains Krispinus, the Director of Diantama.



A farmer shows the dried rubber © Severianus Endi

4. CONCLUSION

The communities of the three villages critically depend on the use of natural resources such as palm oil and rubber. Loss of biodiversity and climate change resulting in extreme weather events like river droughts leading to loss of water as the primary source of life, is truly life-threatening. By providing alternative livelihoods and improving their socio-economic situation, the project helps to improve the resilience of the farmers and communities. The activities not only provide specific technical training for the groups. They also support the social relations within the communities, strengthen the capacity of women and men, increase the ability to use natural resources and environmental services and open opportunities to access support from the government. Thereby, the project truly empowers the local communities and smallholder farmers in Kapuas Hulu district, West Kalimantan.



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