

Promising Smallholder Rehabilitation Initiatives in Aceh and Liberia

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Comparison of Aceh and Liberia

	Aceh	Liberia
Population:	4,486,570	3,994,122
Area (ha):	5,837,583	9,615,853
Forest Cover:	3,101,960	3,154,000
	61.5%	32.8%
Recent Events:	Tsunami & Civil Conflict	Civil War
Deaths:	230,000	250,000
Oil Palm Smallholders:	75,000	220,000
New Developments:	25,000	45,000

Case Studies of Two Promising Smallholder Rehabilitation Initiatives

Aceh :

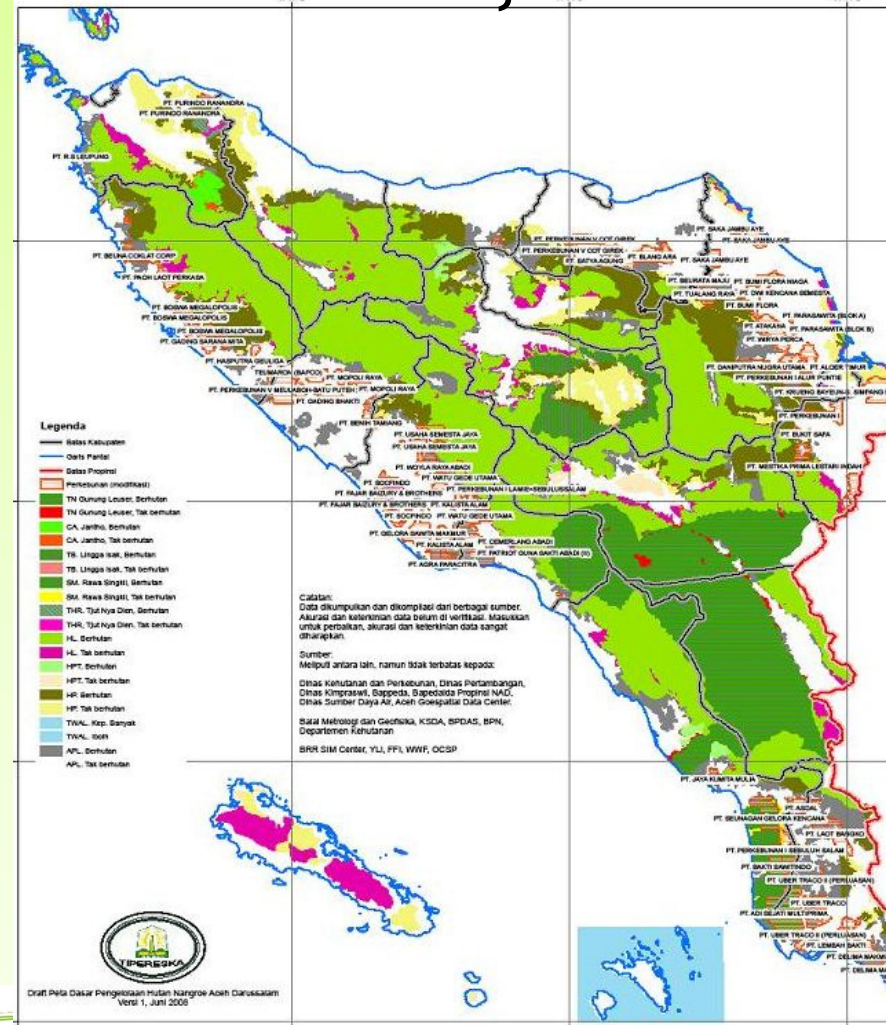
- Local, largely independent smallholder cooperative approach
- Financing from local and national government smallholder revitalization schemes
- Comprised of ex-combatants and conflict survivors

Liberia :

- Multinational corporation-led process
- Provision of technical, financial, and managerial assistance by corporate and other external funders
- Comprised of ex-combatants and conflict survivors



Palm Oil Concessions Aceh Province, Indonesia



Aceh:

