

Managing Smallholder Palm Oil Plantations: **Production Repositioning, and Social Transformation**

A Case Study of the SPOS Indonesia Program
In East Kotawaringin District, Central Kalimantan
2022





INTRODUCTION

Presidential Regulation Number 44 Year 2020 on the Certification System for Sustainable Palm Oil Plantation mandates that all palm oil plantations in Indonesia, including smallholder palm oil plantations, must fulfill the ISPO (Indonesia Sustainable Palm Oil) certification. For smallholder palm oil plantations, the fulfillment of ISPO certification is targeted to be completed by 2025. Prior to this, through the Presidential Instruction Number 6 Year 2019, the government has developed a National Action Plan for Sustainable Palm Oil Plantation 2019-2024, which must be followed by developing a similar action plan at the provincial and district level.

This commitment and target at the national government level must be followed by efforts to build preparedness at the local level. Managing smallholder palm oil plantations is one of the efforts to prepare the transition into sustainable palm oil plantation management. Three important issues related to managing smallholder palm oil plantations are, first, related to the gap in the farmers' capacity to fulfill sustainability principles (ISPO certification), second is regarding the preparedness of the local level (provincial and district) to support sustainable smallholder palm oil plantation management, and the third one is resolving existing problem of the existence of palm oil plantations within national forest areas.

The Strengthening Palm Oil Sustainability in Indonesia Program or SPOS Indonesia was developed to improve the welfare of smallholder palm oil farmers and eliminate the conversion of natural forest and peatland into palm oil plantations. Since 2019, SPOS Indonesia has facilitated processes to strengthen the governance of smallholder palm oil plantations to move towards sustainable management. One of SPOS' program is implemented in Central Kalimantan (*Kalteng*) Province as one of the centers for palm oil production in Indonesia.

In Central Kalimantan Province, SPOS Indonesia developed a pilot project in East Kotawaringin (Kotim) District, one of the districts with the largest palm oil plantations in Indonesia. Cooperating with its partners, Javlec Foundation (*Yayasan Javlec*), SPOS Indonesia facilitated the capacity building process by assisting smallholder palm oil plantation farmers. In addition, SPOS with its partner supported the preparedness of the district government's governance toward sustainable smallholder palm oil plantation management. SPOS Indonesia collaborated with the Faculty of Forestry of Gadjah Mada University (*UGM*) to develop a pilot to implement the Target Period Strategy or *Strategi Jangka Benah* (SJB) to support the transition toward recovering forest ecosystem from existing smallholder palm oil plantations within national forest areas.

In 2022, SPOS Indonesia intends to obtain lessons learned from the field, namely by conducting a study to examine the extent of which the program intervention contributes to the effort for sustainable smallholder palm oil plantation management. This case study in Kotim District is an analysis on the production repositioning and social transformation resulting from the intervention of SPOS Indonesia Program on the field.

This case study aims to:

1. identify the intervention forms and strategies conducted by SPOS Indonesia to promote sustainable smallholder palm oil plantation management in Kotim,
2. Generate a depiction of the extent of production repositioning as it relates to the intervention for sustainable palm oil management,
3. produce an analysis on how the production repositioning process is able to drive social and economic transformation within smallholder palm oil farmers in Kotim, and
4. Provide analytic description on the role of the local and village government to support production repositioning and social-economic transformation towards sustainable palm oil management model in Kotim.

Case Study Methodology

The approach used in this case study refers to the qualitative social research method, with the data collection technique done by way of: (i) studying documents, including project documents, previous study results, information tracing from the internet and other supporting literatures, (ii) conducting in-depth interview with informants, including representatives of project implementers (SPOSI and Javlec), SJB-UGM Team, field assistance staff, representatives of farmers/farmer groups, and representatives of village, district, and provincial governments, (iii) field observation, to observe examples of smallholder palm oil plantations on the field and SJB pilot. The scope of this study focuses on change analysis at the local and district level, covering forms of intervention, production repositioning, and social transformation. The study case was done in March-April 2022.



THE ISSUE OF MANAGING SMALLHOLDER PALM OIL PLANTATIONS

“...the data we have is only in the form of numbers in a table. We have yet to have a spatial data. We do not know the locations of smallholder palm oil plantations and their owners. Thanks for the SPOS Indonesia Program, we have the data of palm oil farmers by name, by address...”

