

For Indonesia's rural population to develop more meaningfully and improve their standard and quality of life, a more holistic approach to land management is needed across the entire resource sector and not just specific fields. For more long-term gains, Indonesia needs to implement the 'One Map Policy' to aid sustainable planning and strategy.

There is also a real opportunity to achieve a productive balance between the needs of business and mobilising the potential of the rural population. It does not have to be a zero-sum game; one at the expense of the other. There are many ways in which businesses can benefit from playing a role in providing assistance to small landowners – from plantation management to entrepreneurship training programs. By working together to increase the returns to assets for their land and their labour, as well as by creating access to global distribution and marketing channels, profits and a higher standard of living are created for many Indonesian smallholders.

Numerous islands in the Indonesian archipelago are as far removed in economic terms from a city centre or engine of prosperity as they are physically distant from their capital city; and yet, in this current world of technological connectivity and advancement, not being in the city centre does not mean a lower standard of living.

Unlocking the potential of Indonesia's rural population and mobilising this workforce can be done through a multitude of avenues, both on the small scale and more widely speaking. If Indonesia is to expand its growth, there must be a continued focus on fostering the development growth of both the agriculture sector and rural population.



**Working with farmers in Kerinci to improve their integrated farming system**

# THE TOWN OF KERINCI



**T**he town of Pangkalan Kerinci, commonly known as Kerinci, is part of Pelalawan – a regency of the Riau Province; the economic hub of the island of Sumatra and one of the richest provinces in Indonesia due to its abundance of natural resources. Travelling to Pelalawan involves firstly flying to Pekanbaru in Riau and then disembarking at the SSK II International airport, followed by a 15-minute flight landing at a private airstrip that is owned by one of Indonesia's largest resource-based manufacturing conglomerates – Royal Golden Eagle (RGE).



Unigrha Hotel is the only three-star hotel in Kerinci. It is spectacularly perched on top of a hill amidst verdant slopes located in the manufacturing site of Riau Andalan Pulp & Paper (RAPP), a subsidiary of APRIL, an RGE company. Looking out across the horizon from the hotel are rows and rows of oil palm and acacia trees.

To the rest of the world, very little is known about this little town; but it is Kerinci that provides the world more than 2.8 million tonnes of pulp and 850,000 tonnes of paper per year. This town also houses RGE's key palm oil manufacturing operations. Together with mills in North Sumatra, Jambi and other parts of Riau province, 1 million metric tonnes of crude palm oil (CPO) is produced annually. Kerinci is the nerve centre of RGE's integrated pulp and paper manufacturing activities and an important palm oil operational hub through its independent companies – APRIL Group and Asian Agri.



## Proof of Concept

Twenty five years ago, Kerinci was a mere village of 200 dwellings, where most inhabitants were either fishermen or engaging in illegal logging. The only way to get to Kerinci was by boat and foot; there were no roads.

Today, the living conditions of the town's population are vastly different. Town numbers have swelled to 102,296 inhabitants, more than 11,000 kilometres of road have been laid, there is a small airport, and two shipping ports that transport pulp, paper and oil palm products to the rest of the world.

The town also has an electricity power plant with capacity of 530 megawatts (MW); of which 85 percent of the pulp and paper mill's energy consumption is derived from biomass wastes such as wood bark and palm husks to generate renewable energy, significantly reducing its reliance on fossil fuel. Its palm oil mill is also at the forefront of renewable

energy technology with a US\$4.7 million biogas plant which produces 1.4 MW from biomass waste collected from the palm oil mills.

Kerinci is a proof of concept that government, private and community partnerships can be meaningful and successful.

What the town has become today reflects a commitment to collaborate so that stakeholders grow together in harmony with social and environmental needs in that area. Today, smallholders manage 60,000 hectares of plantation and they work closely with Asian Agri to supply the world with palm oil.

