



INCLUSIVE CLOSED LOOP: THE PRIVATE SECTOR'S ROLE IN ENABLING MSMES

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PT Triputra Agro Persada Tbk (IDX: TAPG) is an Indonesian palm oil plantation and palm oil processing company, operating through its subsidiaries and associated companies. The company was established in 2005 and is headquartered in Jakarta.

The company operates in the Indonesian provinces of Jambi, Central Kalimantan, and East Kalimantan, supported by more than 16,000 employees.

TAPG believes that its business activities—being based on natural resources—must be aligned with efforts to protect the environment and improve the quality of life of the people, especially communities living nearby. Among its many initiatives, the company complies with the Indonesian Sustainable Palm Oil (ISPO) and Roundtable on Sustainable Palm Oil (RSPO). The company's palm oil mills have also been certified for Company Performance Rating Program in Environmental Management (PROPER) by the Indonesian Government.



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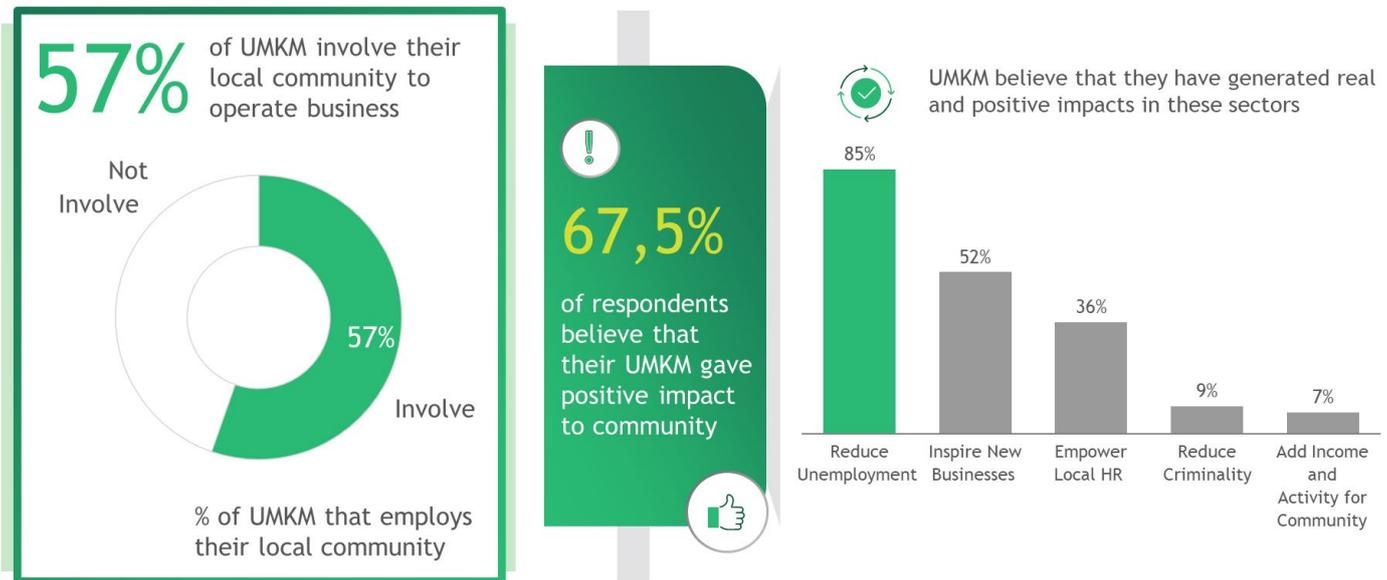
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THE PRIVATE SECTOR’S ROLE IN ENABLING MSMEs

MSMEs ARE THE ECONOMIC BACKBONE of our global economy, and play a particularly important role in enabling inclusive and equitable growth in developing countries. Micro-, small-, and medium-sized enterprises (MSMEs) represent 90% of businesses globally and more than half of employment worldwide according to analysis by the World Bank. In emerging economies, formal MSMEs contribute up to 40% of national income (GDP) – and these numbers are significantly higher when informal MSMEs are included.