(Gusti Ahirin, Head of Plantation Suboffice, East Kotawaringin)

Although sustainable palm oil plantation management has been declared at the national policy level, local levels are still facing the most fundamental issue, namely the availability of data. Kotim District serves as a portrait for most districts in Indonesia, where the availability and quality of basic data pose a serious problem. Before SPOS Indonesia came to Kotim, the available data was not sufficient to conduct valid and measured analysis, planning, and decision making. The available data was still in the form of numerical tabulations, and not in spatial data. The officials of Kotim plantation suboffice explained that the data available could not answer the location spread, the total area, ownership, and agricultural status of the palm oil within the district.

The data issue affected another fundamental problem, namely legality. The palm oil's economic development led to expanded areas of self-funded or smallholder palm oil plantations. Farmers saw the economic aspect of palm oil as a chance to improve their livelihoods, thus they opened plantations both on non-forestry agricultural areas and national forest areas. With all their limitations, smallholder farmers grew independently without the support of facilities and incentives from the state. On the other hand, this development had an implication on a new problem regarding land use and its legality.

There were two problem categories related to land use and legality. **First** was the existing palm oil plantations inside national forest areas. Smallholder farmers opening plantations in these national forest areas faced a land legality issue. They opened plantations on open areas, formerly Forest Business Right/ Industrial Plantation Forest lands or plantation areas of companies left by their owners. The people's livelihood on these national forest areas has yet to be resolved until now. The Social Forestry Program expected to resolve legality issues cannot answer the problem of existing palm oil plantations inside national forest areas. Here, there is a dilemma in using lands, between using them to recover the forest ecosystem and the reality that most of these lands have been used for palm oil plantations.

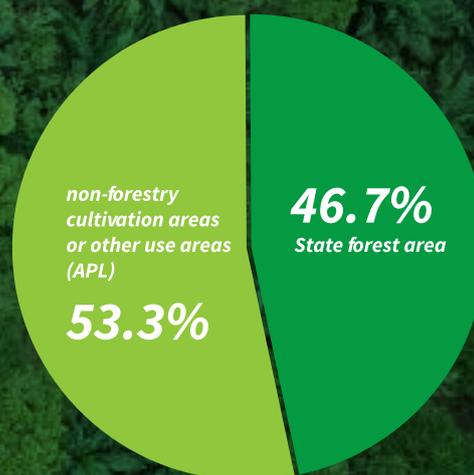
Second, the development of smallholder palm oil plantations in non-forestry agricultural areas or other use areas (APL) faced the agricultural legality problem. Since the beginning, the growth of smallholder palm oil farmers has eluded the attention of various parties. Larger attention has been given to palm oil companies

and plasma farmers, in the form of various supporting programs and incentives for them. Small, self-funded farmers have grown 'organically' on the field, and have continued to expand from time to time, following the development of palm oil economies in Indonesia. This is why the government does not know for certain about their numbers and areas. On the other side, self-funded farmers faced a legality problem on their agricultural status.

Without agricultural status legality, farmers faced serious issues on the field. Vulnerability to land use conflicts often occurred, both among fellow farmers and between farmers with palm oil plantation companies. In addition, the lack of attention given to self-funded farmers resulted in them lagging behind in the context of palm oil agricultural capacity compared to more programmed companies and plasma farmers. This lack of capacity caused a huge gap to achieve sustainable smallholder palm oil management.

Existence of Palm Oil Plantations within the State Forest in Central Kalimantan

Based on the analysis of SPOS Indonesia, the total palm oil plantation area in Central Kalimantan Province is 1,778,701.68 hectares, and around 46.7% are within the state forest area. Therefore, only 53.3% or 948,782.64 hectares of palm oil plantations are located where they should be, namely non-forestry cultivation areas or other use areas (APL). From this total palm oil plantation area in Central Kalimantan, around 13,696.72 hectares are independent smallholder palm oil plantations. Meanwhile, around 27.6% of these smallholder palm oil plantations, or 3,780.29 hectares, are inside the national/state forest area. Efforts to promote legality for people's access to forest areas through the social forestry program have faced the same problem, in which of the total social forestry licensed area of 2,316,765.18 hectares, around 10% are palm oil land coverings.





The government has declared that all palm oil plantations, including smallholders, must be able to meet the ISPO standard by 2025. One of the important parameters for this is the data of palm oil smallholders. For this, the government has issued a rule on data collecting and plantation registration or the Agriculture Registration Certification (STDB). The Decree of the Director General of Plantation No. 105 Year 2018 regarding the Guideline to Issue Plantation Business Registration Certification for Agriculture has been socialized to guide the local government deliver STDB service for farmers with a total plantation area of less than 25 ha, including palm oil farmers.

