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Social Impact of the Year

Danone



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Building a Resilient Supply Chain: Watershed
Preservation Actions and Local Communities'
Empowerment Indonesian Showcase

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Danone is committed to preserving and restoring watersheds to address water scarcity and secure its supply chain. As part of Danone's interconnected sustainability framework — the Danone Impact Journey — Danone Indonesia launched a watershed preservation program. This initiative is a blueprint for other water stewardship programs across Danone.

Danone Indonesia has involved local communities and stakeholders to implement nature-based solutions to strengthen local water governance. This has empowered communities and smallholder farmers to transition to sustainable practices. At the same time the Paris-based multinational consumer products corporation has implemented water volumetric accounting to accurately measure and monitor impact. These water stewardship programs were based on:

- Landscape conservation for water replenishment: Planting 2.6 million trees, building 12,000 infiltration trenches and 2,500 infiltration wells.
- Regenerative agriculture to improve water use efficiency: More than 1,000 farmers on more than 500 hectares of land.

The volumetric water benefit of these two initiatives correspond to 80% of Danone Indonesia's total water intake for its direct operations.

Danone's water access program has benefited 563,000 people in surrounding communities of direct operational sites and at national levels.

Although Indonesia has significant renewable water resources, water supply and demand often do not align. Water stress is highest in Java, where more than half of the total population live and in Bali, due to important tourism activities. Irrigation and community water supplies are often insufficient during the dry season.

Standard water stewardship practice focuses on replenishment activities. This means balancing water intake of operation sites. Although collaborative actions with partners do occur, they tend not to be part of standard practice since they are complex and time-consuming to set up, roll out and measure impact on. In Indonesia, Danone focuses on involving and empowering local communities in collective actions to manage integrated water resources from upstream to downstream. In addition to the license to operate initiatives which take place in the watershed and communities directly surrounding Danone's manufacturing plants, Danone Indonesia is actively involved in 10 watersheds in Java and in Bali.

Additionally, in various watersheds, the company is testing Payment for Environment Services (PES), an innovative financing program that has attracted interest and involvement from multiple stakeholders, including national and international companies.

Benefits

As a magnitude of order, the social and economic impact of a Danone project with agroforestry upstream and regenerative agriculture downstream is the following:

- Up to 50% increase in crop productivity (e.g., rice) for farmers.
- Up to more than a 30% increase of annual income for a pool of more than 150 farmers.
- Crop-loss protection for upstream farmers reducing landslide occurrence.
- Up to 1,000 farmers trained in cultivation practices and water resources management.
- Up to 150 hectares for piloting surface.

More than 150 farmers are participating in the PES program.



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