In Indonesia, MSMEs represents 99% of Indonesian businesses, contributing approximately 60% of Indonesia’s USD1 trillion GDP and providing 70% of employment according to official statistics from the Ministry of Cooperatives and SMEs

Exhibit 1



Aside from their high-level quantitative importance, MSMEs are also qualitatively important, as they offer valuable employment within local communities, are embedded in the fabric of local communities, and are owned locally. A study of 340 Indonesian MSMEs undertaken by Blibli, Kompas Data, and Boston Consulting Group (BCG) reveals that 57% of MSMEs employ from their local communities. Almost half (46%) of respondents view MSMEs as their main source of income. The research reveals that 67.5% of respondents believe that their MSME delivered positive impact to community, and 85% believe they are impactful in reducing unemployment. Additionally, more than half of Indonesian MSMEs are women-owned, demonstrating their value for inclusive and equitable growth. These enterprises act as engines of economic growth, community employment, and social uplift. Hence, MSMEs provide a valuable catalyst to realize the wider ambitions of the United Nations’ Sustainable Development Goals.

Alongside their direct economic benefits, MSMEs are a vital part of the wider business ecosystem. Efficient and empowered MSMEs can help strengthen business supply chains, improve the quality of products, and help support a more optimal business landscape which benefits everyone in the ecosystem—not only MSMEs but also large corporations, as well as the general consumer.

Despite the widespread benefits they deliver, MSMEs face notable challenges to growth and success, including barriers to financial access, poor customer data systems, limited resources for innovation, and undeveloped sales channels.

THE VITAL ROLE OF PRIVATE SECTOR

Private sector stakeholders are uniquely positioned to help build capacity and enhance the operations of MSMEs. These smaller enterprises are already operating within the orbit of large private sector players, often playing an integral part of the wider supply or value chain. As a result, private sector players are positioned to not only provide much-needed financial support, but also integrated in such a way as to deliver technical support with a mutually beneficial outcome.

The private sector generally, and financial institutions in particular, have the capabilities and capacity to enable MSMEs through improved access to funding. These institutions offer a pathway to financing from both traditional and non-traditional means, including private institutions, banks, angel investors, and even venture capital and private equity.

Private sector stakeholders also have the capability to influence the wider business ecosystem, and steer policy evolutions that help support MSMEs. The reality is that policy interventions by international financial institutions around improving access to finance for MSMEs often cater more towards larger enterprises than more modest micro- and small-sized businesses. Private sector players can push for positive changes that better target these smaller enterprises.

MSMEs face numerous strategic challenges which exist in the context of the wider ecosystem. Private sector's targeted intervention to overcome these challenges can go a long way to building a more conducive business environment for MSMEs, which eventually will accelerate the economic and societal impact of MSMEs.

1

Accelerator 1: Access to market. Due to their limited enterprise sizes, MSMEs often face higher costs as compared to larger enterprises that can leverage economies of scale. These higher costs can create an uneven competitive environment for MSMEs, giving larger companies an advantage in costing and pricing that creates a barrier to competition for smaller enterprises.

MSMEs may find themselves unable to join lucrative e-commerce marketplaces due to low levels of technology adoption, depriving them of economies of scale and wider market access. MSMEs may also find themselves disadvantaged by the need for middle-men, reducing profitability. Lack of expertise in product development, design, and marketing strategy also create pressures in adapting to the changing business environment.

Positive private sector interventions:

- Actively source products and services from MSME suppliers. Incorporate specific targets for the share of MSMEs in a company's supply chain.
- Develop or leverage existing MSME-targeted marketplaces, and support MSME to onboard to these marketplaces.
- Establish a frequent feedback mechanism with MSME suppliers to ensure efficient and ongoing process improvements within the supply chain, and engage MSMEs from the outset of a project. Open communication will allow the fastest possible payback for investment of time and resources. This commitment empowers MSMEs as true partners within the value chain, unlocking wider benefits such as expertise in identifying local economic and social challenges.

2

Accelerator 2: Upskilling, access to innovation, and best practices. Evolving knowledge and skills is vital in the modern business ecosystem—particularly given the accelerated nature of digital transformation—yet MSMEs often face challenges in access to upskilling, innovation, and best practices.