For the district, this is an important homework amid the complexity of palm oil plantation issues on the field. The development of the STDB service system in Kotim has not been easy, especially related to the available institutional and human resource capacity. Plantation affairs are still under the responsibility of the suboffice of the Agricultural Office in Kotim. In addition, there is a limitation for human resources to manage data, and cross-sectoral coordination challenges related to the development of STDB service system. There is a wide gap between national policy and preparedness at the local level.



STDB AS A CHANGE DRIVING FACTOR

“ With STDB, farmers feel at ease. They are not worried their plantations will be claimed by someone else. There is a guarantee that their palm oil is legally recognized by the government”

(Husni, Karang Sari Village Head, Kotim)

Generally, STDB was perceived as an administrative affair to fulfill the government's regulation to collect smallholder palm oil plantation data. However, the implementation on the field was not as easy as we had imagined. To achieve STDB, first there had to be a detailed data on the spread of plantation locations, their owners, and the agricultural status. This information was not sufficiently available in Kotim. Then, there is also an issue in how to orientate the farmers and village government regarding STDB where most of the farmers did not understand and did not feel the necessary to acquire it. They were self-sufficient farmers who had not been touched by the government's programs and incentives. Offering STDB all of a sudden surely created many questions among farmers. Not to mention the data collection and mapping process faced major challenges of a large scope of plantation

areas and information about their ownership was often not easy to learn. Conflicts among farmers also posed a challenge. The village government would of course ask questions as to the reason this data collection was done, and for whose interest, amid the distrust towards CSOs/NGOs that have always led to using the people and only looking for profit.

SPOS Indonesia along with its partner, Yayasan Javlec, placed STDB as an entry point to improve the governance and management of smallholder palm oil plantations. With the complexity of issues mentioned above, the selected strategy to be developed was assistance. The principle of assistance was attained by placing a field staff to live in, living together and interacting with the community. This allowed a more intensive process to explain about the importance of STDB and the need to

map smallholder palm oil plantations. Assistance was done comprehensively, not only to farmers but also to village and district governments. This Javlec assistance strategy became an important step in achieving STDB in the SPOS Indonesia Program in Kotim.

The step that was done was conducting socialization to the community regarding STDB as their agricultural legality. This socialization process also served as a part of the social organization process for capacity building programs for palm oil farmers. This process did not only occur formally in meetings but also in informal interactions in various social activities of the community.

The support from the village government served as an important aspect. The village government supported the data collection and mapping processes for palm oil plantations within their areas, also becoming a part of the village spatial mapping, which was important for the Village Land Use Plan (RTGLD). The use of mapping technology like drones and data processing, became a part of the process to build the capacity of village governments and communities. Farmers called it 'land mapping without using a meter measurement', describing that they learned a new way of mapping that was different than their previous way. Moreover, the mapping results provided a depiction for village governments and farmers to spatially look at their villages, especially regarding the presence of palm oil

A Farmer's Experience in Obtaining STDB

Suwarno (57 Years Old) is a farmer in Karangsari Village, and he told us about his experience of obtaining STDB in January 2022. This STDB was symbolically handed over by the Kotim District Head. Suwarno explained that STDB was an important milestone in his journey as a farmer. Suwarno had his ups and downs in his life as a transmigrant. He expressed that life was difficult at first for a transmigrant, even just

to eat. As time went by, the economy improved because of the presence of a logging company, including the increased frequency of illegal logging. However, the economy suddenly fell as this logging company shut down.

Palm oil became a new hope to improve his life. Suwarno began his livelihood with a 3-hectare land, planted with palm oil, and was able to produce 67 tons per year. By owning a palm oil plantation, Suwarno was able to increase his income and open other businesses, such as selling food. However, because of many land dispute cases happening in his area, Suwarno felt anxious that this could happen to him. STDB gave certainty to his means of livelihood, in that there was a letter stating that the palm oil he planted had acquired legal proof through STDB. Now he is gaining confidence to manage his palm oil plantation without the worry of a land dispute.



