Companies and oil palm smallholders are two groups of actors who are interdependent in terms of supply chain of the Indonesian oil palm industry, however both have gaps in their capacity to comply with sustainable palm oil practices; Business partnerships between companies and oil palm smallholders have not been able to narrow the gaps in sustainable palm oil practices; The issuance of Ministry of Agriculture Regulation No. 18 of 2021 concerning Facilitation of the Local Community Estate Development is an opportunity to build a good business partnership model between companies and oil palm smallholders with the main objective of improving sustainable palm oil governance in Indonesia and to narrow the gap between both actors.

Muhammad Ichsan, Wiko Saputra, Anita Permatasari

INTRODUCTION

Smallholders are important actors in the supply chain of the oil palm industry in Indonesia. Based on data from the Ministry of Agriculture (2020), the contribution of oil palm smallholders in Indonesia reached 40.6%. They supply Fresh Fruit Bunches (FFB) to Palm Oil Mills (POMs) every day and many smallholders have earned higher returns on their soil productivity (Rist et al., 2010). They are the main economic drivers to eradicate poverty in remote areas, which so far have not been reached by the national development agenda (Budidarsono et al. 2013).

As global consumer criticism grows against unsustainable palm oil practices, smallholders are one of the actors that is on spotlight (Vijay et al., 2016). In practice, it is most difficult for them to meet any sustainable palm oil standards, whether the global standards such as the Roundtable for Sustainable Palm Oil (RSPO) or national standards such as Indonesian Sustainable Palm Oil (ISPO).

Currently, out of the 1.96 million hectares (AURIGA 2020) or 6.09 million hectares of oil palm smallholders (Ministry of Agriculture, 2020), only 21 smallholders groups are ISPO certified (Ministry of Agriculture, 2021), and 32 smallholders groups are RSPO certified (RSPO, 2021). Various studies reveal that land legality and smallholders’ capacity (such as lack of smallholders’ capital and knowledge and the absence of their institutions) are the main obstacles to meet the sustainable standards (Brandi et al., 2015).

On the other hand, oil palm companies, which are funded by investors from various countries, have a strong capacity to demonstrate compliance of those sustainable practices standards. Meanwhile, smallholders with very limited capital have the greatest risk of being increasingly alienated from markets that demand the fulfillment of such sustainability aspects (Pichler, 2013; Jelsma et al., 2017). In fact, this is actually a form of natural response of how rural communities survive and they have been supporting the economy of the oil palm companies.

Departing from the important role of oil palm smallholders for the economy of large companies and the limited capacity of smallholders to meet global consumer demand for sustainable palm oil products, this paper attempts to answer the question: To what extent have large companies contributed in supporting smallholders to meet sustainability standards through the concept of business partnerships? This paper uses a case study method to show the business partnership relation between companies and smallholders. De facto, smallholders is composed of several typologies (Jelsma et al., 2017) and this paper will focus on the category of small-scale farmers.
We structure this paper as follows. First, we review the historical context of liberalization of the upstream sector of the Indonesian oil palm industry and regulations related to business partnerships to highlight the importance of business partnerships between companies and smallholders. Second, we discuss the general condition of oil palm smallholders in Indonesia and their position in the supply chain. Third, we describe case studies from one village in West Sulawesi and two villages in Jambi to gain an understanding on the field, regarding the extent to which the concept of business partnership applies to the relationship between companies and smallholders. Fourth, we discuss the findings from the case studies to make them relevant before coming to conclusions and recommendations. We believe that large companies that depend on smallholders’ FFB supply must redefine the concept of business partnerships and take responsibility in nurturing smallholders to meet sustainable palm oil practices.

**LIBERALISATION OF OIL PALM SECTOR IN INDONESIA**

The liberalization of the upstream sector of Indonesia’s oil palm industry began at the end of the New Order (McCarthy, 2010) and its development continues (see Figure 1). In the initial period of its development, the government built oil palm estate projects under the Nucleus Estate Smallholders (NES) scheme. This program aims to fulfill the agenda of equitable development in rural areas. However, at the end of the New Order, government policy shifted towards liberalization, because the state budget was no longer able to support so many subsidies for PT Perkebunan Nasional (PTPN) and plasma smallholders under it (Budidarsono et al., 2013).

