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Indonesian palm oil farmers grow up to 30% more with healthier soil, easing pressure on forests

Livelihoods and SNV publish five years of field results from 3,000 independent smallholders in North Sumatra, and call on companies, investors, and governments to finance and support the transition for scale.

JAKARTA, 5 November 2026. Three thousand independent palm oil farmers in North Sumatra, Indonesia, are harvesting 14-30% more than farmers using conventional methods. Organic matter in their soils has doubled since the project began in 2021. Alongside these farms, 8,000 hectares of neighbouring forest have been brought under community protection — an interesting model for addressing some of the key issues generated by palm oil expansion in South-East Asia.

Livelihoods and SNV released these results yesterday at the RSPO Roundtable Conference (RT2026) in Jakarta, in a white paper titled *Regenerative practices in palm oil production: A practical framework and lessons from the field*. The paper explains what worked, how transition costs are covered, and how others can adapt and put it into practice — and shows how innovative partnerships enable companies to finance the transition so farmers don't carry the cost alone. The results underline both organisations' shared commitment to regenerative, deforestation-free supply chains.

Why it matters: better farms take pressure off forests

Palm oil supports millions of smallholder farmers. But many of their plantations are ageing, their soils are depleted, and fertiliser keeps getting more expensive. When yields fall, the temptation grows to clear new land — often forests.

Certification and no-deforestation commitments set essential rules, but they do not fix degraded soil. Helping farmers improve their livelihoods on the land they already have — while protecting and restoring the forests around them — is the core of the solution implemented over the past five years and one of the most practical ways to keep forests standing.

What the project does

The Biodiverse and Inclusive Palm Oil Supply Chain project (BIPOSC) was launched in 2021 by Livelihoods, SNV, and palm oil company Musim Mas. It is a ten-year partnership (2021-2031) that works on three levels:

- **On the farm**, independent smallholders learn techniques to rebuild their soil and spend less on chemical fertiliser:
    - *Composting*: turning farm waste and waste from palm oil mills into organic fertiliser.
    - *Mulching*: covering the ground around palms with cut palm fronds and other plant waste, which keeps the soil moist and feeds it as it rots.
    - *Ground-cover plants*: low plants grown between the palms that protect the soil from erosion and keep weeds down.
    - *Mixed planting (agroforestry):* growing other trees and crops between the palms, such as avocado, durian, chili peppers, or mahogany, which gives farmers produce to eat or sell and shelters useful insects and birds.

- **In the village,** the project builds what farmers need to keep going on their own: stronger farmer groups, small farmer-run businesses that make and sell compost and offer farm services, training, and support for women and young people to start their own activities.

- **Around the farm**, communities, companies, and local authorities agree on how to protect nearby forests, restore degraded areas, and manage water.

> *"For years, the palm oil debate has been about where not to plant. Our project in North Sumatra shows the other half of the answer: when the soil recovers, farmers earn more and the forest stops being the next field to clear. Farmers can't carry that change alone and companies can find a lot of benefit supporting this transition. Let's make it the norm," said* ***Eric Soubeiran, CEO of Livelihoods.***
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> *"Farmers bring knowledge based on decades of experience and investment of their own. Technical partnerships, strong farmer organisations, and catalytic capital through innovative financing models can take regenerative practices further, more sustainably, and to scale. We are grateful to our partners for supporting and working alongside SNV in North Sumatra and beyond, in showing how these elements can come together. The next step is to connect that early support with longer-term investment, making the transition a shared responsibility across the supply chain," said* ***Simon O'Connell, CEO of SNV****.*

The main lesson: new farming methods alone are not enough. Farmers adopt them when they also get affordable inputs, practical advice, and a clear financial benefit.

Results after five years

- **Higher yields**: 14-30% more than on comparable conventionally farmed plots.
- **Healthier soil**: soil organic matter doubled since 2021; earthworm numbers up 70%.
- **More useful wildlife**: pollinators and natural pest predators up 25%.
- **Extra income**: USD 830-2,000 per hectare per year from selling the crops and tree products grown between the palms, on top of palm oil income.
- **Cheaper fertiliser**: a farmer-run composting business sells organic fertiliser 62% below market price and has made USD 43,200 in profit.
- **Forest under protection**: 8,000 hectares of neighbouring forest brought under community protection and monitoring arrangements.
- **Certification**: 1,227 smallholders have achieved RSPO certification.
- **Women's enterprise**: more than 400 women trained in financial skills; 18 women's groups have started small businesses.

All figures come from project monitoring and reflect one region; results will vary elsewhere and local adaptation will be necessary. They show what is achievable when better practices are backed by local businesses and long-term funding — lower input costs, more diverse incomes, and longer-term resilience for farmers.

How the transition is financed and supported

Smallholder farmers cannot afford the cost or the risk of changing how they farm on their own. BIPOSC solves this through the Livelihoods Fund for Family Farming, an investment fund created by companies that buy agricultural commodities, backed by Danone and Mars and later joined by L'Oréal and L'Occitane Group.

The fund pays upfront for training and inputs. The companies then buy from the project over the long term and pay a premium linked to measured results, which repays the fund. Musim Mas provides technical support and uses waste from its palm oil mills to produce cheaper compost.

Alongside this financing, Livelihoods and SNV's work with local partners combines farmers' knowledge with technical advice, continuous coaching, and peer learning to put regenerative agriculture into practice. This field experience has informed a practical framework that can also be adapted to other landscapes.

What it takes to scale

The paper identifies complementary roles for partners, which can be adapted across diverse palm oil landscapes and other commodity systems.

Companies and buyers can co-finance the transition in their supply chains and make long-term sourcing commitments; development banks and impact investors can provide finance that reflects the cost and duration of the transition; governments and regulators can align replanting incentives with regenerative outcomes and bring landscape actors together; and practitioners and NGOs can work to test, adapt, and share the framework, working with farmer organisations.

Livelihoods and SNV invite companies, financiers, and public partners to develop partnerships with farmer organisations to scale regenerative practices in palm oil and adapt the approach to other smallholder commodity landscapes.

The white paper *Regenerative practices in palm oil production* is available here.

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About Livelihoods

Livelihoods is a global initiative that funds and co-designs large-scale nature-based projects with companies, NGOs, and rural communities. Backed by 20 committed companies, its expertise in regenerative agriculture, ecosystem restoration, and climate resilience helps companies transition to sustainable sourcing and contribute to global climate action. Since 2009, Livelihoods has launched 47 large-scale projects, delivering 5.4 million tonnes of CO_2e avoidance and removals, planting 160 million trees, and improving life for 2.4 million people in Africa, Asia, Europe, and Latin America. In the palm oil sector, Livelihoods has pioneered coalitions that bridge community needs and corporate commitments. **Learn more: livelihoods.eu**

About SNV

SNV is a global development partner, deeply rooted in the countries where we operate. Driven by a vision of a better world where all people live with dignity and have equitable opportunities to thrive sustainably, SNV strengthens capacities and catalyses partnerships that transform agri-food, energy, and water systems. We help strengthen institutions and effective governance, reduce gender inequalities and barriers to social inclusion, and enable adaptation and mitigation to the climate and biodiversity crises. With 60 years of experience and over 90% of our team coming from and working within the countries where we operate, we support our partners in more than 20 countries in Africa and Asia, tailoring our approaches to different contexts to achieve large-scale impact and create more equitable lives for all. **Learn more: snv.org**

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