Source : In-depth interview with Suwarno, a farmer from Karang Sari Village, Parenggean, Kotim



plantations and complexity of issues they were facing. This data was then used to support proposing STDB to the Kotim District Government. Javlec has facilitated the proposal of STDB covering approximately 3,900 hectares. Until today, 490 STDB names have been issued, with a total area reaching 1159.6 hectares. With STDB, farmers receive a guarantee in palm oil agriculture. Agricultural legality provides security and confidence in farmers to develop their business in their palm oil plantations. Security here is in terms of reducing the risk of land conflicts occurring many times in villages, both related to border conflicts and claims over lands.

Obtaining STDB also created an enabling condition for farmers and farmer groups to have the opportunity to improve their means of livelihood. For example, STDB opened an opportunity for farmers to obtain ISPO certification, gain support for the Smallholder Palm Oil Revitalization or *Peremajaan Sawit Rakyat* (PSR), even for unexpected things, such as using it as an attachment to strengthen the requirements to receive capital access from banks. So, STDB contributed towards the repositioning of farmers related to the business certainty guarantee and entry point to sustainable palm oil management.

Village governments benefited from STDB. First, the farmers' mapping and data collection process became a part of the villages' efforts to identify problems and potentials of their villages. This process provided information on field cases related to smallholder palm oil farmers, including border and land conflicts. Second, the mapping process generated information and spatial data used for village development planning, such as the Village Land Use Plan (RTGLD). Third, STDB provided information on the potential, previously unidentified taxes that could be collected.

Javlec also conducted the assistance process to the Kotim District Government to strengthen STDB governance and service system to self-funded palm oil farmers. The provision and strengthening spatial data served as important factors in supporting the Kotim District Government. This spatial data enabled the government to understand, in detail, the spread of smallholder palm oil plantation locations, ownership identity, and total area based on names and locations as well as existing palm oil Agricultural status. This information was important to support program planning and service system development to farmers. Officials of the Plantation Suboffice claimed that the process to develop STDB service system was not a



walk in the park. At the beginning, processing STDB was hindered due to the lack of spatial data depicting in detail the spread and total area of smallholder palm oil plantations. Meanwhile, attempts to proactively conduct data collection and mapping were hindered with the limited budget and human resources. With the available spatial data from the support of SPOS Indonesia, it was possible to move forward to develop the STDB service system.

Cross-sectoral coordination and communication process was also not easy. All this time, each office was fixated on their own primary duties and function, thus it was not easy to jointly decide on how to build STDB service system based on multi-party collaboration. In the end, the parties, namely the Agricultural Office, Coordination Team for Local Spatial Management (TKPRD) and One Door Integrated Service Office (PTSP), agreed on the format and procedure of STDB service. At this stage, STDB was considered as a licensing document, thus its processing was placed at the PTSP office.

What happened next was that issuing STDB needed a long time and process because it had to be approved by relevant offices. As a licensing document, relevant offices needed to conduct technical analysis. This made the STDB issuance process ineffective and time consuming. A comparison study to Jambi facilitated by SPOS Indonesia provided new inspiration and ideas on how to improve the STDB service system to be more effective. It was then agreed to change the perspective of STDB from a licensing document to a plantation recording or registration document. Therefore, relevant offices, namely the Agricultural Office, specifically Plantation Suboffice, could issue STDBs. With this change, STDB issuance became more effective, as it reduced the bureaucratic hindrances and required less time than before.

The data and information contained in STDB can be managed as a database for development planning, especially programs to support smallholder palm oil farmers. For example, the Smallholder Palm Oil Revitalization (PSR) program requires the STDB database to be effective and appropriately targeted. In addition, STDB service system is able to boost the credibility of the local government in providing services to farmers. This supports the readiness of Kotim District Government to implement the policy instruction from the national and provincial government to develop the STDB service system and the management of sustainable palm oil plantations.



SPOS Indonesia's strategy to support mapping and data collection to develop this STDB service system has been an important driving factor for change. Changes have occurred at the farmer, village government, and district government levels. With STDB, farmers can secure their livelihood opportunities, guarantee Agricultural legality, and reduce the risk of conflicts in using their land for palm oil plantations. The village government used STDB to develop the capacity of village planning and services to farmers. Meanwhile, the district government was able to develop the STDB governance and service system more effectively to support the management of smallholder palm oil plantations in Kotim.

From the SPOS Indonesia Program's experience in Kotim District, STDB does not only serve as a mere administrative document, but it contains larger dimensions, such as assistance and farmer empowerment, strengthening data and analysis, coordination and governance, service system, and strengthening the planning of development programs. This STDB also opens the door for further processes, such as ISPO or RSPO certification, land conflict resolution, and development of economic diversification from palm oil-derived products.



