

*Information Brief*

# A Village Model for Smallholders Oil Palm Management: Efforts towards ISPO

Direktorat Jenderal Perkebunan (2017) estimates that in 2018 smallholders oil palm plantation areas would account for 5,807,514 Ha or 40.6 percent of total national plantation areas of 14,309,256 Ha. Given this significant share, smallholders play an important role in ensuring that sustainable oil palm industry can be realized in Indonesia. In this article, villages are expected to be able to drive smallholders oil palm plantations towards Indonesian Sustainable Palm Oil (ISPO).

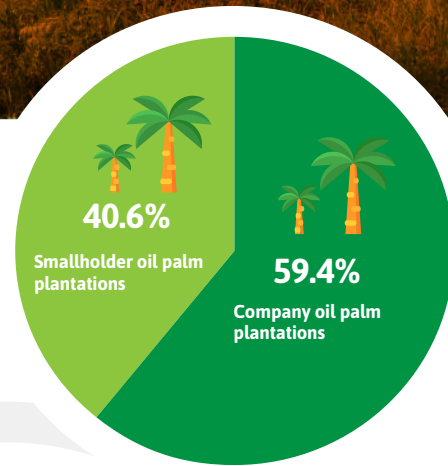


Figure 1. Oil Palm Plantation Areas Owned by Company and Smallholders  
Source: Direktorat Jenderal Perkebunan (2017)

## Oil Palm Smallholders in Tepian Buah and Labanan Makmur Villages, East Kalimantan

### Village Spatial Allocation

The boundaries of **Tepian Buah** have been delineated and demarcated definitively since 2016, covering a total area of 16,558.76 Ha. Digitation on drone image carried out by AURIGA (2018) shows the village's land allocations in 2018, which comprise of 14,360 Ha of Production Forest, 916 Ha of Cultivation Right Title (HGU) in Area for Other Uses (APL), 1,146 Ha of APL for villagers cultivation, and 112 Ha of APL for villagers settlement. The cultivation and settlement areas are space available for villagers, accounting for around 7.6% of total area of village. The population of the village is 987 or equal to 240 households (KK). Given increasing population and limited APL available, oil palm plantations of smallholders in Tepian Buah Village and in other villages are then developed in Forest Area.

Limited APL available for the economic activity has encouraged villagers to open land for cultivation in Production Forest. In 2018, of the total Production Forest area in Tepian Buah Village, 2,507 Ha have been

cultivated by the villagers. This land is planted with oil palm (730 Ha) and other types of crops (1,777 Ha).

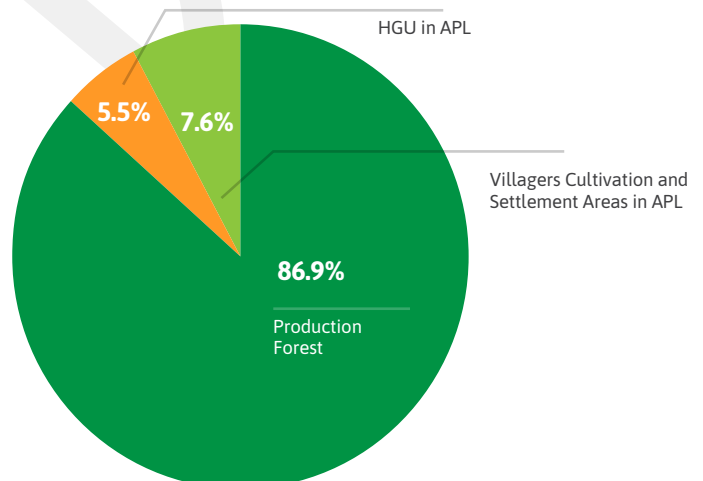


Figure 2. Spatial Allocation in Tepian Buah Village  
Source: AURIGA (2018)

Based on digitation on drone image by AURIGA (2018), **Labanan Makmur** has indicative area of 12,952 Ha. Of the total area, land allocations of Labanan Makmur Village in 2018 comprise of 8,470 Ha of Production Forest, 2,591 Ha of Mining Business License (Izin Usaha Pertambangan or IUP) in APL, and 1,892 Ha of APL for cultivation and settlement areas.