Koperasi Perkebunan (Kopbun) Batee Meuasah, Paya Bakong, Aceh Utara

Members : 3,000

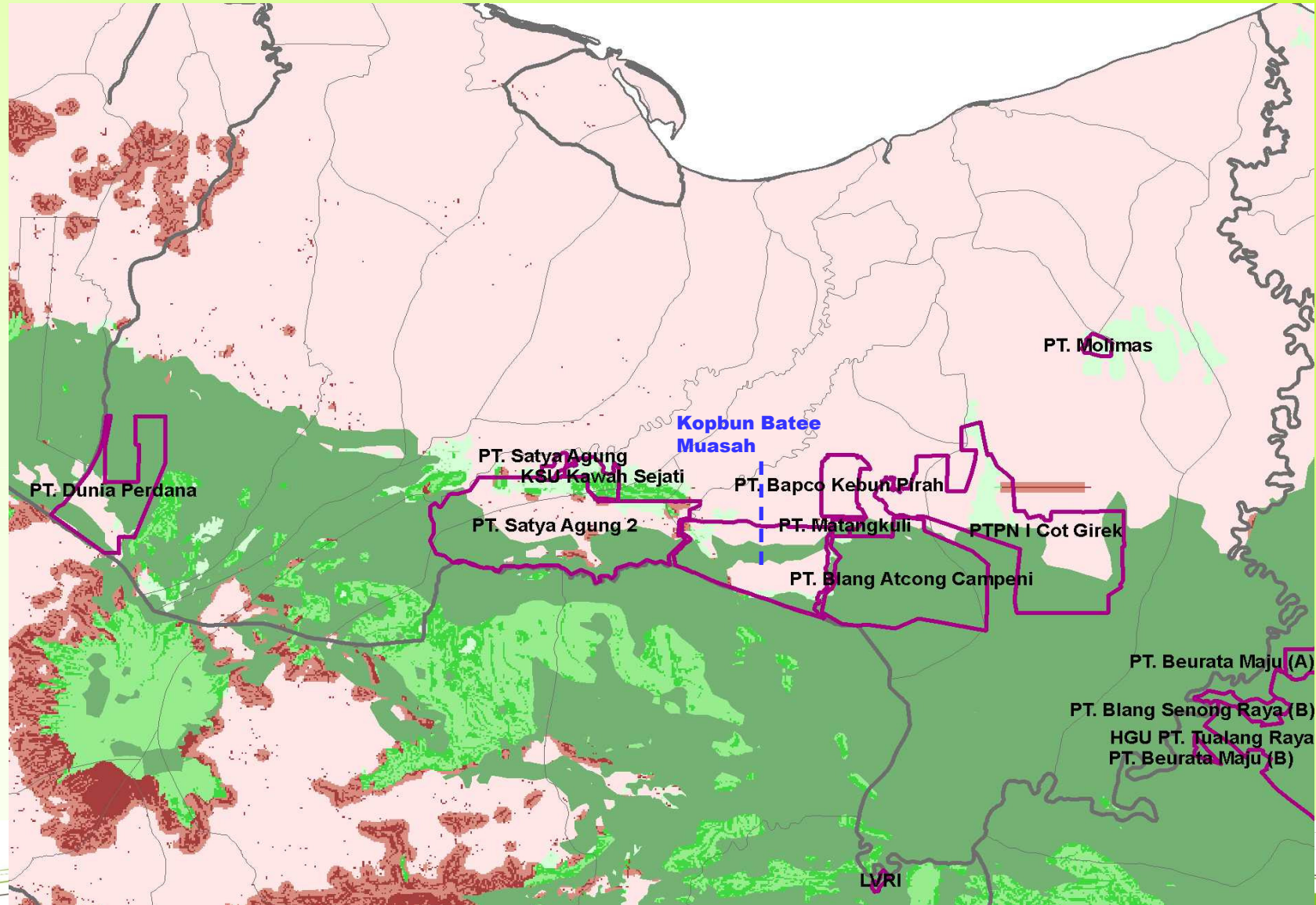
Hectares : 6,000 total (1,500 certificates, 500 pending)

**Planted : 980 Ha (2-4 years old)
600 Ha (1 year old)**

Laborers : 18-75

Funders:

- Cooperative members and leaders Rp 4.5 MM**
- Local government Pemda to fund seedlings, land clearing, and planting Rp 8 MM**
- Bank Mandiri with PTPN3 as Guarantor 6 MM**



Early Developments 2007-2009



The cooperative has built over 45 kilometers of access roads and an office-warehouse center with their own heavy equipment.



Many of the newly-established plantations are using intercropping systems with food crops such as soybeans, peanuts, chilies, and turmeric.



Uncertified Seedlings (“Bibit Palsu) 2009



New Plantings in 2010



Key Activities:

This initiative has three separate but inter-related components:

- **Strengthening the managerial, technical, and financial capacities of Kopbun Batee Meuasah**
- **Create adequate land in production (at least 2,000 hectares) to generate enough income to cover operational costs and leverage additional capital and financing for further plantings.**
- **Produce a long-term strategic master plan for the 6,000 hectare concession in line with the Principles and Criteria (P&C) of the Roundtable on Sustainable Palm Oil (RSPO).**



Challenges

- The cooperative faces constant cash flow constraints due to inadequate provision of operational and working capital financing from local government agencies and banks involved in the Plantation Revitalization Scheme (Revit Kebun)
- Smallholders in Aceh, particularly ex-combatants and conflict survivors, have limited managerial and financial expertise
- There are limited locally-available sources of training and capacity-building on the RSPO P&C and best sustainable practices
- Local processing infrastructure is inadequate, resulting in lower prices due to high transport costs to external mills