FROM DATA TO PRODUCTION REPOSITIONING

“...I want the palm oil coming out of our village to be high quality and with a better price so that it will be beneficial for farmers. We have the courage to process the RSPO certification so that farmers can improve how they farm palm oil in their plantations, generate more production, and become environmentally friendly”

(Rohmat, Karang Tunggal Village Head)

SPOS Indonesia’s strategy that focused on data strengthening has had a huge implication on change, both in the governance aspect and empowerment aspect in the context of managing smallholder palm oil plantations in Kotim District. The palm oil data collection and mapping process to the development of STDB service system have driven a change in position and relation from parties involved.

STDB has become an entry point and a tool for change for the management of smallholder palm oil plantations. The existence of STDB has opened the road for the implementation of smallholder palm oil farmer empowerment processes, such as encouraging farmers to participate in the sustainable palm oil

certification. STDB has also been used as a means of change for farmers, village governments, and district governments to develop new systems and ways to manage smallholder palm oil plantations.

An important lesson in the implementation of SPOS Indonesia program in Kotim is that data can be used to promote production repositioning. In its practice on the field, mapping and data collection, proposing and obtaining STDB serve as the farmers’ organization process, both directly and indirectly. The experience in two villages, namey Karang Sari Village and Karang Tunggal Village, Parenggean Subdistrict, has shown a growing awareness on the importance of collectiveness in managing palm oil plantations.

Previously, palm oil farmers in general had an individualism character in business agriculture. The tendency of isolated palm oil Agricultural pattern and a relatively high economic value of palm oil commodities made farmers focus on themselves. Through the SPOS Indonesia Program, farmers are asked to form groups, strengthen their social capital, conduct mutual learning, and collectively develop business and organizational management.

Before, farmer groups, joint farmer groups, and cooperatives were only for recipients of government aids. The SPOS Indonesia Program facilitated organizational strengthening processes, both in the

management and cultivation technical aspects. This brought further change, namely improved farmers' organizational capacity towards sustainable palm oil management. An example is the Village Unit Cooperative (KUD) of Tri Daya, Karang Tunggal Village.

Currently, KUD Tri Daya is preparing its requirements to obtain RSPO. Javlec is assisting the KUD to improve their organizational capacity, develop their Internal Control System (ICS), organize and consolidate farmers and farmer groups who are members of the KUD, and apply sustainability practices in managing palm oil plantations on the field.

KUD Tri Daya Towards RSPO Certification



Juni Rahmanto, The Head of KUD Tri Daya, shared with us that previously, the KUD only focused on selling subsidized fertilizers from the government's capital of 100 million. The KUD only served to distribute fertilizers to farmers, without other added values or activities that promoted the capacity strengthening of palm oil farmers in Karang Tunggal Village. Fortunately, this village has a Village head with a vision to develop the potential natural resources in this area. Rohmat, Karang Tunggal Village Head, explained that he got the inspiration for the KUD to participate in the RSPO certification process from his involvement in the workshop of SPOS Indonesia Program in Palangkaraya. At that time, there was a presentation regarding a farmers' cooperative already obtaining the RSPO certification.

Rohmat envisioned that the RSPO certification process could be the means to improve palm oil farming for the better, increase productivity and quality, and care about the nature and surrounding environment. The consolidation process was done through hard work by conducting socialization and organization among farmers. Not easy, since some farmer groups had already been inactive, with no activities. The group's management actively 'picked up the ball' to farmer groups to engage in social consolidation. As a result, currently, 210 farmer members are involved in the KUD, where the total plantation area prepared for the certification reaches around 700 ha. Farmers' enthusiasm adds to the spirit of the KUD management to prepare every requirement for the RSPO certification. This RSPO certification process has encouraged the local government to provide support in various programs, such as seeds distribution, livestock management, and agricultural business paths.

(Source : FGD with the Management of KUD Tri Daya and Karang Tunggal Village Officials)



Production repositioning also occurred in farmers' learning practices. Javlec supported the development of demonstration plots as means to learn palm oil's Good Agricultural Practices (GAP). Demonstration plots (Demplots) are sustainable palm oil agricultural pilot land of 1-2 hectares in each village, and is equipped with a series of training processes by inviting palm oil agriculture experts. This technical learning was also supported by the SAWITKITA application, an application accessible through smart phones, containing the knowledge on palm oil agriculture, piloted in assisted villages.

