

Analysis of the Development of Palm Oil Plantations in the Province of Kalimantan Timur-Indonesia

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Abstract: This study examines how these needs are managed in oil palm plantations in Province of East Kalimantan. Oil palm plantation is a land development in East Kalimantan that aims to reduce the region's dependence on natural resources while expanding socioeconomic development. This study used descriptive analytical methods based on primary data obtained from a literature review and focus group discussion. We found that palm oil plantation are serious challenge for ecological development project. Because 44% of the land used for farms is still forest. At the same times, there may be an opportunity to prevent deforestation and explore ways to improve palm oil. But because 87% of the land should be planted. The development of oil palm plantations is supported by limited government regulation despite the fact that there are many problems with their use in the region.

Keywords: Plantation; forest; oil palm; government policies; district head.

The East Kalimantan region relies on land development, including mining and oil palm plantations, and is losing 500,000 hectares of forest each year, making it the world's third-highest greenhouse gas emitter. East Kalimantan has 6,388,157 hectares of dry land in Non-Forestry Cultivation Area (KBNK) or Land Management Rights (HPL). The situation of this area according to the General Planning of the Territory of the Territory (RUTRW) includes areas likely to be converted for various activities other than forestry. The development of palm oil plantations is carried out within the system of utilization and management of local natural resources. This is one of the major developments in East Kalimantan (SDA) that aims to improve regional dependence on natural resources while promoting people's economic growth. This is still common and cannot be updated as of today a mainstay and non-renewable.

The extension will be carried out under the authorization regime issued by the local government. Companies must obtain three types of permits before they can legally begin planting. The first is the regional permit issued by the Head of the Local Government (Bupati) which provides a specific period for the company to obtain other necessary permits. Investment licences may only be issued in areas designated for the development of plantation through regional plans. Another is the IUP (Plantation Commercial License), which is issued by the Bupati after the company has completed all the necessary steps to set up a farm. This includes assessing environmental and social impact and getting communities to agree on the location of tree farms and the terms of community participation. Once all requirements are met the Bureau of Land Management (BPN) issues a Refinery License (HGU) that authorizes the owner to produce palm oil for 35 years and renewable for another 25 years.

Although it is known that the conversion of natural forests is not always a bad thing, there are many successful cases of converting forests into productive and sustainable farms. For example, the conversion of natural forests to various types of agroforestry, including rice fields, cocoa plantations, rubber plantations, and palm oil plantations in Java, Sumatra, and Kalimantan, has shown that the conversion of natural forests is not much less natural make friends.

Based on the above, East Kalimantan has natural resources (SDA) and vast land that can be cultivated directly or through production activities. As part of the management and use of natural resources, we always aim to increase the income and wellbeing of the local community by increasing job creation and business opportunities. One of the sectors that plays an important role in the economic development of

the region, in addition to the oil and gas sector, is the agricultural sector, that is to say, the small sector of palm plantation.

2. Material and Methods

To answer the problem mentioned above and the goals we want to achieve, we took two steps.

1. Literary research. The study was conducted to get a complete picture or picture of the palm oil industry with special reference to the government policies for the development and utilization of palm oil plantations, the structure and performance of the palm oil market and the main emerging problems palm oil plantations.
2. Field research. The second step is to conduct research through interviews with various resources persons, including Focus Group Discussion (FGD's) with local stakeholders. Survey data processing methods include quantitative methods, qualitative methods, detailed analysis, and technical methods.

3. Results and Discussion

3.1 Results

According to Budidarsono et al (2013), palm oil plantation management in Indonesia can be classified into three main models, namely

- 1). Smallholder/Individual Oil Palm Plantation Model: Oil palm plantations are managed by farmers/individuals.
- 2). Government Oil Palm Plantation Model: It was done by plantation companies/EPs.
- 3). Private palm oil plantation model: Operated by private companies.

Indonesia oil palm development continues to accelerate, and in 2009, small scale oil palm plantation produced 20,900,000 tonnes of Fresh Fruit Bunches (FFB) and 3,013,977 hectares of (7,599,130 small-scale oil palm plantations and an area small-scale oil palm plantations 7,509,023 hectares of public plantations and 3,785,470 hectares (10,571,620 tons of FFB) of private farms [14,15].