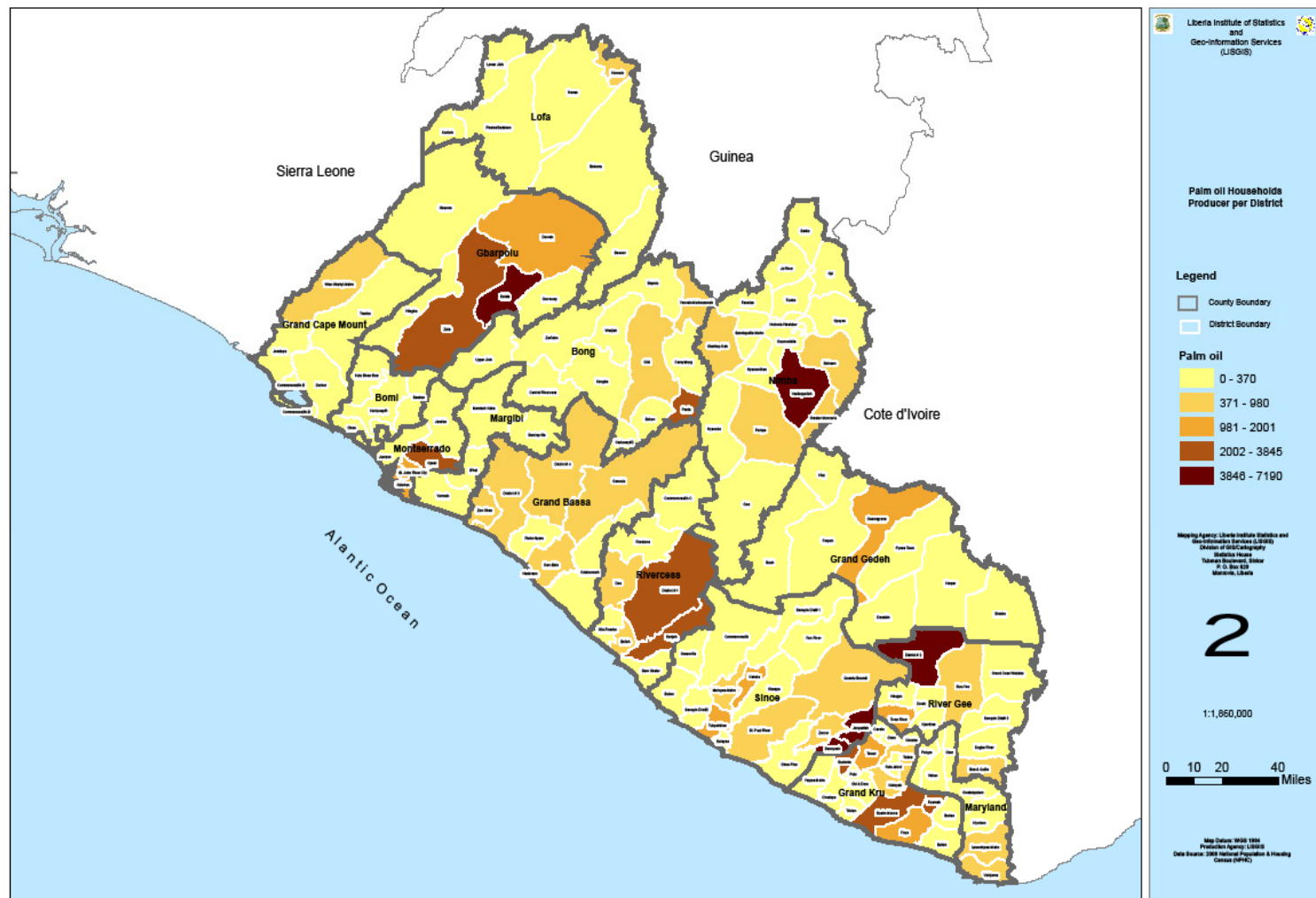


Recommendations

- Make provisions within the national and local Plantation Revitalization Scheme (Revit Kebun) to include planting, maintenance, and operational overheads of smallholder organizations for at least 3-4 years
- Engage the RSPO RILO in Jakarta and pertinent NGOs such as Solidaridad/ POPSI to support capacity building for the cooperative and other viable smallholder organizations in Aceh on the following topics:
 - Organizational and financial management,
 - Best practices in sustainable palm oil production, and,
 - RSPO P&C awareness and certification.
- Encourage parastatals (ie. PTPN) and the private sector to invest in expanded local processing capacity to absorb smallholder production at current fair market prices