Behind the technical aspect, demplots also have a social dimension to it, namely as tools for social consolidation and organizing the community's learning system, which is able to foster farmers' knowledge and collective spirit. An example is the demplot in Karang Tunggal Village, where it was succesful in brining back social capitals, such as regular meetings, working together system, idea and experience exchange, and task division among group members.

Another form of demplots was developed in Karang Sari Village, namely the pilot to implement the Target Period Strategy (SJB). SPOS Indonesia collaborated with the Forestry Faculty of Gadjah Mada University (UGM) to develop an SJB pilot, supported by the village government. Karang Sari Village has a complex agrarian problem, where land ownership disputes happen frequently. With this situation, the initial target to implement SJB is by establishing a pilot as learning media for farmers who have palm oil plantations within the forest area.

Currently, the SJB pilot plantation in Karang Sari Village is often visited by various parties, like the government, CSOs/NGOs, and farmers, who want to learn about

the palm oil agroforestry or mixed plantation model. According to the Village Government, there is an intention to develop this pilot land as an area for educative ecotourism, especially for school children and young generation.

Production repositioning is also observed from the growing initiatives to develop economic diversification using palm oil-derived products. This off-farm economic business development is an effort to increase the added value of palm oil by using product or waste processing to be turned into processed products with economic value. This development is also related with the implementation of circular economy, which maintains the material circulation in the palm oil business at the local level, which reduces the impact on the environment, including reducing carbon emission.



In Karang Sari Village, the off-farm economic business development program is done in the form of using palm oil waste as organic fertilizers. The production unit has been developed to yield products labelled "Gudang Jonder", produced by Mekarsari Village Owned Enterprise (BUMDES). This fertilizer has been tested by several farmers, and will be marketed at a local scale to fulfill the needs of neighboring farmers. In addition,

Village Head's Vision on Sustainable Smallholder Palm Oil Plantation

Rohmat, the Karang Tunggal Village Head, has the vision to turn KUD Tri Daya into the people's business to produce high-quality palm oil. All palm oil products coming out of his village must be legal and are priced appropriately on the market. His commitment to his vision is realized by conducting site visits for the purpose of socializing and consolidating with farmers, directly offering his idea for the RSPO certification process.

Husni Thamrin, the Karang Sari Village Head, has the vision to turn the target period pilot into a learning center. If the mixed palm oil plantation model is successfully achieved, he has an idea to make it educational ecotourism. From this plantation, young generations will learn how to cultivate palm oil using the agroforestry model.

Source : Field Interview



there is an initiative to produce red cooking oil, which will be managed by the Sejahtera Women's Farmer Group (KWT) of Karang Sari Village. The production of red cooking oil is still on the stage of providing production equipment. Later on, there will be a series of training, both from the technical and production management aspects, all the way to the marketing aspect.

Besides production repositioning at the farmer level, there is also a service repositioning at the government level. Village governments have been increasingly proactive in supporting smallholder palm oil farmers, and have made the SPOS Indonesia Program into a means to achieve their village development vision. One of which is the spatial data integration from Javlec's mapping as a basis to develop RTGLD. Village heads have begun to include sustainability values and principles in their vision for smallholder palm oil plantation management.

The changes at the provincial and district government levels occurred in relation with the support from SPOS Indonesia to strengthen the governance, coordination, service system, and planning of the sustainable palm oil plantation management. This can be seen from: (i) improved data capacity and management, especially the spatial data of smallholder palm oil plantations, (ii) effective STDB service system, specifically in Kotim

District, (iii) improved coordination among Local Apparatus Officials (OPDs) in developing programs to support smallholder palm oil plantations, and (iv) developed a Local Action Plan on Sustainable Palm Oil Plantation in Central Kalimantan Province and Kotim District.

In line with these changes, the coordination among OPDs and service system is going to a better direction. An example is the debureaucratization and deregulation in the STDB service in Kotim District, from a license to registration document. In addition, the Kotim District Plantation Suboffice is actively synchronizing support programs with other OPDs in order to provide support for smallholder palm oil farmers.

Also, the support on resolving problems regarding smallholder palm oil at the provincial and district levels is increasingly intensive, in line with better coordination process between parties. For example, Central Kalimantan Province is committed to follow up the Letter from the Director General of Plantation on Identification and Data Collection for Smallholder Palm Oil Plantations indicated to be located inside forest areas. This letter stated that the Province is asked to provide spatial data of smallholder palm oil farmers and plantation maps (by name, by address) to be communicated with the Director General of Planology of the Ministry of Environment and Forestry.