A 2019 study by Economic Research Institute for ASEAN and East Asia (ERIA) revealed that many ASEAN MSMEs still struggle to adopt and use digital technologies and tools when compared against larger companies with greater resources to invest in training, reskilling, and upskilling.

Positive private sector interventions:

- Provide support for digitalization, including training programs to boost digital literacy, and provide access to digital tools to enhance the performance of MSMEs.
- Establish training programs and share best practices for MSMEs within the supply chain, supporting efforts to improve their business operations, raise compliance to market standards, and achieve certifications.
- Collaborate with MSME suppliers to introduce innovative products.

3

Accelerator 3: Access to financing (especially for financial institutions). Access to finance is a primary barrier for MSMEs, especially in emerging markets and developing countries. Poor access to finance hinders the business expansion efforts of MSMEs, and limits their ability to unlock opportunities to improve productivity.

Even where access is possible, MSMEs often face higher interest rates on funding obtained from third-party lenders, making loans unaffordable. Women-owned MSMEs encounter even bigger obstacles in financing, with 70% of women-owned MSMEs in emerging countries unserved or underserved by financial institutions according to research by the International Finance Corporation (IFC). These barriers mean that, in reality, most MSMEs suffer significant shortcomings when it comes to access to finance, and often seek informal means such as loans from friends or family, or internal funding from within their business.

Analysis is clear that MSMEs are less likely to be able to obtain bank loans than large firms. Complicated credit requirements can create a significant hurdle for MSMEs seeking access to loans from banks.

Positive private sector interventions:

- Develop an MSME-friendly loan requirement process, simplifying and smoothing application and approval procedures.
- Expand loan accessibility to unbanked or underbanked MSMEs in sectors such as agriculture and fisheries.
- Leverage creative financing models to improve access, for example area-based, peer-to-peer, crowd funding, and other such models.
- Establish financial products such as credit insurance and trade financing targeted at MSMEs.

4

Accelerator 4: Regulatory support. The regulatory landscape can often be challenging, and lack of knowledge or specific skills to meet necessary requirements for permits, or broader regulatory compliance needs, creates a significant problem for MSMEs.

Unlike larger enterprises, MSMEs lack the dedicated operational functions or available resourcing to navigate complex and often bureaucratic application processes. As a result, MSMEs suffer disproportionately from regulatory burdens, with larger firms better able to absorb both financial and resourcing costs.

Positive private sector interventions:

- Advocate for a friendly regulatory environment for MSMEs, including measures such as simplified regulatory certification processes.
- Push for an equitable and inclusive digital infrastructure to enable a level playing field for MSMEs regardless of available resources or location.

Accelerator 5: Sustainable business practices. In recent years, sustainability concerns have taken center stage in global development. Businesses, including MSMEs, are striving to adopt business practice that is economically viable, socially responsible and environmentally friendly. Companies are constantly encouraged to upgrade their quality standards in products and processes without damaging the environment or adding further emissions burdens. MSMEs also face evolving, and more stringent sustainability standards or certifications when attempting to penetrate new markets, at the same time facing fierce competition from better resourced multinational companies.

MSMEs, unlike their larger counterparts, do not have the resources or technical expertise to rapidly adapt to changing sustainability requirements, and have lower risk thresholds in attempts to grow their business while meeting targets set by national governments, private certification bodies, and leading companies in global value chains.

Positive private sector interventions:

- Provide training and skills programs for MSMEs to raise awareness and understanding on benefits and application of sustainable business practices.
- Support MSMEs in efforts to obtain sustainability standards or certification through both financial and technical assistance.
- Provide financial and non-financial incentives for MSMEs to promote sustainability in their business practice. This could include cash subsidies for MSMEs adopting green practices, or sustainability premiums which agree a higher price for products or services from sustainable MSMEs.
- Collaborate with MSME suppliers to introduce innovative and environmentally-friendly products.

While many ecosystem stakeholders—including private sector organizations in a variety of sectors—are undertaking initiatives individually to support MSMEs, there remains a significant unmet gap in holistic enablement of MSMEs. Direct action by individual organizations in isolation can help to relieve short-term challenges but fails to address underlying ecosystem issues that can deliver a more sustainable long-term solution.