LIBERIA









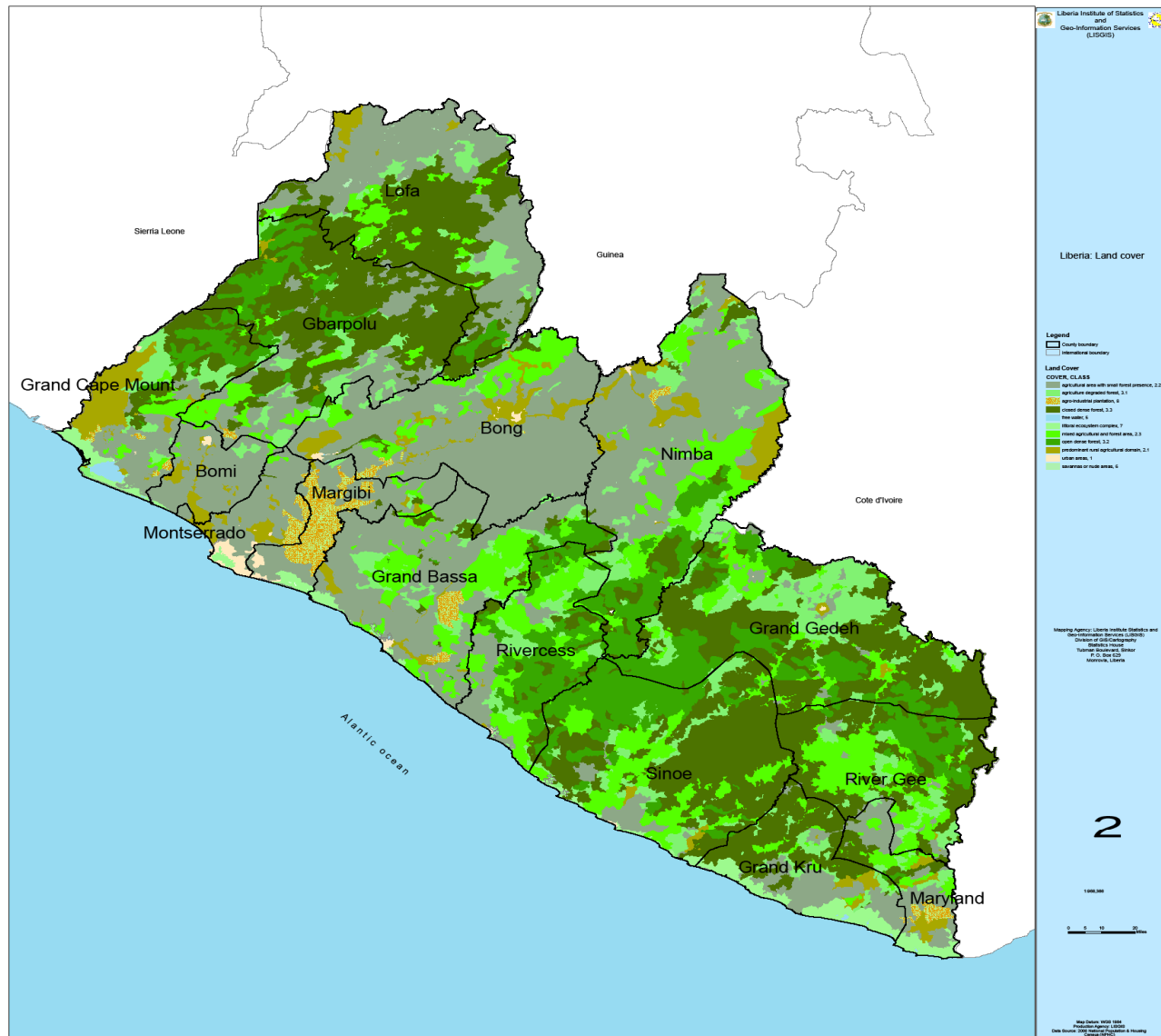






Pending Oil Palm Investment Initiatives in Liberia

Investing Company	Investor Origin	Counties	Estimated Hectares	Outgrower Hectares	Investment Size
1. Sime Darby	Malaysia	Grand Cape Mount Bomi Bong Gbarpolu	220,000	44,000	\$2.100 MM
2. Golden VerOleum (Sinar Mas)	Indonesia	Sinoe River Cess Grand Cru Maryland Grand Gedeh	200,000	40,000	\$1,600 MM
3. Equatorial Palm Oil	United Kingdom	Sinoe Grand Bassa	60,000	10,000	\$200 MM
4. Socfin/Cavalla	Belgium	Bong	10,000	-	\$40 MM
5. Haj Group	Liberia	Grand Cape Mount	4,500	2,000	\$2.5-5.0 MM
TOTALS			494,500	96,000	\$3,945 MM





Focus Group Discussants in Session in Beafinie, Bomi County, Liberia

Tenure, land use and legal issues

- No title deeds, customary land is either communal or family owned, claims physically demarcated by maps and/or stone markers in the villages
- Conflict resolution inside villages is often facilitated by village heads, in participatory consultations with elders and youth
- Interest exists to enter into smallholder or outgrower schemes, as long as agreements can be reached on land tenure, traditional uses, and local needs
- International oil palm companies have encountered resistance and hostility from some local leaders and community members amidst charges of violating land rights and traditional uses

