

Smallholder Farmers in Search of Fair Prices

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Exactly how much control do we farmers have over the price of our fruit?

The question rings in the ears of independent oil palm farmers gathered under the canopy tent. To these farmers, it is a tired subject, a question so often repeated it has become almost rhetorical. Still, it charges the air around them, probing deep into the very reason why many of them have come here in the first place.

Ginanto and his peers from Sumber Rejeki (“Fountain of Fortune”) Farmers’ Collective in Simpang Tiga Sembelangaan, West Kalimantan, are frequent attendees of the Klinik Berdaya Sawit programme. Held in the form of a circuit, the so-called

‘clinic’ was co-developed by Bumitama and its partner IDH, and launched in 2024. In essence, the clinic sessions are akin to TED Talks for all things oil palm-related. Here, novice and long-time farmers mingle with experts and staff from Bumitama, listening to each other’s presentations and testimonies, jotting down notes, taking turns to ask questions.

An independent grower for over a decade, Ginanto is well-versed in the workings of the palm oil market. He’s intimately acquainted with the fact that it remains largely a buyer’s market—





smallholders like him are price takers. But since Sumber Rejeki entered into a cooperation with Bumitama in 2021, they have received constant guidance, and begun to see what a farmer can do to get more reasonable prices for his fresh fruit bunches (FFB).

Muis Yenianto Saleh, the son of a transmigrant family from Ponorogo, East Java, concurs with Ginanto. Muis knows that lasting success requires farmers to embrace good agricultural practices (GAP) taught in these sessions. These include fertiliser dosing and scheduling, as well as use of empty fruit bunches to substitute chemical fertilisers. Such practices have led to desirable changes in farmers' agricultural practices, making them more sustainable in the long run.

But know-how on its own is hardly the magic bullet, he insists. "We farmers should band together to amplify our voice and leverage our bargaining position." Managing his oil palm estate since 2012, Muis now organises the activities of forty farmers across 2,000 hectares in their collective, Sumber Makmur ("Source of Prosperity"), established in 2016.

Ginanto and Muis credit the mentoring done by Bumitama and its partner organisations over the years. The company's counsel and material support carried them through hard times—when fertiliser prices soared beyond reach, when CPO prices slumped, and during prolonged droughts—allowing them to recover with resilience. In return for their FFB, delivered under agreement to Bumitama's mills, these collectives have received assistance of empty fruit bunches, a valuable soil conditioner and nutrient source, while also applying proven agronomic techniques to lift yields up.

"Some of us used to be haphazard in our tree care," says Ginanto. "We've come a long way from there, learning from Bumitama."

Before they shifted to organic mulching and proper fertilisation schedules, Sumber Rejeki's yield was around 1.2 tonnes per hectare (tph) every 20 days. Productivity now stands at around 1.8 tph—a solid 50% increase.



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Rising prominence of sustainable palm oil may be a gamechanger for smallholders—and a key issue the Indonesian government is eager to address. Amid mounting calls for palm oil certification schemes—

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“Our purpose in forming a collective is to improve farmers' welfare in Sumber Priangan,” Muis explains. “Bumitama has been guiding us to do just that.”

Years toiling in the fields have shown Muis and Ginanto there is so much good practice can deliver. By meticulously following expert advice, their productivity has gradually risen. And by ensuring that their fruit conforms with company standards, they yearn to obtain a price that is commensurate with the quality of their yield. Indeed, pricing issues have long been a lingering source of frustration for farmers. “Some members have been tempted to sell fruit elsewhere, for an extra five to ten rupiah per kilo,” admits Ginanto. “It may not sound like much, but for us smallholders, each rupiah counts.”

Smallholder oil palm farmers enter a precarious place as they seek equitable prices for their fruit. They are squeezed from many sides. Distance to mills, fuel and fertiliser costs, and a chain of intermediaries skimming from the margins erode what little income farmers make per harvest. This vulnerability is sobering, given that smallholders altogether manage nearly 40% of total plantation area and supply about a third of all CPO traded globally.



like ISPO and RSPO—it has tightened requirements for farmers through entry-level mechanisms. One of the government's chief moves has been to push farmers to apply for STDB, the Cultivation Registration Certificate.

Burhanudin, a quality supervisor at the Ketapang Office of Agriculture, believes the STDB is more than bureaucracy. Rather, it provides a lifeline. The certificate confirms land ownership, specifies its coordinates, and verifies that seedlings come from certified stock. It guarantees that a farmer's plot is clean and clear—not overlapping with forest zones or concessions. "With STDB," Burhanudin argues, "independent farmers are paid government-standardised price for their fruit. They can also go one step further, like getting ISPO-certified."

Bumitama's partnership with IDH is backing efforts to boost farmers' inclusion in the scheme, guiding their every step toward certification. At Klinik Berdaya Sawit and other forums, farmers learn how STDB fosters transparency, and with it, confidence. Company mills can trace the provenance of their fruit, which will substantially boost their traceability standing in the palm oil market.

Up to August 2025, with support from Bumitama and IDH, STDB registration was underway for up to 234 parcels of land belonging to 150 farmers in Sei Melayu and Nanga Tayap villages had been underway. The parcels covered an area of 1,800 hectares. Among the registrants are Ginanto and Muis's collectives, who are excited to reap the benefits. The prospect of fairer prices is no longer a distant dream for them. Such recognition will afford them a stronger foothold in the sustainable supply chain.

"If we want higher prices, fruit quality must also meet company standards," says Muis, Ginanto nodding in accord. "That's why we're applying GAP and pursuing the STDB. They'll be our pathway to prosperity."

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