There is a pressing need for concerted efforts to develop a comprehensive end-to-end ecosystem in tackling the vicious cycle of MSME challenges, in a sustainable manner. Holistic solutions require all actors to work together to create a positive and enabling ecosystem at every step of the MSMEs value chain. A practical solution to engender an MSME-friendly ecosystem should incorporate support from the government, private sector, financial institutions, and other stakeholders to deliver an end-to-end solution in partnership and sustainable impact.

THE INCLUSIVE CLOSED LOOP MODEL

The Inclusive Closed Loop model is an Indonesian-born concept aimed at improving the productivity and livelihoods of economically marginalized groups such as MSMEs, farmers, fishing communities, and female-owned businesses. The Inclusive Closed Loop promotes an open, fair, and sustainable multi-stakeholder cooperation among the government, the private sector, and other stakeholders to empower MSMEs in a holistic way.

The model—driven by the private sector—puts MSMEs at the center of this multi-stakeholder ecosystem, providing them with access to finance, knowledge, technology, and market access.

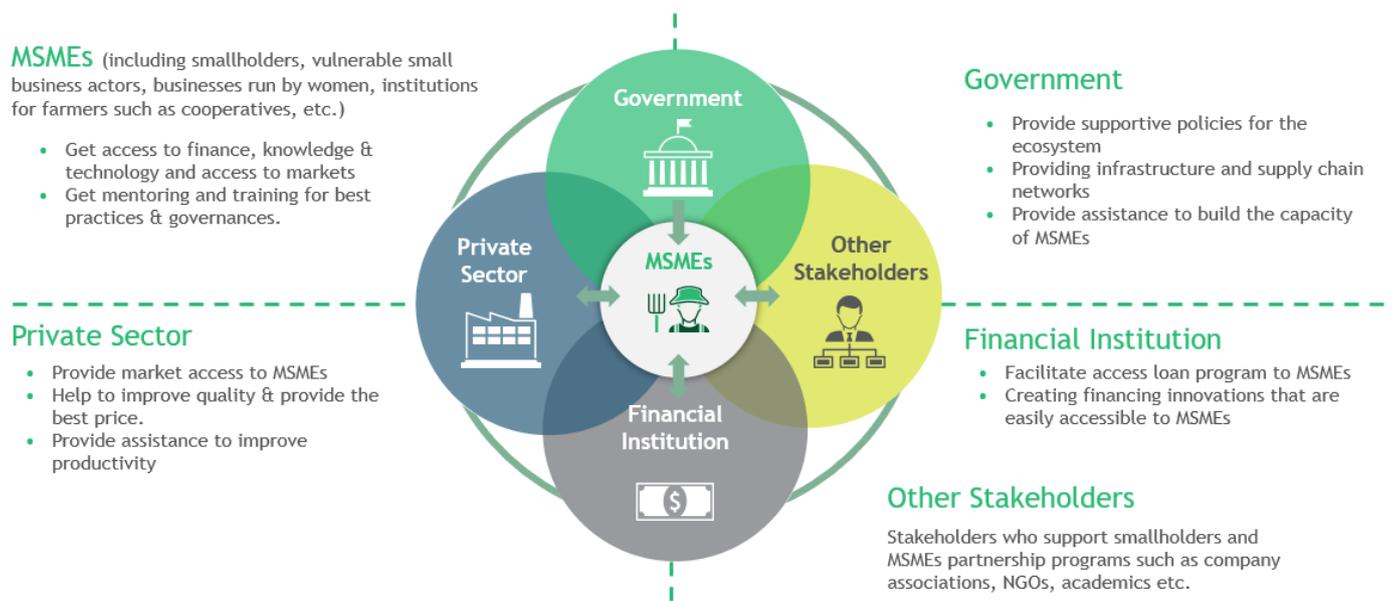
KEY STAKEHOLDERS AND ROLES IN THE INCLUSIVE CLOSED LOOP

Effectively delivering on the Inclusive Closed Loop model will require the leadership of private sector, backed by cooperation and integration of all stakeholders in the

MSMEs ecosystem, including government, private sector, financial institutions, MSMEs, and other stakeholders.