Over time, the management of private companies has more control over the rules in plasma schemes and the area of land that must be provided by companies is decreasing (McCarthy, 2010). The mandatory division of plantation area, which was previously 70:30 between plasma and nucleus estates, was changed to 20:80 in 2007 (Gillespie, 2011).

On the other hand, the number of smallholder continues to grow and faces obstacles in developing plantations, such as difficult access to capital, plantation equipment, fertilizers, and market networks (McCarthy, 2010). The rapid growth of private companies and smallholder since liberalization has created a large gap between the two groups of business actors in terms of quantity and quality of FFB production, even though both are dependent on each other. This is the root of the problem that is not getting better in the management of oil palm estate in Indonesia.
THE IMPORTANCE OF BUSINESS PARTNERSHIPS AND RELATED REGULATORY FRAMEWORK

Business partnerships between companies and smallholders must be a safeguard against the impact of liberalization of the agricultural sector for them as well as the community. Competition of business actors in the free market is a process to achieve economic efficiency. However, the Business Competition Supervisory Commission (KPPU) in 2017 noted that competition must provide benefits not only for large business actors, but also for small business actors and the community involved in the business chain.

Ensuring an equal position between business actors is an important factor in fair business competition. Because in an unfair business competition, an actor who has dominant power can discriminate against other actors. KPPU Regulation No. 3 of 2011 concerning Guidelines for the Implementation of Article 19 (d) concerning Discriminatory Practices explains that discriminatory practices are actions or treatments in various different forms that are carried out by one business actor against certain business actors (KPPU, 2011).

In the relationship between groups of buyers (POMs, middlemen, and others) and sellers (oil palm smallholders), discrimination that may occur is price discrimination (Oxfam, 2014). For example, there is a difference in the purchase price by intermediary buyers (agents) to smallholders, regardless of the quality of the FFB produced. This is because, with all its limitations (capital and information), smallholders cannot access the market without going through these intermediary buyers (Glenday & Paoli, 2015). In fact, Article 6 of Law (UU) No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition prohibits business actors from setting unreasonable prices for certain business actors.

The law mentions several ways to overcome unfair price, namely (1) business actors are prohibited from entering into agreements that result in one buyer having to pay a price different from the price paid by another buyer for the same goods and or services, (2) business actors are prohibited from entering into agreements with competing business actors to set prices below market prices, which may result in unfair business competition and (3) business actors are prohibited from entering into agreements with other business actors that make conditions that the recipient of goods and or services will not sell or resupply the goods and or services it receives, at a lower price than the agreed price so that it may result in unfair business competition.

Departing from the spirit of business competition enshrined in Law no. 5 of 1999, Article 57 of Law no. 39 of 2014 on Estate Crops regulates business partnerships between plantation companies, farmers, employees and the surrounding community.
Furthermore, Article 58 stipulates the obligation for oil palm companies to facilitate the development of community plantations by 20% of the total plantation area cultivated by the company. Previously, the provisions regarding this business partnership have also been regulated in the Ministry of Agriculture Regulation (Permentan) 98 of 2013 concerning Guidelines for Plantation Business Licensing. This Ministry of Agriculture Regulation discusses, among other things, plantation business partnerships between plantation companies and smallholders, employees and communities around plantations, including the development of community plantation which are mandated by the Estate Crops Law.

In less than a decade, the government and the legislature have revised the Estate Crops Law through the Job Creation Law (UUCK) Nr. 11 of 2020 which aims to provide convenience, protection, and empowerment of cooperatives and Micro, Small and Medium Enterprises (MSMEs), improvement of the investment ecosystem, and acceleration of national strategic projects, including increased protection and welfare of workers. Furthermore, UUCK gave birth to Government Regulation (PP) No. 26 of 2021 concerning the Implementation of the Agricultural Sector. These two legal instruments then became the basis for the birth of Minister of Agriculture Regulation No. 18 of 2021 concerning Facilitation of the Development of Local Community Plantation.

In contrast to the business partnership concept contained in the Estate Crops Law and its derivative regulations, the Minister of Agriculture Regulation No. 18 of 2021 defines business partnerships more broadly. The Ministry of Agriculture Regulation does not only include credit patterns, profit sharing, or other forms of funding as a form of business partnership between companies and smallholders, but also adds other forms of business partnerships.

This other form of business partnership includes the activities of:

a. upstream subsystem;
b. cultivation activity subsystem;
c. downstream subsystem;
d. support subsystem;
e. facilitation of replanting program of community plantations; and/or
f. other forms of activity.