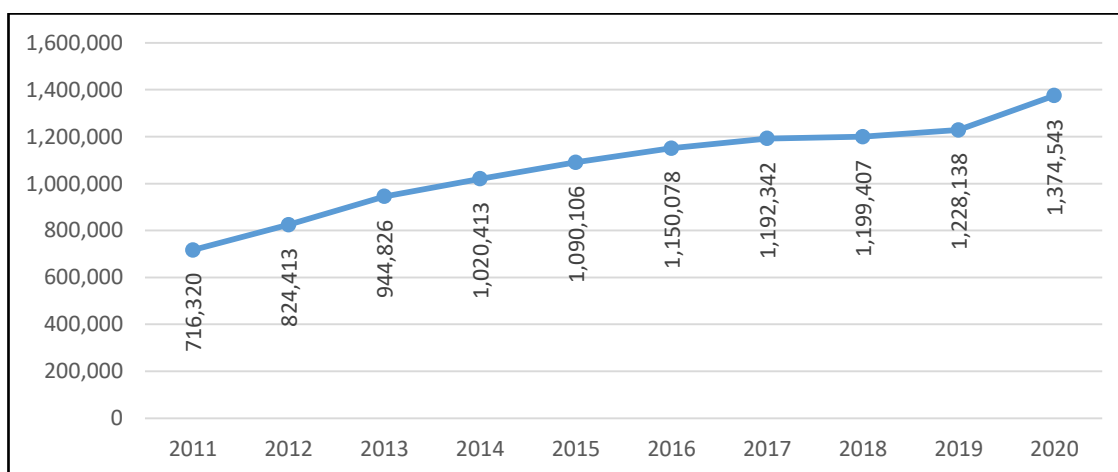


Fig. 1. The development of oil palm plantation area East Kalimantan province (Hectares)

The development of oil palm plantations registered in the last five years is of an area of 201,087 ha with a production level of 1,012,788.50 tons of FFB in 2005 and in 2009 had an area of 530,554.00 hectares with a production level of 2,298,185.50 tons of FFB consisting of 129,279.00 ha (546,111.00 tons FFB), 15,937.00 ha (236,087.00 tons FFB), and 385,338.00 ha (2,298,185.50 tons FFB) of smallholder oil palm plantation. As 2010, there were 22 palm oil mills with producing 965.5 ton FFB per hour, and 8 palm oil mills under construction with a total production of 330 tons FFB.

Land expropriation will not occur unless the law opens the tap to concessions. Oil palm plantation companies expand their oil palm plantation in commercial concession (HGU) and oil palm producers expand oil palm plantations on their own land or small farms. After the launch of the million hectare oil palm development project in 2003, the development of oil palm plantation in East Kalimantan increased rapidly in almost all regions of East Kalimantan namely Paser, East Kutai, West Kutai, Penajam Paser Utara, Berau, Bulungan and Malinau. [14,15,16,17].

East Kalimantan is characterized by large areas of virgin rainforest. For this reason, East Kalimantan has been designated as a key region to reduce greenhouse gas emissions [16,18] and the National Green Growth Program designated the region as one of the pilot regions in 2013 [19]. As of December 2013, the government has issued location permits to a total of 344 companies covering an area of 3.9 million hectares. The IUP grants permits to 215 companies covering 3.1 million hectares. HGU concessions to 127 agricultural enterprises covering 1.1 million hectares [14,17,20]. The current government's goal is to reach 2 million hectares of HGU leased area by 2018 [21,22,23,24]. Farm expansion is expected to accelerate over the next three years. By 2020, the total oil palm area will reach 1,374,543 hectares, including 373,479 hectares as plasma products/human farms, 14,402 hectares owned by state-owned enterprises (BUMN) as main enterprises, and 986,662 hectares of private enterprises (393 companies) [23,25,26].

3.2 Discussion

3.2.1 Oil palm plantations and economic impact

Oil palm plantations as a system do not work independently when it comes to growing the oil palm business in local communities. A local network is a support system that supports business outcomes. At the heart of the community are the local leaders, the local leaders involved in the expansion of oil palm plantations are the rich who manage the land [13,27].

A local leader is an individual or group that has financial, technical and social influence at local level. For oil palm plantation, the owner use small oil palm plantation of less than 25 hectares in area, to promote the productivity of the core gardens and on cleaning the harvest and selling it to the gardens [13,21,22]. According [21] describe how to stimulate the yield of staple crops and sell the crops to plantation. However, one of the major challenge for the expansion of oil palm plantations is the conversion of rainforests, which benefit the diversity of flora and fauna and maintain the global climate, into monoculture oil palm plantations. Palm oil is one of the main causes of deforestation for the green plant movement, as 44% of the land used for plantations is still forested [21,26,27].

There is no comprehensive mapping of the social, political and economic problems that can generate alternative palm oil management plans in an industrial context to field work. At the same time, with 87% of the concessions still unplanted, there may be opportunities to prevent deforestation and develop palm oil to continue, but it remains to be seen whether there is the political will to see this policy change forward. Incineration, or landfill smoke pollution, is an agricultural practice that can have longterm effects on living organisms and the world's climate [25,26,28].