Exhibit 2

Inclusive Closed Loop Flywheel (Ecosystem)



The partnership scheme with an inclusive closed loop model ensures multi-stakeholder cooperation between the government, the private sector, MSMEs and other stakeholders to develop an open, fair and sustainable cooperation ecosystem

- **MSMEs.** Includes smallholders, vulnerable micro-business owners, female-run businesses, smallholder cooperatives in agriculture, and more. MSMEs require support to access finance, knowledge and technology, and markets. MSMEs also benefit from additional support through mentoring and training on best practices and governance by ecosystem collaborators.
- **Private sector.** Private sector stakeholders, or businesses, play a vital role in driving the partnership between the key players in the Inclusive Closed Loop ecosystem. Individually, private sector actors offer a pathway to enhance the performance of MSMEs, including, but not limited to, improved access to finance, technology, and markets. The private sector has the capacity and capability to provide training and funding, as well as transfer of technology and knowledge, unlocking opportunities for improved productivity. They can help improve the quality of business and products, allowing MSMEs to improve their product pricing.
- **Government.** Public sector agencies and ministries can provide supportive policies to enable the end-to-end ecosystem. Government can champion infrastructure and supply chain networks to further enable MSMEs, as well as being able to introduce capacity building assistance to also empower MSMEs.
- **Financial institutions.** Financial institutions offer important enablers through improved financial access. Targeted MSME loan programs can help overcome funding hurdles, while innovative financial product and services can also be introduced to improve access for MSMEs.
- **Other stakeholders.** Extended business ecosystem stakeholders can also act to enable MSMEs. These include organizations and stakeholders that support micro-businesses and smallholders, and MSME partnership programs such as company associations, alongside academic institutions, and non-governmental organizations (NGOs). These organizations can forge partnerships with MSMEs to design and provide them with training or upskilling programs, exchange knowledge and best practices, or work collaboratively to expand access to consumers.

HOW TO START THE LOOP

Private sector players can embrace four pillars to initiate their own efforts to deliver an Inclusive Closed Loop ecosystem—develop deep understanding of the need,

define end-to-end solutions and target delivery, build partnership with other stakeholders in the ecosystem, then pilot, evaluate and scale up.

1. Develop deep understanding of the need

- a. Build knowledge of the profiles of relevant MSMEs within the company’s own ecosystem, including demographics of the owners and customers, the sector of operation, the product portfolio, and other key measures.
- b. Develop deep understanding of critical barriers and unmet needs that MSMEs in their value chain must overcome every day.

2. Define end-to-end solutions and target delivery

- a. Develop holistic solutions to ensure MSMEs are supported and empowered at every step of the value chain. Examples in agriculture include acquiring the best seed, getting the best farming advice, and gaining direct access to market without being exploited by middlemen.
- b. Design solutions that ensure economies of scale on the ground are achievable, for example, cooperative structures for harvest pooling and sales.

Case study #1: eFishery, end-to-end solution in a single digital platform

eFishery is a startup in the aquaculture industry which seeks to provide end-to-end solutions to empower smallholder fish and shrimp farmers in Indonesia. The company aims to provide quality seeds, access to finance, and improved access and market distribution.

The company was founded in 2013 and is Indonesia’s first aquaculture intelligence startup. eFishery leverages innovative technologies, such as auto-feeding machines, and digitalization to increase the efficiency in fish and shrimp farms, ultimately increasing productivity for fish and shrimp farmers. eFishery also provides training and upskilling to smallholder fish and shrimp farmers.

Exhibit 3



eFishery delivers its support across three main channels— solutions for fish farmers, solutions for shrimp farmers, and solutions for consumers and buyers. The support comes in the form of financial health support, feed-efficient technology, productivity-enhancing services, and distribution of top-quality sustainable produce.