The cultivation and settlement areas are space available for villagers, accounting for around 14.6% of total area of village. The population of the village is 987 or equal to 240 households (KK). However, the 14.6% of cultivation and settlement areas are not owned entirely by the villagers, as there is 370 Ha of nucleus estate under the management of a plantation company. The population of the village is 3,425 or equal to 1,200 households (KK).

Limited APL available for the economic activity has encouraged villagers to open land for cultivation in Production Forest. In 2018, 259 Ha of the total Production Forest area in the village has been cultivated with oil palm by villagers

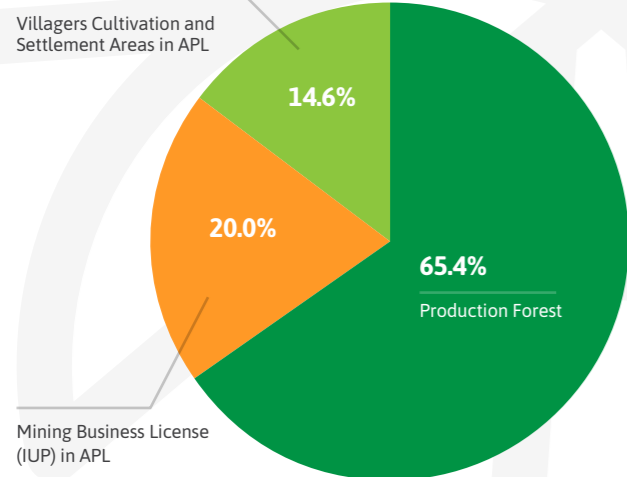


Figure 3. Spatial Allocation in Labanan Makmur Village  
Source: AURIGA (2018)

**Tepian Buah** and **Labanan Makmur** Villages have never had a spatial map (These villages have just had spatial maps in 2018 through AURIGA facilitation, supported by KEHATI). Spatial map is important for village in making decisions related to land allocation. Prior to 2018, many decisions were made without spatial data basis. Consequently, villagers are often disadvantaged since their decisions to allow the development of plantation and mining estates in limited APL worsen the land crisis in the villages.