FROM PRODUCTION REPOSITIONING TO SOCIAL TRANSFORMATION

Social economic transformation is linked to the value and structural (governance) change process of a social, economic, and cultural system. In the context of managing smallholder palm oil plantations, SPOS Indonesia has introduced new values, approaches, and ways to manage smallholder palm oil plantations at the regional and local level. At the most fundamental level, SPOS Indonesia has internalized the importance of sustainability value, fostered collectiveness, promoted good governance principles, and cared about the issues faced by the community, in this case smallholder palm oil farmers. In practice, SPOS Indonesia has succeeded in building awareness on the importance of data, land and agricultural legality, farmers' learning system, and improving farmers' organizational capacity as well as the government's service delivery system to farmers, as parts of the process to manage smallholder palm oil plantations.

Beginning from the focus on strengthening data to develop STDB service system, in the process, therein lies other, larger dimensions related to strengthening governance and community empowerment. This process has promoted production repositioning in terms of farmers' growing awareness on collectiveness, improved farmers' organizational capacity towards sustainable palm oil management, grown social consolidation and farmers' learning system, and grown economic diversification initiatives from palm oil-derived products. These production repositioning forms are the new perspectives and ways in managing smallholder palm oil plantations at the local level in Kotim District.

STDB, as provided in the government regulation, is an administrative parameter serving to legalize

smallholder palm oil plantations and farmers, as well as program planning and development, including ISPO certification. In addition, STDB is considered an instrument for traceability related to the developing sustainability standards in the global market framework. In the Kotim case, STDB is more than just an administrative parameter and instrument, but contains larger social processes. STDB is a means for data consolidation, legality, knowledge, social capital, and improved capacity for the long term social transformation. The development of STDB in Kotim also includes improved aspects of governance and coordination, service system, and development planning, specifically related to managing smallholder palm oil plantations.

STDB is a mark for “a new chapter” on the historical trajectory of the smallholder palm oil plantation management. From the experience of palm oil farmers in Karang Sari and Karang Tunggal Villages, agricultural legality is important to secure their chance of livelihood in the form of legal government recognition of their agricultural business (investment). Smallholder palm oil farmers have faced economic ups and downs in line with their positions as transmigrants (see Box 6). As self-sufficient farmers not touched by government programs and incentives, smallholder palm oil farmers receive agricultural legality support, which reduces their vulnerability risk from land conflicts. The legal certainty on their cultivation enables smallholder palm oil farmers to develop themselves and their organizations further in the long run. STDB opens the opportunity for smallholder palm oil farmers to obtain support from government programs, such as the PSR program and ISPO Certification.

The management of smallholder palm oil plantations in Kotim has placed a solid foundation for long term social transformation. The currently ongoing processes are gearing towards transformation in three things. First is securing livelihood opportunity. The process done in Kotim has encouraged people to secure their livelihoods in the form of changes in technical capacity, knowledge, social and organizational capital of farmers leading to improved empowerment for smallholder palm oil farmers. In addition, agricultural legality is able to reduce vulnerability from conflicts, both border conflicts and claims over lands in the long run.



Trajectory of the Development of Smallholder Palm Oil Farmers in Karang Sari Village



In Karang Sari Village, palm oil is the primary commodity that serves as a pillar of the community's livelihood, both for the local people and transmigrants. Since the 1990s, along with the palm oil booming reaching out through remote areas, people have gradually started to transform their means of livelihood, from based on extractive economy models, such as illegal logging or forest rubber economy (especially for the local Dayak tribe), to agricultural economy (palm oil).

Using lands formerly owned by logging companies that were abandoned by their owners (as a result of the uncertain situation following the reform era), also lands from the transmigrant program distribution (especially for transmigrants from Java), they started to be involved in palm oil production, taking advantage of the increasing market opportunity. At the time, the expansion of palm oil companies around Parenggean Subdistrict was happening so fast. In addition to the abandoned palm oil plantations phenomena; new plantations began to emerge, and so did their processing factories (PKS). It was inevitable that the people there, especially transmigrants from Java and Banjar, would try hard and capture this opportunity by planting palm oil trees.

