

SOPRI, an integrated funding project, provides financing and resources to smallholders to replant oil palm sustainably in Indonesia

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A sustainability impact fund manager, Abler Nordic, has partnered with a Singapore-based philanthropic organization, Temasek Foundation, which runs impact projects in Asia, as well as sustainable palm oil producer Musim Mas and Livelihood Funds to launch the Sustainable Oil Palm Replanting in Indonesia (SOPRI) initiative.

The pilot initiative facilitates smallholders' access to finance and resources so that they can replant oil palm trees sustainably, increasing their income and preventing forest encroachment.

In Indonesia, smallholders cultivate more than 40% of the land devoted to oil palm, but they face a significant challenge: aging oil palm trees reduce yields, making replanting urgent and costly. Without access to affordable financing, some smallholders risk expanding into rainforest areas, accelerating deforestation and climate change.

The SOPRI project is a key component of Abler Nordic's Climate Smart Fund, launched in its pilot phase with funding from the Norwegian Ministry of Climate and Environment, which combines public, philanthropic, and private capital to create deforestation-free value chains and support smallholder resilience projects. The Temasek Foundation is strengthening this blended finance model by setting aside catalytic capital to guarantee and derisk smallholder loans through the SOPRI project, thereby reducing financing costs for smallholders and limiting risks for private investment.

Initially, the SOPRI project will support 400 smallholder farmers on 400 hectares in Sumatra , offering long-term loans for replanting, financial literacy training, sustainability certification, assistance with land titling, and participatory village planning to promote responsible land use. In return, smallholders agree to avoid encroaching on the forest, which is subject to satellite tracking and on-the-ground monitoring.

The project is designed to demonstrate that sustainable replanting is both financially viable and scalable, with future phases aiming to reach more than 20,000 smallholders.

The Climate Smart Fund will act as the lead organization, managing financial operations and coordinating implementation with local partners such as Koltiva and Bank Amar. Musim Mas is providing technical support to help smallholder farmers achieve sustainable palm oil certification and access markets, while Livelihoods Funds is contributing its training and certification expertise to help farmers transition to sustainable practices.

Beyond replanting, the project is also exploring climate-resilient agroforestry models, integrating oil palms with shade trees and cash crops to improve soil health, regulate microclimates, and help smallholders adapt to climate change.

Abler Nordic now aims to expand the Climate Smart Fund, which grew from an initial \$10 million fund to \$40 million at its first close, by using a combination of investor capital, guarantees, and grants to implement concrete and sustainable climate actions.

Arthur Sletteberg, Managing Director of Abler Nordic , said: "Building long-term relationships with smallholder farmers, communities, and local partners is at the heart of our work. What we are doing is complex and unprecedented in many ways, but the results so far show that we have the right model and risk mitigation measures to scale up the Climate Smart Fund and create meaningful long-term change for smallholder farmers and the climate."

Sébastien de Royer, Senior Project Manager Southeast Asia at Livelihoods Ventures , said: "At Livelihoods Ventures, through this partnership, we aim to provide smallholder farmers with the technical support and guidance they need to transition to sustainable and resilient agricultural systems."

Mr. Rob Nicholls, Musim Mas's Managing Director of Projects and Partnerships , said: "This initiative is about more than just financial support; it's about giving smallholder farmers the knowledge and resources they need to implement sustainable practices. We believe that collaboration and engagement can have a positive impact on the environment and the communities involved in palm oil production."

Ms. Heng Li Lang, Head of Climate and Livelihood at Temasek Foundation , said: "This pilot initiative will be a game changer. By unlocking financing through catalytic capital, smallholder farmers can replant sustainably without bearing huge financial risks. Temasek Foundation is committed to collectively building this public-private-philanthropic partnership with Abler Nordic, Livelihoods Funds, and Musim Mas as part of nature-based solutions. Not only are we making a positive impact on the environment, but we are also paving the way for scalable and meaningful long-term solutions."