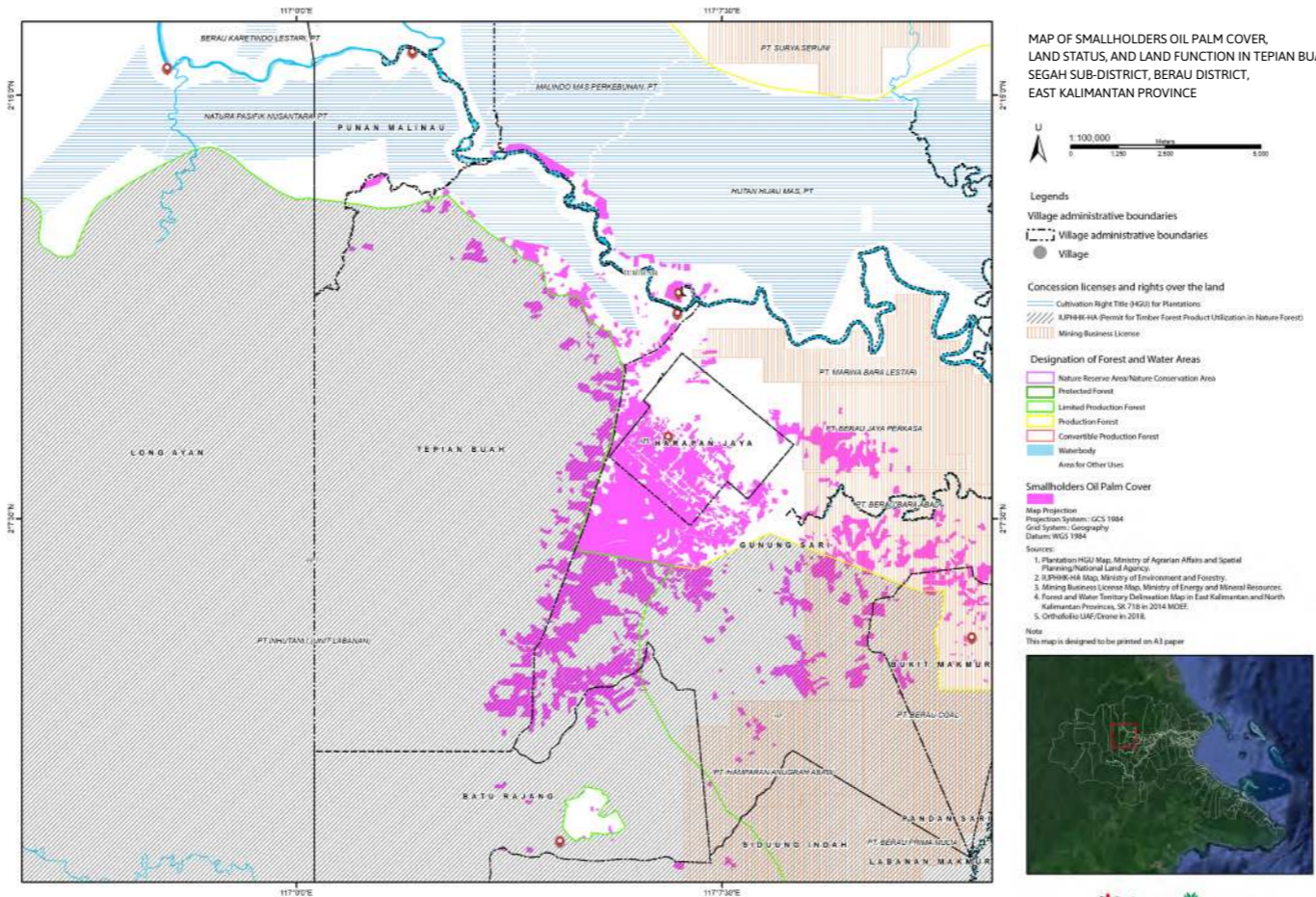


Figure 4. Map of Land Status and Land Function and Distribution of Smallholders Oil Palm Plantations in Tepian Buah.  
Source: AURIGA (2018)