Until today, the domination of palm oil as the economic pillar of the community's household in Parenggean Subdistrict and its surroundings is unwavering. People have opened new plantations, both outside and inside forest areas, as a response to continuously increasing palm oil market demand. Even in the last year, the increase does not only happen to the market uptake and total plantation area on the field but also to the TBS price that suddenly rises from only around Rp1,000-1,500 in 2019 to Rp3,000-3,500 in 2022. It is understandable then, as often mentioned by the people in Karang Sari and Karang Tunggal Villages, that there was a significant income rise in both of these villages.

However, self-funded palm oil plantations outside of forest areas (APL), let alone those inside forest areas, would almost certainly face vulnerability and uncertainty in the long run, despite palm oil being the people's main means of livelihood. In other words, the booming of the palm oil economy in Karang Tunggal and Karang Sari Villages served as an opportunity to develop their livelihoods, but could not guarantee long-term business certainty. Why is this? Legality is the root cause. So far the legality problem is not only faced by palm oil plantations inside forest areas but also outside. If palm oil inside forest areas faces land legality problems, those outside forest areas face agricultural legality problems.

(Source : TA Report of Land and Agrarian Management of SPOS Indonesia, Hery Santoso)



Second, the role of parties (farmers, village governments, and district governments) in managing smallholder palm oil plantations is leaning towards sustainable land management). The approach done by SPOS Indonesia to promote sustainable palm oil plantation management is not only limited to the agricultural practice aspect but also strengthening from the aspects of access guarantee, governance, and encouraging policy support. With this comprehensive approach, sustainable palm oil plantation management (economically productive and environmentally friendly) will prevent additional palm oil plantation areas within forest areas (avoiding deforestation).

Access guarantee is related to land and agricultural legalities (STDB). This access guarantee is an enabling condition for sustainable land management practices. For palm oil plantations inside forest areas, they implement a Target Period Strategy pilot as a means for learning and palm oil agroforestry for the transition to forest ecosystem recovery on one hand and income diversification from non-palm oil plants on the other. Meanwhile, pilot demplots to implement sustainable palm oil cultivation are applied to non-forestry agricultural areas. Assistance, organizing, and capacity building for farmers are done in both of these locations. This empowerment process leads to sustainable palm oil plantation certifications, both in the ISPO and RSPO frameworks.

In addition, sustainable land management is related to governance and policy. Governance is linked to coordination and collaboration between parties in supporting smallholder palm oil farmers, while policy is connected to program planning and support that leads to sustainable smallholder palm oil plantation management.

Third, the transformative change from processes done by SPOS Indonesia in Kotim is the integration of project processes and outcomes to local development policies and programs.

This integration takes shape in the contribution of spatial data used for planning and analysis process, STDB service system, local action plan document, and synergy between government programs and initiatives on the field. These lead to strengthened governance in smallholder palm oil plantation management in Kotim and Central Kalimantan Province.



CONCLUSION AND RECOMMENDATION

In general, it can be concluded that the SPOS Indonesia Program activity in Kotawaringin Timur is a form of support to strengthen the governance and empowerment of smallholder palm oil farmers. Managing smallholder palm oil plantations is intended to strengthen the position of farmers and the role of the government in supporting smallholder palm oil farmers. Improving farmers' position is done by strengthening agricultural legality (STDB) and assistance processes to empower farmers and farmer organizations. The key factor to support this is strengthening data. The process of said data strengthening is related to the STDB data and service system in practice on the field, where it contains social empowerment dimensions.

Strengthening data and social processes can contribute to production repositioning that is linked to improving collectiveness and social capital, farmer organizations' capacity, learning and knowledge, as well as economic diversification initiatives or income sources. At the government level, repositioning occurred in services and support given to farmers, making them more synergized and effective. This repositioning leads to social transformation in the context of improving

livelihood opportunity, sustainable land management, and integration between local development policies and programs.

The recommendations concluded in this report are as follow: (i) SPOS Indonesia's comprehensive approach and strategy in Kotim can serve as a reference to implement governance strengthening and smallholder palm oil farmer empowerment in other districts in Indonesia. For this, it is necessary to conduct conceptualization and prototyping as a reference for project actors, the government, non-governmental organizations, and donor agencies wanting to develop similar projects, (ii) the need to develop proposals and suggestions to the national government to allocate the National Budget or other state financial sources to support the local level's preparedness in developing the STDB service, and (iii) there is a need for further coordination with the Central Kalimantan Provincial Government and Kotim District Government to develop a strategy to synergize and integrate initiatives that are ongoing on the field with local development programs.

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