LINSOD Members

- Government
 - MOA
 - FDA
 - EPA
- Civil Society
 - INGOS (FFI, CI, IUCN...)
 - NGOS (AACC, OPAL, etc)
- Private Sector
 - Oil Palm Companies
 - Sime Darby
 - Golden Veroleum
 - Equatorial Palm Oil
- Investors/Financiers
 - IFC
 - African Development Bank



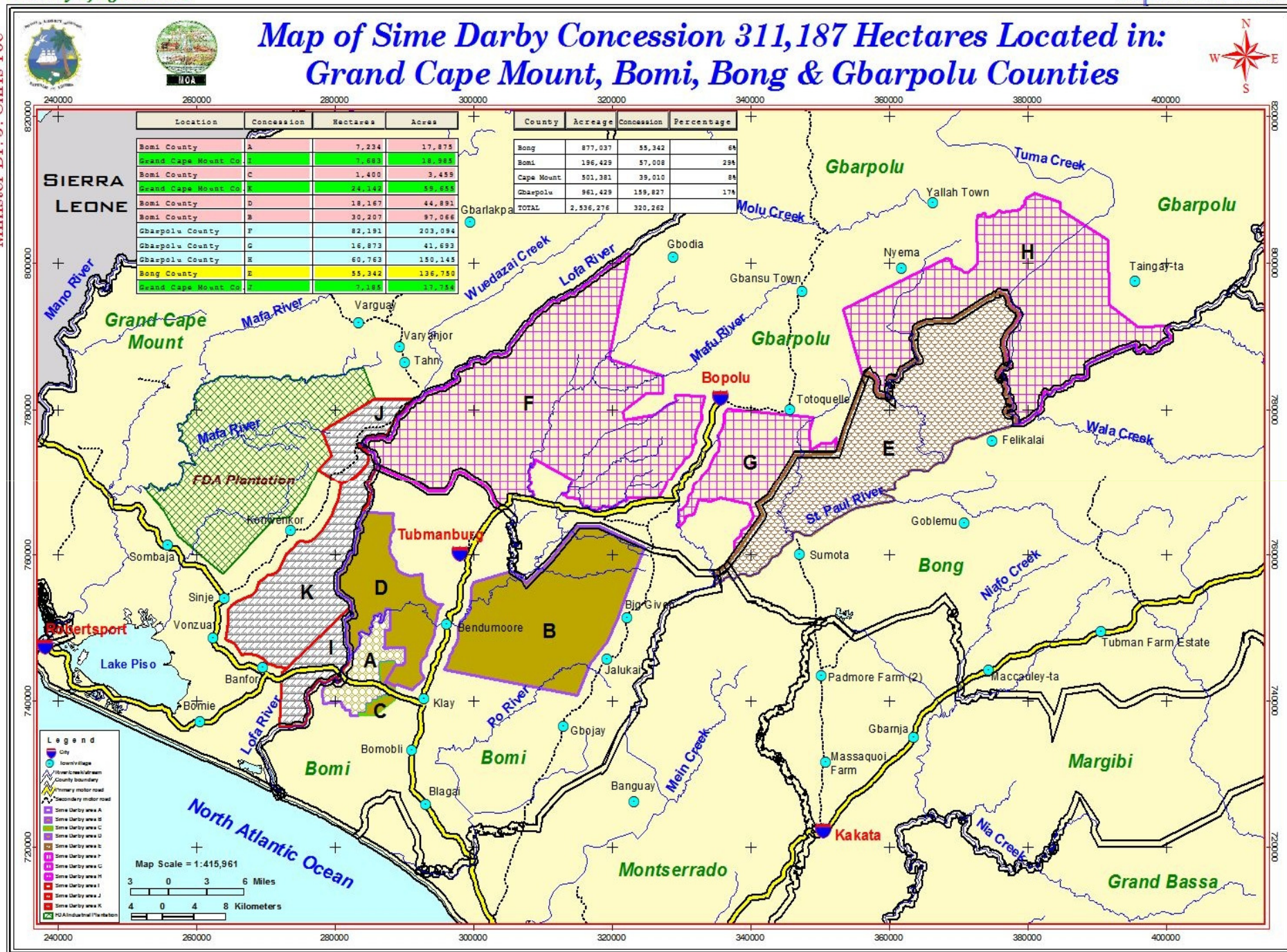
LINSOP Smallholder and Social Impact Working Group Proposed Priority Activities

1. Smallholder Baseline Data, Needs Assessments and Gap Analysis in 3-4 key counties (2 with planned company initiatives, 2 with independent efforts)
2. Piloting of Potential Smallholder Partnership Models
3. Free, Prior, and Informed Consent (FPIC) training and field trials
4. Development and Testing of RSPO P&C National Interpretation for Smallholders



Small Holder Schemes of Major Liberia Oil Palm Investors

Name	Area (ha)	Number of small Holders	Type of Scheme
Sime Darby	44,000	22,000	Company Managed
Golden Vereleoum	40,000	20,000	Company Managed
Equotarial Palm Oil	10,000	3-5,000	Outgrowers



SHARP OBJECTIVES DEVELOPED BY MULTI-STAKEHOLDER PARTNERSHIP



Provide secure, **sustainable livelihoods** for smallholders and workers within smallholder landscapes.