Details of activities in the form of business partnerships in the Ministry of Agriculture Regulation No. 18 of 2021 can be seen in Figure 2.

**Figure 2.** types of business partnership under the Ministry of Agriculture Regulation No. 18 Year 2021.
The concept of business partnership, which is defined more broadly in MoA Regulation No. 18 of 2021, is expected to improve the business competition situation in the upstream sector of the Indonesian oil palm industry. A practical example is facilitations towards oil palm smallholders related to sustainable plantation practices, so that they can get RSPO or ISPO certification. Furthermore, through the Ministry of Agriculture Regulation, business partnerships can be an effective safeguard for smallholders and the surrounding community to mitigate the impact of liberalization of the upstream sector of the Indonesian oil palm industry that has been going on since the New Order era.

**GENERAL POSITION AND CONDITION OF OIL PALM SMALLHOLDERS IN THE SUPPLY CHAIN**

The Estate Crops Law divides plantation business actors into two, namely companies (area of 25 hectares and above) and smallholders (area below 25 hectares). Oil palm smallholders themselves can then be grouped based on their relationship scheme into a plasma and an independent smallholders. Although different, the plantations of the two groups of oil palm smallholders are the suppliers of FFB to the company, to be exact, palm oil mills or POMs. The supply chain and position of smallholders as a plasma and as independent smallholders scheme can be seen in Figure 3 and Figure 4. The company's position as a small number of buyers in an area poses a big risk of forming a patron-client relationship between POMs and FFB suppliers from smallholders (Kausar & Zaman, 2011).

In the field, the categorization of smallholders becomes more complex. Research conducted by Jelsma et al. (2017) in Rokan Hulu Regency, Riau mentions that there are seven main typologies of oil palm smallholders, namely 1) small local smallholders, 2) medium local smallholder, 3) large local smallholders, 4) small migrant smallholders, 5) medium migrant smallholders, 6) small and medium peat smallholders and 7) large investor smallholders. From these seven typologies, small local and small migrant smallholders dominate all business actors with an area of under 25 hectares with a total of 19.4% and 28.9%, respectively.

The variety of smallholders typology shows that oil palm smallholders in Indonesia have different levels of access to production factor and market. Many smallholders cultivate palm oil traditionally with low capacity and minimal production inputs such as uncertified seeds, limited land, and inadequate fertilizer use. Among them only control 1.8 hectares to 2.1 hectares of land (Jelsma & Schoneveld, 2016). This type of smallholders can only survive and fulfill the most basic needs of life. Although in study by Jelsma & Schoneveld (2016) mentions that there are medium and large oil palm smallholders that can control an area of 6.6 hectares (medium-sized farmers) to 217.8 hectares (large frontier pioneer), this group still does not have access to markets as they are very dependent on the company to sell their crops.

![Figure 3. Relationship Pattern between Independent Smallholders and the Company](Source: Author’s graphics)
In addition, smallholders whose land is managed under a plasma scheme have their own problems. In general, to date, many oil palm estate companies have failed to fulfill their obligation to provide 20% of plasma land (Zen et al. 2016). Under the plasma scheme, the company contracts the smallholders’ land and charges them with a capital loan to develop plantations on the land. Most of them then become no longer a cultivating smallholders, but rather became a smallholders whose land is managed by the company with a profit-sharing scheme after deducting the repayment of capital loans (Bronkhorst et al, 2017). In many cases, the company’s contracts for smallholders’ land and the calculation of the return on capital loans are not transparent (Rist et al. 2010), where the price of FFB is determined unilaterally by the company (Yusuf and Mulyana 2004). This situation is detrimental to smallholders, because they do not know when the land will be returned and when the capital loan charged to them is repaid (Rist et al. 2010).

Oil palm smallholders in Indonesia also have a very complex problems in terms of land legality (Brandi et al. 2015). For example, there are still many smallholders, especially those with small-scale land, who lived and have their plantation inside forest areas. They have managed the land for generations, and have been for decades (Cholchester, 2011; Hanu, 2013). However, there are also those who come from other areas and encroach on forest areas to develop oil palm estate. The existence of oil palm plantations in this forest area certainly has consequences for smallholders, especially their efforts to meet sustainability standards and market acceptance. It is difficult for smallholders to meet the principles of sustainability, if the legality of the land is yet to be resolved.