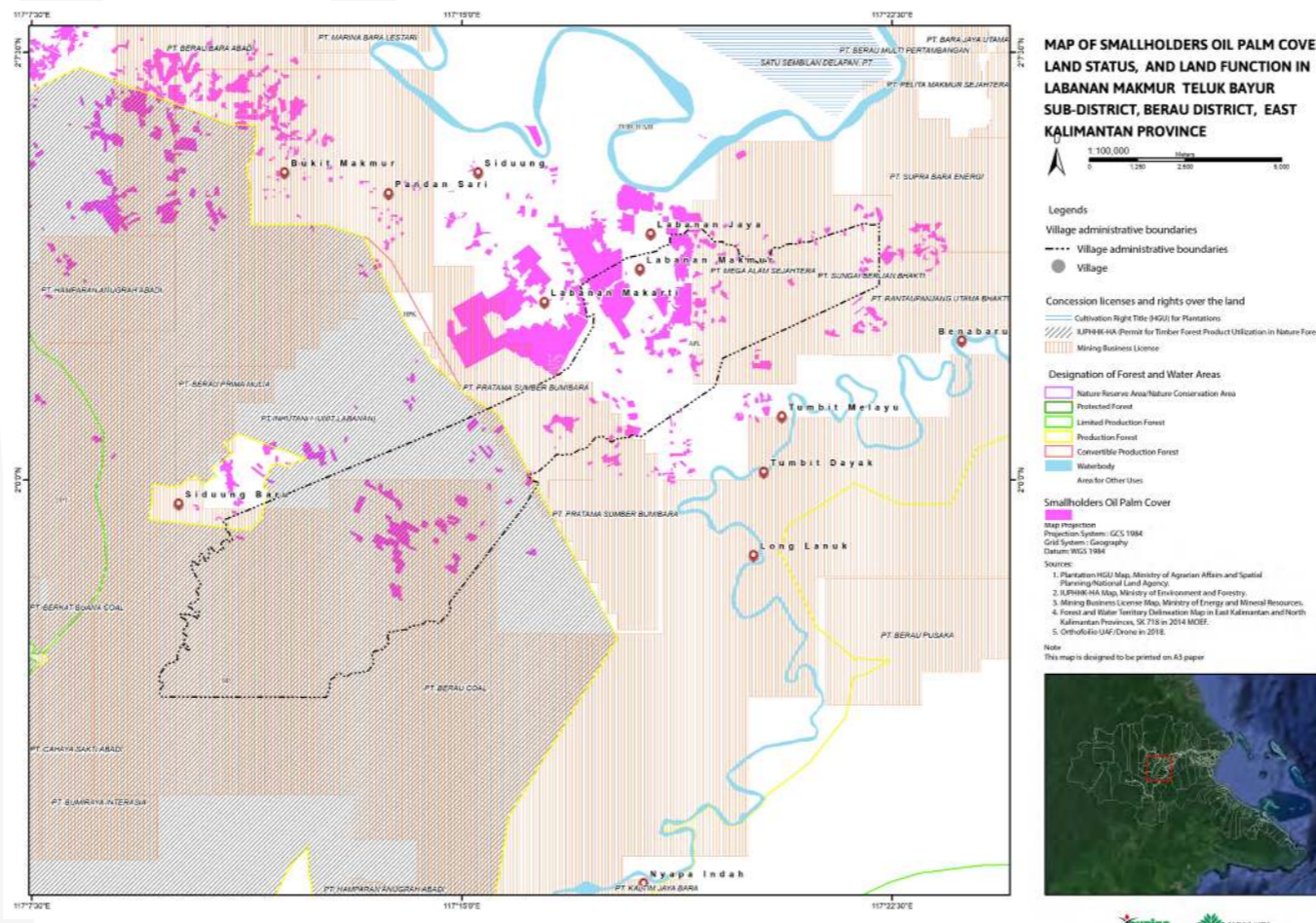


Figure 5. Map of Land Status and Land Function and Distribution of Smallholders Oil Palm Plantations in Labanan Makmur  
Source: AURIGA (2018)

## Village Institutions and Oil Palm Business Management

Village institutions are important to create a sustainable and pro-villagers economy. One of these institutions is Village-Owned Enterprise (Badan Usaha Milik Desa or BUM Desa). In Tepian Buah and Labanan Makmur villages, BUM Desa have not been well managed. As the result, they are unable to accommodate smallholder issues in marketing Fresh Fruit Bunches (FFBs) of oil palm. Given the ineffective BUM Desa, independent smallholders do not have options to sell their FFBs. For years, FFBs are purchased by middlemen who are capable of setting prices on one side. The presence of BUM Desa that can offer another alternative to FFBs uptake with a reasonable price standard will certainly improve the bargaining position of independent smallholders in FFBs trade in the villages.

## Good Agricultural and Environmental Management Practices

Knowledge and capacity of independent smallholders on good agricultural practices in both Tepian Buah and Labanan Makmur villages are still limited. Good agricultural practices that adhere to certain rules in using certified seeds, fertilizing, and harvesting have not been fully implemented by independent smallholders. In addition, implementations of protecting areas with high conservation value and environmental management such as land-clearing without burning and waste management are still limited.