Increase yields from smallholder production through planting of better quality palms and improved agricultural practice.



Deliver **environmental benefits** including reduced deforestation and GHG emissions and: better protection of biodiversity.

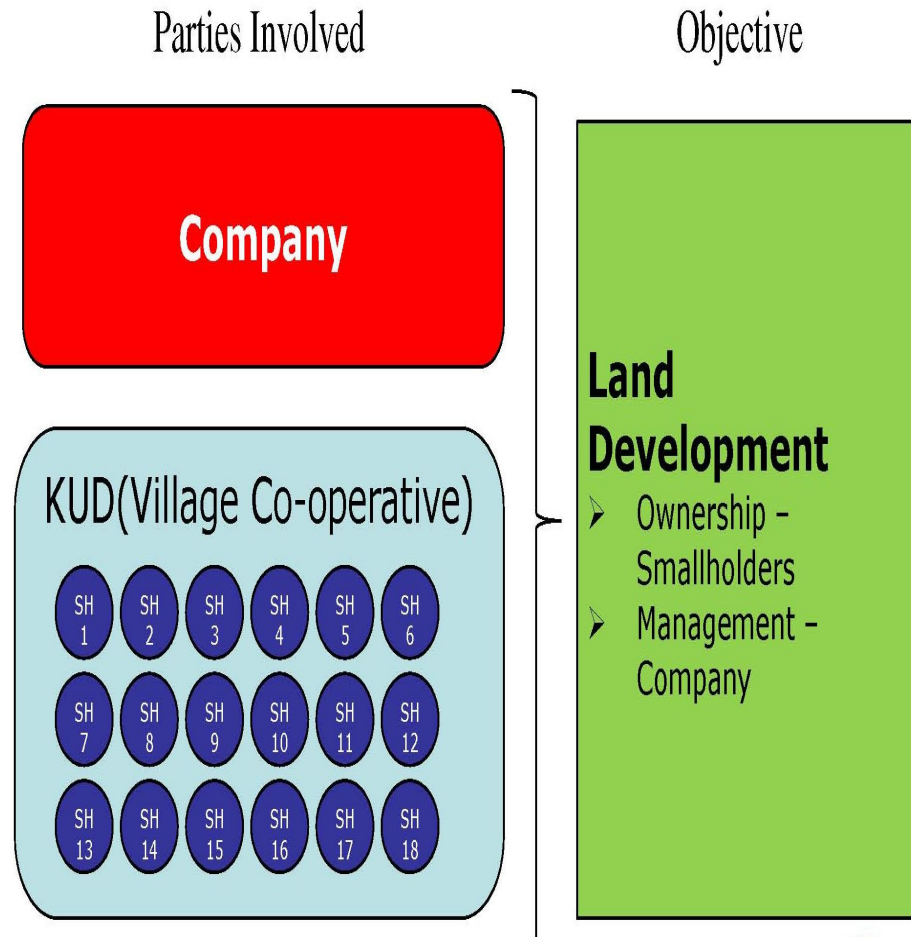


Empower smallholders and reduce conflicts by improving their organisation and management, building on the Free, Prior and Informed Consent (FPIC) approach and enhancing their bargaining position.



Integrate smallholders into global markets through linking the market to sustainable smallholders and facilitating RSPO certification of smallholders.