Problems with limited access to the capital is also associated with oil palm smallholders, especially those with land legality issues. Lacking access to financing sources, such as banking, limits smallholders’ production inputs that further made the principles of Good Agricultural Practices (GAP) more difficult to fulfill (Maat et al, 2019). The situation is exacerbated by the smallholders’ lack of knowledge regarding the importance of implementing GAP. With the various issues that they must overcome, it is very difficult for smallholders to meet market demands especially regarding their compliance to the sustainability standards. On the other hand, there are many companies that already have sustainable palm oil certificates such as the RSPO and ISPO, still acquire their FFB supplies from smallholders with the absence of a tracking system (Kusumaningtyas 2018). This shows the company’s dependence on FFB supply from smallholders.
We further investigate facts based on the field regarding the business partnership between companies and smallholders. This case study was conducted by interviewing several smallholders in three villages, namely **Bolu Bonggu Village** of Pasangkayu Regency, West Sulawesi Province, **Sungai Jernih Village** and **Bangun Sraten Village** of Tebo Regency, Jambi Province. From the interview, we were able to analyze several things related to the business partnership between companies and smallholders into a comparison table below.

### CASE STUDY

We further investigate facts based on the field regarding the business partnership between companies and smallholders. This case study was conducted by interviewing several smallholders in three villages, namely **Bolu Bonggu Village** of Pasangkayu Regency, West Sulawesi Province, **Sungai Jernih Village** and **Bangun Sraten Village** of Tebo Regency, Jambi Province. From the interview, we were able to analyze several things related to the business partnership between companies and smallholders into a comparison table below.

<table>
<thead>
<tr>
<th>Description</th>
<th>Bolu Bonggu Village, Pasangkayu Regency, West Sulawesi</th>
<th>Sungai Jernih and Bangun Sraten Villages, Tebo Regency, Jambi</th>
</tr>
</thead>
<tbody>
<tr>
<td>People’s livelihood</td>
<td>68% are smallholders and the rest are corn, cocoa, rice and oranges farmers</td>
<td>80% are smallholders and the rest are peanuts, soybeans (intercropping with palm oil) and rubber farmers</td>
</tr>
<tr>
<td>Types of smallholders</td>
<td>Independent smallholders</td>
<td>Independent smallholders who are former plasma smallholders (transmigration areas)</td>
</tr>
<tr>
<td>Business partnership scheme with companies</td>
<td>No formal business partnership</td>
<td>No formal business partnership</td>
</tr>
<tr>
<td>FFB sales flow</td>
<td>Smallholders → Collectors → Inter-Group Coordination Forum (WKAK) → Palm Oil Mills</td>
<td>Smallholders → Collectors (tauke) → Large collectors/loading ramp/delivery order holders (DO) → Palm Oil Mills</td>
</tr>
<tr>
<td>FFB purchase pricing scheme by the company</td>
<td>Prices are set by collectors without using a government pricing mechanism</td>
<td>Prices are set by collectors without using a government pricing mechanism</td>
</tr>
</tbody>
</table>

Source: interview results with smallholders

The three villages of our study sites are villages where the majority of the population makes a living from palm oil cultivation. In Bolu Bonggu Village, about 68% of the total population owns an oil palm estate business. In addition to cultivate palm oil, they also cultivate corn, cocoa, rice and oranges. Meanwhile, in Sungai Jernih Village and Bangun Village, around 80% of the population are oil palm smallholders. Interestingly, in this village, oil palm plantations are often intercropped with peanuts and soybeans. In addition, they also cultivate rubber.

In all the villages, smallholders cultivate palm oil independently. However previously, in Sungai Jernih Village and Bangun Sraten Village, their plantations were developed and managed under a plasma scheme with an oil palm company. Both villages are transmigration villages. As for Bolu Bonggu Village, they converts its land independently from food crops to oil palm estate. Currently in terms of management, smallholders of the three villages manage their plantations independently.

Although most of the residents are oil palm smallholders, the three villages do not have palm oil mills (POMs). In Bolu Bonggu Village, the nearest POMs is located in Sarudu Sub-district, which is a neighboring sub-district of the village. There are two POMs, with one of them hold its own plantations as well as plasma land and are already certified for sustainable palm oil certification, and the other one does not hold any plantations nor certification. FFB from smallholders in Bolu Bonggu Village are sold to the two POMs. The same condition also occurs in Sungai Jernih Village and Bangun Sraten Village, with the closest POMs to the village is actually located outside the regency, namely Merangin Regency (neighboring regency), and requires about 25 km travel from the two villages. In addition, there are also two other POMs in Merangin Regency, with distance 50 km from the two villages. In these three POMs, smallholders of the two villages at Jambi sell their FFB they produce.