Fish and shrimp farmers are provided a complete, end-to-end service, with app support offering advice on ease of feed transaction, access to financial support, as well as the latest news and information on aquaculture, across several solutions platforms:

- **eFisheryKu.** All-in-one digital Koperasi app for fish farmers, providing access to all eFishery’s facilities, from feed to fund, in just one click.
- **eFisheryFeed.** Fish feed center that fulfills all farming needs, partnering with hundreds of feed agents across the country.
- **eFisheryFeeder Fish and eFisheryFeeder Shrimp.** eFishery’s feature smart feeder, fully automated and customizable to fish and shrimp feeding needs to improve harvests.
- **Lapak Ikan and Lapak Udang.** The go-to market for fish and shrimp harvests, ensuring fast, direct, reliable transactions and distribution of produce. This solution creates a fair, sustainable trade ecosystem by giving both buyers and sellers the best prices backed by fast payment services for farmers’ harvests.
- **Kabayan** – eFishery’s pay later program. The pay later program called Kasih, Bayar Nanti — creates access to fast, reliable financing to help support and expand fish farms.
- **Disease prevention system.** Preventing diseases from shrimp ponds with the help of technology and eco-friendly disinfectant.

eFishery’s efforts have impacted more than 6,000 fish and shrimp farmers to date, with cooperatives from over 250 Indonesian cities having joined the eFishery ecosystem, resulting in a 45% increase to participating farmers’ incomes. The project has contributed USD26.85 million to Indonesia’s rural economy through farmers and merchant partners, and created more than 500 jobs. The eFishery auto-feeder has accelerated harvest cycles by up to 74 days, increasing feed efficiency up to 30% and production capacity by 26%, and reducing water pollution by almost a third (30%).

In total, eFishery feeder facilities have supported optimized production in more than 4,600 hectares of fish and shrimp ponds. At the same time, the eFishery funding has directly connected 1,700 farmers with financial institutions, leading to IDR70 billion in distributed financing with an average approved loan of IDR75mil.

3. Build partnership with the other stakeholders in the ecosystem

- a. Engage other stakeholders in the ecosystem, including private, government, and social sector players to fulfill unique roles in providing end-to-end solutions for MSMEs.
- b. Look beyond the boundaries of business competition. Companies in the same sector can work together to achieve common goals, such as higher quality yields, larger quantity of yields, guaranteed supply with fair price, and more.
- c. Leverage existing infrastructure owned by (local) stakeholders when designing the end-to-end solution, for example engage banks with local branches in target locations, engage local cooperatives which sell seeds or fertilizers and buy from farmers etc.
- d. Work with other stakeholders to viably accommodate their internal processes to fully leverage the scale of MSMEs in the program. For example, jointly find ways with banks to make loan decisions not based on risk/return profiles of individual farmers, but rather the risk/return profiles of a group/area of farmers.

Case study #2 : Partnership for Indonesia’s Sustainable Agriculture (PISAgro)

The Partnership for Indonesia’s Sustainable Agriculture (PISAgro) is a consortium of companies aiming to provide an innovative, multistakeholder model for addressing the nation's agricultural challenges in a sustainable manner while improving the livelihoods of smallholder farmers.

Initiated in 2011 by seven private companies from various sectors in Indonesia, PISAgro now includes more than 85 partners - includes private sector stakeholders who drives the effort and provide quality supplies (i.e. seeds and other resources, banks offering end-to-end financial solutions, financial literacy training, and training on mobile banking and cashless transactions, government agencies and ministries to conduct open dialogue to roll out supportive policies for smallholders, vocational schools to provide training on sustainable farming practice, and partnership with NGOs such as Teaching Factory for Agricultural Education (TEFA) to provide knowledge transfer in areas like crop diversification and intercropping processes.

The members of consortium are spread across 13 working groups based on product type such as beef, coffee, dairy, as well as specific strategic functions such as R&D, training, and information and computing technology (ICT). Players from the private sector taking the lead to care for each of the working groups, through which partners identify issues pertaining to crop-specific matters and develop suitable end-to-end strategies to overcome the challenges. This includes areas such as the provision of quality seeds and fertilizers, knowledge and technology, access to finance, guaranteed offtake, and further supporting farmers to obtain sustainability certifications.

