

Making Green Finance Count: Impact Investing for Indonesia's Agricultural Sector

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The emergence of a global agricultural commodities industry free from environmental and social risks hangs largely on the industry being able to check and show how it is producing and selling its crops. Among suppliers, independent smallholders constitute the group that requires the most support to adopt sustainable practices. However, they are also the group least able to access the finance and support needed to do so. Can efforts to make independent smallholders more sustainable translate into attractive investment returns and compel the necessary financing and support?

To address this question, a growing number of public-private partnerships have sprung up in the Indonesian plantation industry. These partnerships take a landscape approach, which means creating a single framework to manage the needs of all actors within a specific geographical area, many of whom may have overlapping interests. These actors include smallholders, companies, local communities, NGOs, and governments.

Independent smallholders hold the key to these partnerships' success. The partnerships support independent smallholders by collectivising them, increasing their knowledge of sustainable agricultural practices, widening their market and financial access, and demonstrating their legal rights to the land on which they live and work. Without these measures, the agricultural commodities industry will remain mired in unsustainable practices and murky supply chains, which spells bad business for an industry already under attack for its unacceptable exposure to deforestation and lack of accountability.

- What do these partnerships require to evolve from the pilot stage to impactful, replicable models?
- Are these partnerships in line with investors' requirements, and can they provide sufficiently attractive financial returns?
- Or will new methods to evaluate these partnerships be required to more accurately assess their potential to deliver non-financial benefits, such as clearer land rights, reduced conflict, and less environmental degradation?

To address these issues, this Workshop will bring together several major implementers of landscape approach models across Indonesia, including plantation companies, NGOs, and development agencies, to present their models and the progress of their implementation. The Workshop will also provide a platform for financiers interested in investing in these models to give their views on what else may be required to make independent smallholders financeable under these models.

Co-Organisers



About WRI Indonesia

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