Formally, there is no business partnership program established between the company and smallholders in the three villages. The relationship that is built between them is only through FFB buying and selling. Even then, in practice, smallholders cannot get direct access to the company, but through several intermediaries. For example in Bolu Village, smallholders sell FFB to collectors who carries scales around the village to pick up FFB from smallholders, which will be brought to the Inter-Group Coordination
Forum (WKAK). In WKAK, FFB from collectors will be re-weighed. In some cases, smallholders who own vehicles can directly bring FFB to WKAK, without having to go through collectors.

Meanwhile, in Sungai Jernih and Bangun Sraten Villages, smallholders sell their FFB to middlemen, commonly referred to as tauke. The tauke carried the scales around the village to pick up the FFB of the smallholders. Next, a tauke will bring the FFB that has been collected to a large collector (loading ramp) who holds a Delivery Order (DO). Finally, large collectors deliver and sell FFB that are in accordance with the DO to the POMs. In some cases, some tauke already hold DO, so they can directly sell FFB to POMs.

As a result of the above relationship pattern, smallholders do not have a bargaining position on the FFB price. FFB prices are controlled by collectors level. Meanwhile, the price of FFB for collectors is also controlled by large collectors which in the end, controlled by companies. The length of the distribution chain causes the price at the smallholders level to be far from the price reference set by government. From this field study, it was also found that smallholders did not receive any information regarding the government’s reference price.

As discussed earlier, since there is no formal business partnership between the company and the oil palm smallholders, companies does not play a role in encouraging the smallholders capacity building in sustainable palm oil governance. Support in the form of production factors, such as certified seeds, fertilizers and so on have never been received by smallholders. Likewise, training related to GAP has never been provided by the company to smallholders. This shows that on the field level, business partnership between companies and the smallholders has not been implemented properly.
DISCUSSION

The two cases of smallholders at West Sulawesi and Jambi have shown that smallholders have become an important actor in the upstream sector of the oil palm industry in Indonesia. Smallholders are not only a driving force for the local economy but also in reducing poverty in rural areas (Budidarsono et al. 2013), in fact, they are the main supplier of FFB to POMs (Glenday & Paoli, 2015). For smallholders, the existence of POMs is very important to ensure market access for the FFB they produce. The limited number of POMs in areas with many smallholders has made the FFB price sales to be monopolized. Not to mention, the troublesome length of the supply chain due to the presence of intermediaries such as middlemen and large collectors (DO holders) as well as the lack of price information access by smallholders further made them powerless particularly in bargaining their FFB selling price (Oxfam, 2014; Glenday & Paoli, 2015).

The liberalization of the upstream sector of the oil palm industry that has taken place since the end of the New Order has encouraged the rapid growth of the involvement of private companies and smallholders in a balanced manner of the sector (Saputra, 2020). However, these two groups of actors have a very large gap in terms of fulfilling the sustainability aspect. On the one hand, they are interdependent with other existences, but on the other hand, there has been no concerted effort to narrow the existing gap. To this day, these two groups of business actors carry out their respective businesses and are only connected through FFB buying and selling transactions.

In general, the two cases in West Sulawesi and Jambi show that the relationship between companies and smallholders is limited to the sale and purchase of FFB. The formal business partnership that has occurred between the company and smallholders in the case in Jambi was the implementation of the plasma scheme until 2006 and 2007. With the ending of the plasma scheme, the formal business partnership ended as well and smallholders officially became independent. Until now, the independent smallholders (whether they are ex-plasma or not) from both cases admitted that they had never received guidance and counseling related to sustainable palm oil practices. They cultivate their plantations sparingly and most of them (except the now independent ex-plasma smallholders) use uncertified seeds.

On the other hand, the POMs from companies that buy FFB from independent smallholders are companies that already have a sustainable palm oil certificate. The absence of a proper tracking system by the certifier positioned the company as the largest beneficiary of the existence of the uncertified plantations owned by smallholders. Simultaneously with the benefits they receive, companies continue their business without any demand for responsibility in improving the condition of smallholders.