Palm oil plantations can be planted in coastal and nonforest areas, in order to promote growth and contribute to economic development. As oil palm plantations transition to rain forest, questions arise about whether the transition is justified. In such cases, a thorough and transparent review should be conducted. Economic consequences of the expansion of oil palm plantations The expansion of oil palm plantations changes the income of farmers. According to [25,28] the development of oil palm plantations accelerated the economic development of local communities

and reduced poverty. field Other studies suggest that oil palm expansion has several economic impacts that will increase diversified investment opportunities and generate real income [28,29].

The focus group discussion (FGD) identified a number of challenges and obstacles to the development of oil palm plantations, including:

1. The increase in oil palm area is believed to be due to several factors: Changes in natural forest and forests in relation to global climate change:
2. As summarized by Alam et al (2012) through various references, the social problems arising from palm oil development areas related to ownership, use and land use questions on: How to transfer justice. Amalia et al (2012) report 32% or 261 conflict records from the Agrarian Reform Consortium and 570 conflict records from Sawit Watch.
3. Inability to meet regulatory requirements for bank financing and lack of access to technical guidance and market information are challenges to maintaining capital.
4. East Kalimantan New Palm Farmers Association (SPKS) believes that the FFB payment system is not clear. According to the regulation of the Ministry of Agriculture, farmer do not have the opportunity to participate in the setting of prices.
5. The conversion of natural forests and pastures has a negative impact on deforestation, erosion of rock formations, water resources and loss of biodiversity.
6. Local governments will politicize the license, due to the ignorance of people and communities about their rights and the rules and regulations to follow.

3.2.2 Support policy for oil palm plantations

Through Government Law no. 26/2021, there are minimum and maximum limits for oil palm plantations. Palm oil plantations have a minimum of 6,000 hectares and a maximum of 100,000 hectares. The company also has the obligation to promote the development of community farms, which account for 20% of the land.

Extension works are carried out according to the permit system issued by the local government. Companies must obtain three types of approval before they can legally plant:

1. The location permit is issued by the District (Regency) Officer (Bupati) and provides a time frame for the company to obtain the necessary permits. Investment licenses may only be issued for areas designated for farm development through the Ninth District Plan.
2. The IUP permit (an agricultural operation license) is issued by the governor (local/provincial) after the company has finished all the work to establish a farm. This includes assessing the environmental and social impacts and agreeing with the communities the agreement on the location of the tree planting and the procedures for the participation of the community members.
3. If all requirements are met, the Bureau of Land Management (BPN) will issue a Commercial Use Permit (HGU) authorizing the owner to produce palm oil for 35 years and renewable palm oil for another 25 years.

Small-scale oil palm producers (independent oil palm growers) are also given facilities and infrastructure to access finance through the BPDP-KS (Centre for Financial Management of Palm Oil Plantations) funds. Support funds are produced based on the decision of the Director of the Finance Department of the Ministry of Agriculture for the financing of buildings and structures for small farmers using BPDPKS grant funds. Organized by 144/Kpts/OT.050/4/2020. Policies to support self-sufficient smallholders, including large-scale community-based oil palm plantation programs to help them renew their high-quality, sustainable oil palm and oil palm plantations and reduce the risk of illegal land clearing. Based on the descriptions of problems and obstacles that emerged from the previous interview methods and focus group discussions, we propose different policies:

1. Promotion, support and public awareness programs for the palm oil industry
2. Improve product development (downstream and lateral) and value addition
3. Develop sustainable palm oil and strengthen regulatory authority and of licenses
4. Develop light palm plantation Information about
5. Develop smallholder farmers' access to resources
6. Manage the conversion of natural forests and rocky lands
7. Promote the use of RSPO principles and standards

8. Develop conflict resolution mechanisms through inter-plantation cooperation of coconut and processing companies. Surrounding communities Work with farmers and companies to develop small farms.

4. Conclusion

There are still problems in palm oil management in Indonesia. The government has done a lot for the development of the palm oil industry. This includes the implementation of environmental and agricultural standards, promotion of investment in oil palm, support to farmers, financing of new plantation projects, investment management and international trade mediation. The market structure of oil palm plantations in East Kalimantan is oligopolistic, with large private companies controlling 52.73% of the total output sector (land) produced for oil palm plantations. The development of palm oil plantations is progressing, which is one of the development indicators for the economic growth of the population of East Kalimantan. The government has done a lot for the development of the palm oil industry.

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