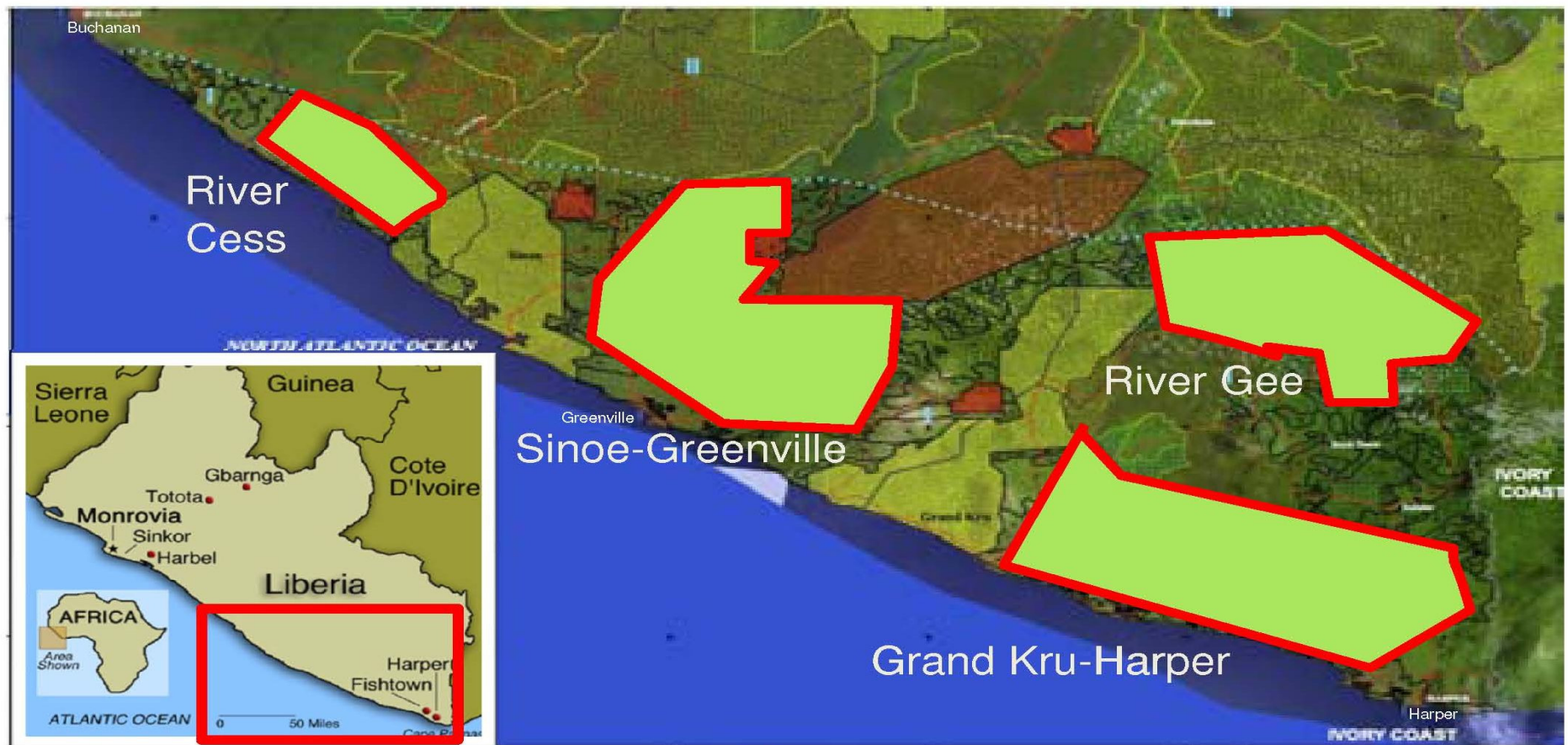
What is KKPA



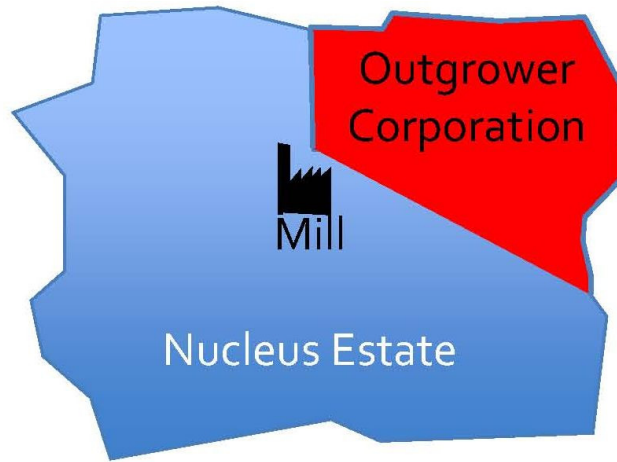
Advantages of KKPA

- Clarity of roles and responsibilities
- Opportunity for participants to gain double income (wages and dividends)
- Easier management of land development
- Improves economic value of land through more efficient land use
- Offers field work to participants and knowledge transfer
- Facilitates better infrastructure (e.g. road access between villages)