# Village Facilitation for Improved Smallholders Oil Palm Management

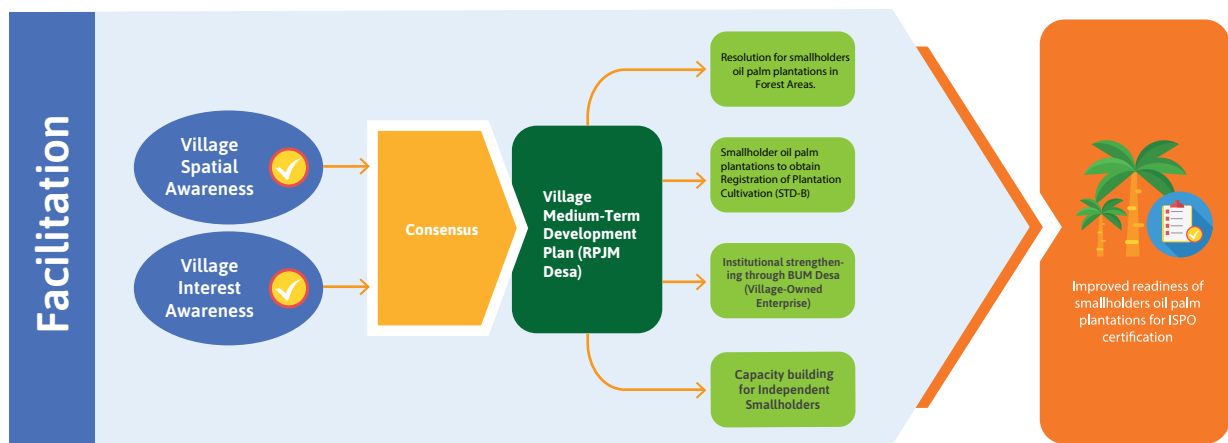


Figure 6. Village Model for Smallholders Oil Palm Plantations Management towards ISPO Certification

Generally, these facilitations are expected to improve the condition of smallholders' oil palm plantations so that they can comply with ISPO certification standards which include the principles of **legality, smallholders institutions, environmental management, and business sustainability**.

The first phase of facilitation aims to raise villagers' awareness on spatial arrangement and villagers' interest in development. The awareness on spatial arrangement can shape the initiatives for consensus or agreement in village development. The consensus is reflected in the formulation of Village Medium-Term Development Plan (RPJM Desa) 2018-2023 that accommodates various village problems including land and oil palm economy issues in the village.

RPJM Desa of Tepian Buah and Labanan Makmur contain key priorities and strategies for sustainable smallholders oil palm plantation practices, as follows:

## Resolution for Agrarian Issues and Facilitation for Registration of Plantation Cultivation (STD-B)

In Tepian Buah, the facilitation is aimed to identify resolutions for smallholders oil palm plantations located in Forest Areas. A possible resolution scheme to implement is the Agrarian Reform or Partnership Program through Social Forestry model.

Until end of October 2018, smallholders oil palm plantations data have been verified by a multi-party Inventory and Verification Team (Tim Inver). This activity covers 2,452 Ha of villagers-cultivated land in Forest Area.

With regard to unregistered smallholders plantations in APL, the facilitation process focuses on helping smallholders to obtain STD-B. In Tepian Buah, data of smallholders oil palm plantations in APL (156 Ha) has been collected to be submitted for STD-B application. A similar facilitation process for STD-B has also commenced in Labanan Makmur.

## Strengthening village institutions

In this facilitation, improving village institutions is particularly focused on BUM Desa. Institutional improvement is expected to give way to new marketing initiatives for smallholders FFBS. The objective is to ensure that independent smallholders could get the utmost benefits of FFBS marketing process.

Until end of October 2018, BUM Desa in Tepian Buah has revitalized its organizational structure. The new organizational structure is expected to be able to improve village's asset and natural resources management such as in oil palm and other crop business, for the welfare of villagers.

## Implementing Good Agricultural and Environmental Management Practices

Capacity buildings on good agricultural and environmental management practices in oil palm plantations have been conducted. The long-term benefits of good agricultural practices are explained in each training session to improve the knowledge and awareness of independent smallholders.

## List of References

Direktorat Jenderal Perkebunan 2017, 'Statistik Perkebunan Indonesia: Kelapa Sawit 2016-2018', Kementerian Pertanian Republik Indonesia, Jakarta.

All facilitation activities are implemented by IRE, JAVLEC, and AURIGA, with support from Yayasan KEHATI and UKCCU.

Maps in this publication are from digitation on drone image by AURIGA (2018), with support from Yayasan KEHATI and UKCCU.

This publication can be accessed in <http://revampingispo.com/publikasi>