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Creating Shared Value in Oil Palm Smallholder Schemes in Indonesia - Experiences from Musim Mas Group Plantations*

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Musim Mas' investments into local communities through education benefits, health improvement activities and creation of community development oil palm projects and smallholder plantations ensure that local communities progress in tandem with Musim Mas Group. On 17 June, 2010, the Group's smallholders' scheme in West Sumatra Province was certified simultaneously with the estates and mill under the RSPO Principles and Criteria standards (P&C). This gives it the distinction of being the first smallholders' scheme in Indonesia to be RSPO certified. Following up on this, the smallholder partnership scheme in Riau Province was certified under the RSPO Scheme Smallholders P&C on 2 March, 2011, making 100 per cent of the scheme smallholders within the Group RSPO certified. It is evident from Musim Mas Group Plantations' experiences that the sustainability of smallholder oil palm systems can be improved tremendously by following standardised plantation practices. Musim Mas Group Plantations' success is having built plantation for the smallholders with best agricultural practices as used in the Group's estates and the productivity of the smallholders' plantations is as good as the nucleus plantation. The critical success factor in the smallholders' schemes in Musim Mas Group Plantations is making the project a non-profit initiative and gaining the trust of the villagers to participate and apply the Group's advice on good plantation management on their respective plot of cultivation. The presence of strong cooperatives that serve to coordinate the administration of the plots is also the key to successful implementation of the best agricultural practices. The advantage of the company's involvement ensures better regulation and control leading to more consistent application of agronomic, environmental and social standards.

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