

INTERVENSI DUTA BESAR DIAR NURBINTORO

PLT. DIREKTUR NAM CSSTC

FORUM KOMUNIKASI *OUTBOUND INVESTMENT*

SEKTOR USAHA KELAPA SAWIT INDONESIA KE AFRIKA SUB-SAHARA

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Penyelenggara: Direktorat Afrika – Kementerian Luar Negeri Republik Indonesia

Honourable Acting Director of Africa – the Ministry of Foreign Affairs of the Republic of Indonesia,

Distinguished speakers,

Ladies and Gentlemen,

I would like to start by thanking the Republic of Indonesia's Ministry of Foreign Affairs for this opportunity. Thank you for taking the initiative and ensuring that our voices and concerns are heard.

Ladies and gentlemen,

The palm oil sector is a significant export commodity for several developing countries, including Indonesia and Malaysia, and it **has the potential to become a significant export commodity for other palm oil producing countries**. The oil palm plantation sector is ideal for increasing farmer income and supplying raw materials to domestic industry. As a result, NAM Centre sees the importance of development in the oil plantation sector, which aims to **increase national and private oil palm plantation production**, as well as the **utilisation of natural resources** of land and water while ensuring their sustainability.

However, I see that in the field, there are still a number of problems that relatively impede the achievement of these goals; most small farmers only have a small land area, which is about 2 hectares. The age of farmers working on land, which in some areas is 30% of them are farmers with an age that is no longer productive, indicating that a lack of regeneration or interest of young people to become an oil palm farmer is still a problem. Although the

government has already provided funds for the smallholder palm oil rejuvenation programme, not all oil palm farmers have used them.

Ladies and gentlemen,

I applaud Indonesia's government and private sector for taking the initiative to invest in the Sub-Saharan African palm oil sector. I am confident that this investment will help to increase palm oil production and improve land and water use in Sub-Saharan Africa.

As a result, I believe that in order for this investment to be successful, more than just funds are required, **but also broad access to the investment for palm oil** business actors in Sub-Saharan Africa.

I have a suggestion for expanding access:

First: Take a proactive approach to oil palm business organisations.

This is especially true **for those in charge of small oil palm farmers**, so that the benefits of investment are felt by all and the noble goal of increasing farmers' income is achieved. Instead of waiting to be approached by applicants for assistance, proactive investors offer their investments.

Second: Promote investment through multiple channels.

We should not only use traditional methods to promote investment, but also use digital channels. This digital channel, which contains **positive campaigns on palm oil and investment facilitation procedures**, can be established by either public or private investment promotion agencies.

Furthermore, local government support is required to help create a healthy and competitive investment climate.

Third: Keep it simple.

We must be clear about the priority of this investment goal: Is it the highest profit in the shortest amount of time, or is it **increasing the welfare of small farmers**? If we want to improve the welfare of small farmers, the key lies in the requirements of the investment recipient. We must be sensitive to the situation of smallholders, which, unlike the medium-large private sector, has incomplete files and legalities.

As a result, when determining the requirements for investment recipients, investors may be able to provide tolerance in order not to request too many documents from investment recipients; or even **assist farmers in completing their documents so that they can meet the criteria as investment recipients.**

Fourth: There is equity.

Investing in groups or organisations that have received investments from third parties is always appealing. Because the track record demonstrates the group's or organisation's adaptability to the foreign investment system, or expertise in utilising investment. However, if we maintain this mind-set, investment funds will only flow to the same groups or organisations, **causing the palm oil industry's fortunes to be uneven.**

I propose that investment be prioritised for groups or organisations that have never received investment from Indonesia or other countries.

Fifth: Set realistic goals.

It is important to encourage investment recipients to make financial contributions to oil palm development in order to increase their sense of belonging to the programme or project, **but it is the percentage of this contribution that we must pay close attention to.** We must be realistic when asking for contributions from the beneficiary; we should not ask for an amount that is too large, such as an average of 50:50, because, based on past experience, the recipient of the investment is unlikely to be able to fulfil the request.

Before making an investment, investors should consider the possibility that they will have to bear 100 percent of the program's or project's costs.

Sixth: Anticipate the need for additional funds.

Aside from being prepared to bear 100 percent of a program's or project's funding needs, investors may also be able to plan for the need for additional funds.

For example, the NAM Centre frequently encounters investors who provide goods or services to the beneficiary but do not anticipate the need for aftersales service or the dispatch of technicians or experts who can train the beneficiary on how to operate and maintain the goods. As a result, investors approached the NAM Centre for assistance in covering the costs of dispatching such experts. Furthermore, the requests that were submitted multiple times were

unusual for the NAM Centre, such as sending technicians or experts abroad for six months. This cannot be covered by NAM Centre funding.

As a result, regardless of whether the NAM Centre agrees to contribute to the dispatch of experts within the framework of the programme, I believe that investors should still set funds for unforeseen needs such as sending these experts.

Investors must also anticipate additional needs, such as funding for interpreters, in addition to experts.

Mr. Acting Director,

Ladies and gentlemen,

Indeed, the suggestions I make add to the effort of typical investment practises carried out by the government or Indonesian companies abroad. However, we want the palm oil industry in Sub-Saharan Africa to develop in the same way that the palm oil industry in Indonesia has. Even though it requires more effort, I'm confident we all have the ability and knowledge to do it.

Again, as an international organisation, the NAM Centre believes that the distribution of welfare, particularly among small oil palm farmers, is the most important thing. My recommendations are solutions to ensure resilience and the achievement of sustainable development with the goal of "leaving no one behind."

Thank you very much.