In 2021, the Coffee Working Group focused on increasing farmers productivity. Indonesia’s coffee industry suffers from relatively low productivity, yielding around 500 kilograms per hectare—far below the 2.7 tons per hectare produced in Viet Nam, the second-largest coffee producer in the world. This is largely because smallholder growers lack access to the resources needed for replanting, quality agricultural input, and knowledge around good agricultural practice. The Coffee Working Group launched several activities to enable 22,891 coffee farmers spanning 45,782 hectares, across their value chain:

- Launched a teaching program on income diversification through intercropping with pepper, avocado, and chili.
- Piloted mobile banking and cashless transactions.
- Developed a replanting program to increase crop productivity and adaptability to climate change.
- Organized training for farmers to align their products with the Common Code for the Coffee Community (4C) code of conduct—a set of baseline requirements regarding sustainable practices and principles for the production of green coffee beans.
- Shortened and increased transparency in supply chains procedure by cooperating with local farmer entrepreneurs (Kelompok Usaha Bersama, or KUB) who play an important role as aggregators, trainers, quality controllers, and financial administrators, facilitating exports to new markets.

As a result, the farmers see 43% increase in baseline yield and 204% increase in baseline income. The program has also successfully opened mobile bank accounts for 17,000 farmers.

PISAgro have now reached over one million farmers in Indonesia, leading to a 76% increase in productivity for participants, an 80% increase in income, and around 500,000 hectares of land managed under good agricultural practice.

4. Examine scalability of the solution

- Assess ways to expand the solution to reach greater number of MSMEs in a sustainable manner. Assessment includes a range of considerations, including feasibility, acceptability, costs, sustainability and, most importantly, adaptability (i.e. to suit the needs of the context in which it is to be scaled up), which are often difficult to assess.
- Recognize geographic constraints to scale. Plan to scale by building up one geographic area at a time.
- Understand internal knowledge, skills and capability to execute the program in-house or to consider outsourcing.
- Explore the use of digital technologies to expand the reach of the solution and increase the speed of scaling.

Case study #3 : Jiva – Enabling rural farmers through digital

Jiva is a profit-for-purpose venture launched in Indonesia and India in 2020 by Olam Ventures, the incubation arm of a major multinational food and agri-business company Olam Group. It was established to improve the lives and livelihoods of farmers.

Jiva is designed to solve critical challenges facing smallholders by offering key services to farmers: personalized agronomic advice, the opportunity to sell crops at harvest, digital loans, and app-based e-commerce for farm inputs. By disintermediating the agricultural supply chain, Jiva is able to prevent the exploitation of smallholder farmers, increase crop yields, and ensure income is pushed directly into villages.

- Personalised agronomic advice - leverages AI-powered agro-tech to provide up-to-date growing advice to smallholders, catering to their unique growing conditions. This advice is then dispensed through voice and visual instruction, recognizing often low literacy levels in rural farming communities.

- Opportunity to sell crops at harvest - through Jiva, farmers can sell their crops directly to the end buyer at market price. Jiva ensures transparency to the process by giving farmers access to daily pricing at different grades on the Jiva app.
- Access to agri-input finance – Jiva offers farmers agri-inputs advances that can be repaid at harvest and sale of produce, allowing farmers to buy necessary supplies.
- App-based e-commerce for farm supplies - allows farmers to purchase quality and trusted supplies through its e-commerce store within the Jiva app and delivers them to smallholders at no extra charge.

Jiva recruits and trains rural micro-entrepreneurs who help bridge the technology gap and cultivate trust with farmers for Jiva services. These micro-entrepreneurs are responsible for onboarding the farmer to the Jiva platform and providing last-mile services for Jiva.

In India, Jiva has an advisory-only offering called AgriCentral which provides farmers with information

Exhibit 4

Acquire timely supply to be paid after harvest



Cross-check prices and cost breakdown



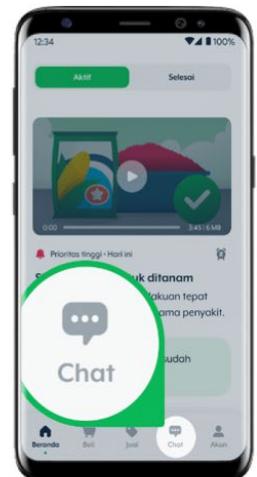
Customized farming advice



Consultation on handling pest and diseases



Live consultation with trusted agriculture expert



which can help them make better decisions and increase their income. AgriCentral offers six key services a) Crop care: Image identification and symptom-based diagnosis for pests and diseases b) Market View: Provides daily crop prices with more than 5,000 price points c) Bulletin: News on local, national, and global developments in agribusiness d) Farm voice: Interact with progressive farmers and agri-experts across the country e) CropPlan: Personalised calendar of activities to increase yield and lower cost f) Weather: 15 days' forecast to plan activities and reduce crop losses.

