



## Reporting Back

Hello again everyone. We have just returned from our travels to Singapore, Cambodia and Kalimantan. There is much good news to report.

### RSPO Meeting in Singapore

Earlier this year we became associate members of the Round Table on Sustainable Palm Oil (RSPO). This is the peak industry body that brings together producers, buyers, conservationists and other stakeholders to move the industry towards sustainability.

The RSPO annual conference was held in Singapore in November. We delivered two papers: one on a pooling and pricing system for sustainable palm oil supply; and the other a paper on developing a Smallholder Sustainable Land-use Institute in Kalimantan.

In the case of the former paper, we were the only non-institutional member invited to present at a plenary session. It was quite a feather in our cap and the paper was well received.



Mursalin New presenting at the RSPO Plenary.

The conference was of course an opportunity to network. We made several very valuable contacts.

We received an invitation to visit the head of the Land Management Department in Sarawak where they have developed a very effective smallholder system.

We met the global head of the Community and Social Responsibility Department of Cadbury Schweppes. We have had some discussions with the Australian company around obtaining sustainable palm oil.



Freeman with  
Datu Vasco  
Singkang,  
Secretary  
General, Lands  
Dept., Sarawak.

Mursalin with  
Tony Lass,  
Global Director,  
CSR Dept.,  
Cadbury  
Schweppes.



We also held discussions with officials from IFC, a branch of the World Bank that is interested in funding projects that move the palm oil industry to sustainability. We will be submitting a proposal to them in February around our Smallholder Sustainable Land-Use Institute.

### Cambodia

As a reward for our hard work at the conference, we spent four days in Cambodia (one hour's flight from Singapore) visiting Livingston and Miyako Armytage.

Livingston is working for the UN as senior legal counsel to the Cambodian government. We ate extravagantly and enjoyed their fantastic hospitality. We also managed to fit in a visit to ancient Angkor Wat – an extraordinary place.



Occasional tourist at Angkor Wat, Cambodia

# Gunung Mas Palm Oil Project

After World Congress it became clear that, to carry forward our plans for a palm oil plantation, the critical next step was to find land in Kalimantan. It also became clear that we could not rely on aid funding and we would have to seek funds from investors and financial institutions

A review of the rapidly developing biofuels industry showed that there was strong investor interest in biodiesel production. We have prepared a draft proposal for a USD50m project including 10,000 ha. plantation and an output of up to 50,000 lt of palm oil biodiesel p.a. We received encouraging advice from some Subud friends with experience in merchant banking and preparing companies for public investment. They felt that, if we got the land and a management team in place, investors could be found.

Prior to leaving for our latest travels, we had heard that Pak Siregar, former Chairman of Subud Indonesia, had acquired some land for a palm oil plantation enterprise in Central Kalimantan. We wrote to him prior to leaving explaining our aims and arranged to meet him.

To cut a long story short, when we did meet we found a great alignment of purpose in our respective plans. And most importantly, Pak Siregar has a lease option on 15,000 hectares and was willing to work with us as one team to develop the project. There was an obvious synchronicity and complementarity in what we could each bring to the project.

Pak Siregar has been working alone for years to bring this project to fruition. Many times during our stay he commented on how happy he was to have people to work with on what he sees as "Bapak's project". (Siregar was one of the people who travelled with Bapak the one and only time Bapak visited Kalimantan. He was responsible for building the latihan hall at Rungan Sari and getting the first roads built.)



Pak Siregar, the Camat & Mursalin travelling up the Rungan River to Tumbang Jutuh

From our point of view, Siregar had already found the land we had been looking for - and not just any land, but the land where Bapak had told us to start.

These days, finding land in Kalimantan is not easy. Many large companies are now aware of the potential of palm oil and biodiesel, and the rush for land is well under way. It is no longer easy to find available land - let alone for a new and small player to get access to it.



Bridge Construction on the road leading to the Land

In Kalimantan, we visited the land with Pak Siregar and his son Dikke, who is managing the initial land preparation phase of the project. Through Pak Siregar's extensive connections, we were able to meet with senior government officials and traditional leaders, all of whom encouraged us in our plans.



Muchtar Siregar & Freeman Wyllie discussing business over breakfast by the lake

"This is what we have been waiting for" one of the local leaders said. "If you can do this, there is a lot of other land that has not been used properly that you can have." He then went on to say that "there is also that Subud land - you can have that too".

He was referring to land that a group of Subud members had applied for many years ago for a palm oil plantation. (It adjoins the piece of land that Pak Siregar has acquired.) The local people particularly remember Sharifin Gardiner and his passion for bird watching. They still call this land the "Subud land". It was a reminder that our plans for Kalimantan are known and remembered by the dayak people and that they are still willing to give us a second chance.

## An E22 Moment

On the way home after this already very successful trip, we were sitting in Singapore airport, at Gate E22, wondering if we could now relax a little and get back to "normal" life with our families for Christmas.

We got a phone call. It was a Malaysian Subud member with whom we have been having discussions for several years. He is a senior plantation manager with a lot of experience with palm oil in Central Kalimantan. He told us that he wanted to work with us and was willing to start in April 2006. He generously offered to work for 12 months on half-salary to help get the project started.

We looked at each other in disbelief – not only did we have access to land through an invaluable Subud collaboration with the Siregar family, but also now a plantation manager and new partner ready to start in April.

We are, therefore, a team - ready to go. It is clear that we now just have to hang on and do what is in front of us.

## Next Steps

After our meetings with Pak Siregar and his family, we agreed the next steps to be completed by March 06 when we hope to return to Kali:

- Prepare an MOU of agreements to date;
- Prepare a detailed Business Plan;
- Prepare a Land Management Plan;
- Research and develop a Foreign Investment Company to hold the land and investor funds, and to manage the project;
- Prepare an update presentation to Subud Australia National Congress and the International SES meeting;
- Seek pioneer investments up to a value of USD300,000 to complete the rather long and involved process of acquiring the 90 year lease to the land, and the half-salary of the plantation manager for the coming year;
- Prepare a proposal to IFC to fund the Smallholder Sustainable Land-Use Institute proposed to be situated on the land;
- Research the larger funding requirements in a way that ensures the project stays aligned to its Subud objectives and under Subud management;
- Commence clearing of secondary forest and prepare the first hundred hectares for palm oil planting (a government requirement to show that we are "fair dinkum" - as we say in Australia).

**All the Best to all our Friends for 2006**

**Freeman Wyllie & Mursalin New**

## Smallholders

The other core focus of Borneo International in Kalimantan is the promotion of the smallholder farming sector. A smallholder oil palm scheme will form part of our Gunung Mas Project and as part of our land-use planning, we will also encourage the establishment of biodiverse, traditional dayak rubber agroforests to provide further social and environmental benefits.

Subud members in Central Kalimantan have established several enterprise projects aimed at assisting smallholders. A smallholder cooperative CV Paket Lewu has been established and its projects include an essential oil distillery in the village of Sei Gohong as well as smallholder rubber scheme.



Cattle raising at Cikaro in West Java

In Java, we visited the Cikaro cattle project near Bapaks grave. Many of the Cikaro villagers have become Subud members and hope to migrate to Kalimantan to establish cattle raising projects.



Bali Cow in rubber agroforest near Tumbang Jutuh, Kalimantan

All of these smallholder projects have a good chance of success. However, as always, access to smallholder capital and credit is a limiting factor. We will make presentations about these projects at the Perth SES Global Enterprise Meeting with a view to identifying suitable micro-credit mechanisms.

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**Look forward to hearing from you.**