The absence of regulations that clearly and broadly define business partnerships may be the cause of this situation. Up until the new MoA Regulation is introduced, Law no. 39 of 2014 and the Ministry of Agriculture Regulation No. 98 of 2013 are the legal basis for implementing business partnerships between companies and smallholders. However, the two regulatory frameworks have yet to define the purpose of business partnerships definitively, so many business actors understand it as an obligation to develop 20% of plasma plantations only.

In practice, there are still many companies that have not developed 20% of plasma plantations (Zen et al. 2016) and even if they have fulfilled these obligations, the condition still trigger conflicts with smallholders due to intransparent processes (Rist et al. 2010). If this is the case, apart from the absence of definitive regulations, enforcement of existing regulations may be another cause for violations of the implementation of business partnerships by companies. Weak law enforcement in this sector has long been a trigger for social conflict and environmental destruction (Varkkey et al. 2017).

For that, will the issuance of Ministry of Agriculture Regulation No. 18 of 2021 which has provided a clearer definition of business partnerships will make a difference? This question is still difficult to be answered with certainty. However, the facts show that global consumers are able to encourage companies to change, at least to show their commitment by fulfilling the sustainability aspect through obtaining certification.

In line with this, global consumers who demand smallholders to meet sustainability aspects must also demand companies to fulfill and evaluate the business partnership schemes they run. Global investors must take responsibility and fight for the lives of smallholders, because in fact, many investments in oil palm companies in Indonesia come from foreign investment under the Foreign Investment (Penanaman Modal Asing) scheme (CNN Indonesia, 2021), where the investment in the country of origin has asked for many product requirements, such as being environmentally friendly, not causing social conflicts and good governance (environmental, social and governance). When market demand becomes more strategic, the implementation of Ministry of Agriculture Regulation No. 18 of 2021 will be able to create better changes for oil palm smallholders in Indonesia through strengthening business partnership programs between companies and smallholders.
CONCLUSIONS AND RECOMMENDATIONS

Strengthening business partnerships between smallholders and oil palm companies is the key in improving sustainable palm oil governance in Indonesia. In addition, a strong business partnership will be able to increase the competitiveness of Indonesia’s oil palm commodity in the global market. However, the implementation of this business partnership program did not run according to the expectations and mandates of Law no. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition. Apart from not achieving economic efficiency, especially for smallholders, the current practice of business partnerships does not create justice between them and oil palm companies. Oil palm farmers, especially smallholders, in this study, feel that there is still an unfair treatment practice in their relationship with the company, especially in terms of buying and selling FFB.

In addition, the current business partnership model between smallholders and companies has not yet formed a strong relationship towards sustainable palm oil governance in Indonesia. There is a capacity gap between smallholders and oil palm companies in meeting the principles and criteria required in the sustainable palm oil certification system, be it ISPO or RSPO. The business partnership model should be able to overcome this problem.

Therefore, the existence of Ministry of Agriculture Regulation No. 18 of 2021 concerning Facilitation of the Local Community Estate Development is expected to strengthen the business partnership model between smallholders and oil palm companies for the future. With this Ministerial Regulation, the government has invited companies to participate in helping the acceleration of the ISPO certification process, through the addition of facilitation for sustainable plantations certification and other certifications in the form of business partnership activities.

We recommend the government, to not only encourage changes from the market (demand side), but also to encourage the strengthening of the business partnership model between smallholders and oil palm companies that focus on improving sustainable palm oil governance. Policy intervention in the supply side towards sustainability and economic efficiency will be able to improve the competitiveness of Indonesia’s palm oil commodity in the global market. Therefore, the government must put strong pressure on companies to enter into good business partnerships, in accordance with the principles of Law no. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition and Ministerial Regulation of Agriculture No. 18 of 2021 concerning Facilitation of the Local Community Estate Development. The government must act decisively against companies that do not run a good business partnership program. Strong law enforcement will be able to encourage increased corporate responsibility in running business partnerships with smallholders. In addition, the government of the country of origin of the investment, which has been demanding sustainable standards for Indonesian palm oil, must also put pressure on entrepreneurs/companies to build business partnership schemes with smallholders, especially in meeting these sustainability standards.
Oil palm smallholders on the edge: Why business partnerships need to be redefined

Fair Company-Community Partnerships in Indonesia


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