- Jiva's AgriCentral has been downloaded by over 8 million farmers and has ~ 800k million monthly active users.

- In Indonesia, 80k+ farmers have registered with Jiva. Jiva has sold inputs of \$2M+ and helped farmers sell 250k+ tons of corn.

In terms of impact, based on a recent survey done by Jiva:

- Most farmers working with Jiva have seen their income 25%+.
- Most farmers say that they have gained access to better-quality inputs.
- Most micro-entrepreneurs say that their incomes have increased by 25%+ .

Jiva aims to expand its user base to million+ farmers in Indonesia by 2025.

5. Pilot, evaluate and adapt

- Run pilots to start the momentum, starting with selected MSMEs with a genuine desire to be empowered. Gather feedback, improve, and continue to amplify efforts in partnership.
- Leverage digital technology to help unlock potential and scale up efforts, for example develop phone applications, e-marketplace, and other such technologies.
- Incorporate continuous monitoring into Inclusive Closed Loop efforts and assess the impact on individual MSMEs. This can help inform future efforts while assessing if impacts are sustainable. This form of monitoring can also help MSMEs identify new challenges and bottlenecks they may face on their journey.

Case study #4 : Pupuk Indonesia's Agro Solution scale-up after successful pilots

Pupuk Indonesia's Agro Solution is a program initiated by Pupuk Indonesia, a state-owned enterprise (SOE) in Indonesia. The Agro Solution program aims to increase sales of commercial fertilizers through the Agro Solution scheme and increase the productivity of Agro Solution partners' harvests by providing intensive assistance to farmers and sustainable agricultural cultivation and involving supply chains supported by technology.

The program provides off-farm and on-farm solutions to farmers. Off-farm solutions include access to finance for farmers, insurance offered by partnered insurance companies to secure against the risk of crop failure, protection against defaults, and off-take guarantees by buyers. Pupuk Indonesia also works together with Indonesia's state-owned banks to improve access to finance for farmers, providing targeted financial products for smallholders. This is delivered through a micro-credit program, known as KUR.

Meanwhile, on-farm solutions include the provision of quality, non-subsidized, farming materials such as fertilizers, seeds, and pesticides, among others. On-farm solutions also include the provision of technology and technical knowledge transfer to help improve farming practices.

Since 2020, Agro Solution has operated a number of pilot projects in regions across Indonesia, which cumulatively have impacted 2,815 hectares of land and empowered 2,078 smallholder farmers on Indonesia's Java Island. Areas participating in these initiatives saw more than 50% increase in harvest, leading to considerable improvements in farmers' economic profitability. Boosted by the success of the pilots, Agro solutions continue to expand operations by engaging Pupuk's five holding company members covering a total target of 50,000 hectares in various parts of Indonesia.

CONCLUSION

Inclusive Closed Loop model offers an important opportunity to uplift MSMEs, and in doing so unlock equitable and inclusive socio-economic opportunity.

Private sector stakeholders play a pivotal role in successfully unleashing the benefits of an Inclusive Closed Loop ecosystem. Their close ties to MSMEs within existing value chains make them the ideal enablers to catalyze this opportunity, while their inherent business skills and resources can provide an important platform to scale up the capabilities and potential of MSMEs.

Inclusive Closed Loop as a holistic solution is critical to unlock the greatest value from these interventions,

providing end-to-end ecosystem enablers that support MSMEs from inception through to delivery of their products or services. Delivering on this will require a truly integrated approach that incorporates actors from across the ecosystem—private sector players, government, NGOs, and academic institutions—to provide the greatest possible uplift.

Building and championing this Inclusive Closed Loop model not only enables private sector organizations to unlock mutually beneficial opportunities within their own business ecosystem but contributes to a more robust and resilient economy.

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