Golden Veroleum Potential Concession Areas

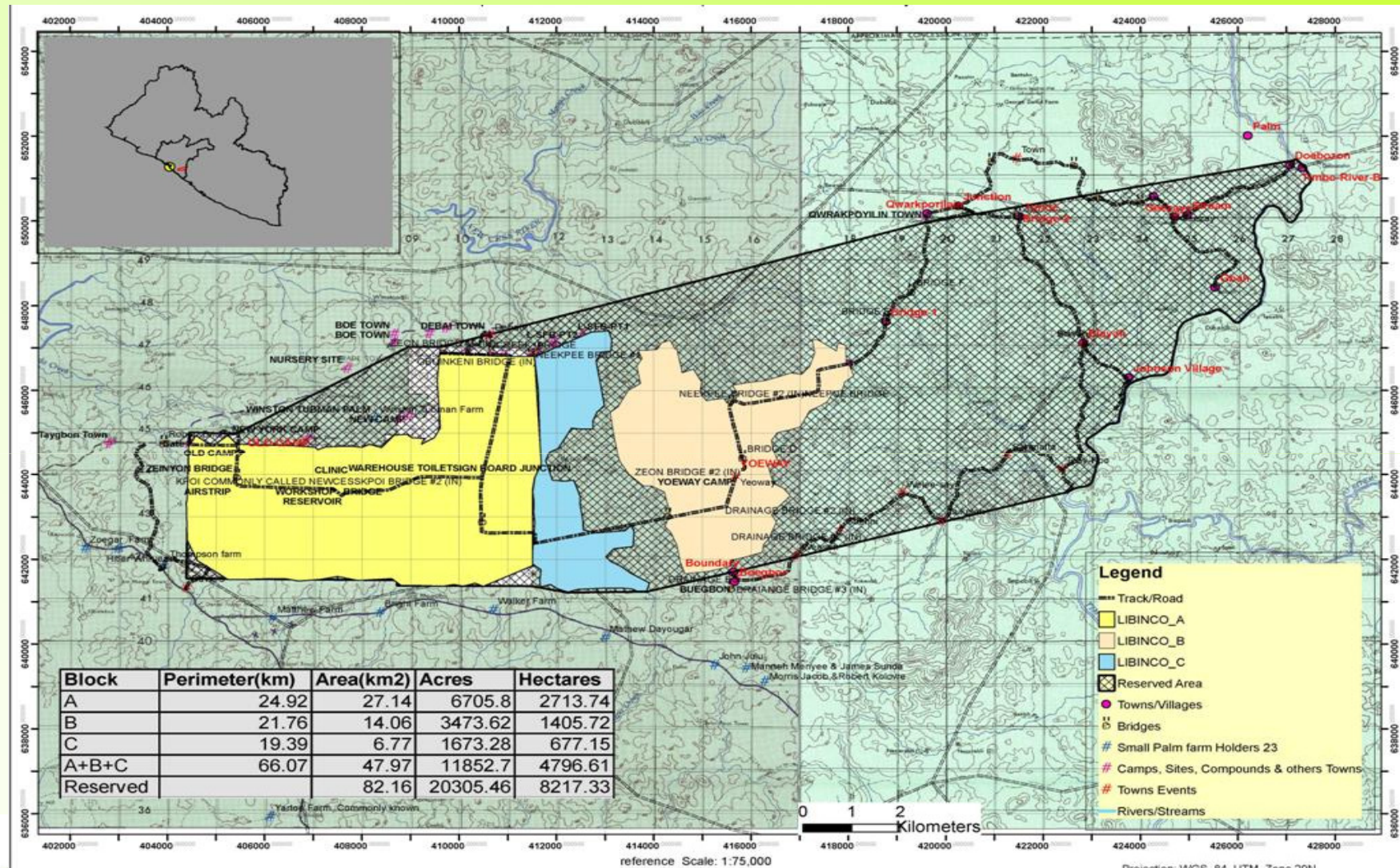


Golden Veroleum Smallholder Strategy



- Shares received by small farmers
- Unified land for productivity and standards, not various small plots
- Proper villages and housing standards, once financed
- Share in profit on Corporation land...
- ...PLUS regular, wage-paid jobs at combined estates
- Government appoints representatives to coordinate Corporation relationship with GVL and take joint decisions
- Concession-period contract with nucleus estate
- GVL organizes and manages development of Corporation land into uniform standards, and supplies seed, fertilizer, agri chemicals etc, at cost (based on open, audited books for supplies and services provided)
- Fruit sold exclusively to GVL mills based on specified formula, resulting in understandable, reliable payments received
- Funding of development and capex from international lenders, obtained by Government, with GVL support and advice in the process
- GVL provides professional administrative services such as expenditure payments, loans repayment services, tax payments from production proceeds

Equatorial Palm Oil Concession Map



Recommendations for Successful Smallholder Development in Liberia

- Companies need to establish effective community outreach programs to clarify their operational objectives, buying and pricing contracts, and socio-economic benefits
- FPIC awareness and practice needs to become a reality in the Liberian oilpalm sector. This can lead to effective processes to resolve land tenure issues and mitigate conflicts, especially between companies, communities, and government
- Objective review and development of various smallholder/ outgrower approaches and schemes is needed



Conclusions

- Palm oil smallholder rehabilitation and development initiatives in Aceh and Liberia offer unique lessons for extreme post-conflict situations
- Land tenure stabilization via effective application of FPIC and capacity building of smallholder organizations are critical elements in both areas
- The multi-stakeholder RSPO National Initiatives in Indonesia and Liberia can make a major contribution to the success of these two smallholder initiatives
- There is substantial scope for ongoing exchange of operational and technical expertise between Aceh and Liberia.