Certification of People's Oil Palm Plantations as a Model of Sustainable Plantation Management

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Received: December 15, 2022; reviews: 2; accepted: January 13, 2023

Abstract

The cultivation and production of oil palm plantations can have serious negative impacts regarding environmental sustainability. Certification of palm oil production and trading governance is a global effort (global governance) to address these governance issues. The purpose of this study is to 1) provide recommendations for strengthening and accelerating ISPO implementation; 2) study of the benefits of ISPO implementation for farmers; 3) building and developing systems and incentive mechanisms for efforts to accelerate the implementation of ISPO certification. This study uses a descriptive qualitative approach. The results of the research show that the stages in ISPO implementation have not yet been started; caused by several things; namely (1) land status that is not yet clear and clean; and even contains land conflicts (2) the origin of the seeds is unclear and cannot be cleared up through STDP; (3) it is difficult to unite farmers in one farmer group due to the fact that the plantations are not in the same area; (3) certification is not considered important because it does not have any consequences for farmers; (4) there are gardens that are damaged so as not to make farmers passionate; (5) certification financing that is not available on the part of farmers; and (6) the farmers' struggle is more focused on fighting for the price of FFB so that it can be sent directly to the PKS through farmer groups or KUD.
Therefore; certification is not yet a priority and farmers need initiation from the government; including through policies that provide incentives in managing certification and plantation revitalization.

Keywords

Oil Palm, Global Governance, Good Practice Agriculture (GAP), ISPO Certification.

1. Introduction

Oil palm is a plantation commodity whose development is very rapid compared to other plantation crops (World Bank & IFC, 2011). Palm oil or crude palm oil (CPO) is an important raw material for various industrial products, such as food products, non-food products, and biodiesel (May-Tobin et al., 2012). Palm oil is highly preferred as an industrial raw material because it is available in large quantities and at a lower price than other vegetable oils, such as soybean oil, sunflower oil and corn oil (Manggabarani, 2009).

Currently, the area of oil palm plantations in Indonesia has reached 16.8 million ha with production of more than 30 million tons of CPO. Cultivation and production of oil palm plantations is also feared to threaten the human ecosystem so that the concept of sustainability in environmental management and oil palm production is urgently needed to reduce pressure on oil palm itself (Fuadi et al, 2014). The current environmental problems are often attributed to the existence of oil palm plantations; although some people also question this claim (Dharmawan, et al, 2019).

Currently there are around 19 certifications that are recognized in the governance of oil palm plantations; including the European Union’s renewable energy directive (RED) which then refers to the International Sustainability and Carbon Certificate (ISCC) model, Roundtable Sustainability Palm Oil (RSPO) and Indonesia Sustainable Palm Oil (ISPO) (Lestari et al, 2015). One of them, namely ISPO is a certification initiated by the Indonesian government, but until now it has not received proper international recognition. In fact, the indicators derived as sustainability benchmarks are general indicators that also apply to the various models above; and even ISPO is considered more complete (Hutabarat, 2018).

Data from the Directorate General of Plantations for 2020 states that the area of oil palm plantations in West Kalimantan is 1,312,517 ha. Consisting of Immature Plants (TBM) covering an area of 426,607 ha; producing plants (TM) covering an area of 1,458,043 ha; and non-productive plantations or damaged plantations (TTM/TR) covering an area of 19,365 ha. Of this composition, the people’s plantations are around 413,000 ha (21.69%); state plantations of about 56,700 ha (2.98%) and the largest part is private plantations covering an area of 1,443,431 ha (75.33%). Most of the plantations managed by the private sector, the state and the people are not certified. Of the 161 private and state companies; there are only 16 points that have been certified; while the plantations have not
been certified yet. This is a challenge for smallholders and corporations (private and state) to set an example in certifying oil palm plantations so that people inside or outside corporate concessions can follow a good path: certifying oil palm plantations under the ISCC, ISPO or RSPO mode. With plantation certification, it is hoped that claims to oil palm as a contributor to ecosystem imbalances can be refuted legally and formally (Putri et al, 2022).

The acceleration of sustainable certification (RSPO, ISPO and ISCC) is currently in place. The two Regulations of the Minister of Agriculture that regulate this matter are "barren" because they were not implemented after the certification target was not achieved. Therefore, Presidential Decree No. 44 of 2020 appeared to strengthen the barren position of the Minister of Agriculture; and this Presidential Decree targets certification to be completed by 2024. Until now, the movement for certification of corporate gardens and people's gardens is still running in place; it seems that Presidential Decree No. 44 of 2020 must be upgraded to become a law (Boestami, 2020).

Unimplemented certification program seems to be caused by many factors. At least, those that have surfaced include; The first is the problem of the status of the land (especially the smallholders or the people) including the plantations being in the area. Second, the origin of the seeds is unofficial and cannot be explained through a plantation registration certificate (STDB); Third, the smallholders who cannot be grouped because the area of the smallholders is scattered. Other problems include certification being seen as a government matter which has been hampered by groups of buyers abroad; also, certification has not made "farmers feel valued in selling FFB to PKS". Of course, other problems still exist and need to be explored in depth through further research because they were not covered in this study.

Based on the description above, the aims of this study are to: 1) provide recommendations for strengthening and accelerating ISPO implementation; 2) encourage the strengthening of benefits from ISPO implementation for farmers; and 3) establishing and developing systems and incentive mechanisms for efforts to accelerate the implementation of ISPO certification.

2. Literature reviews

The 2020-2024 RPJMN states that the Green Fuel Renewable Energy Development will be based on palm oil. Furthermore, the RPJMN states that biofuel development will be carried out in stages, through the production of biodiesel and green fuel. The production capacity of palm-based biofuels is fulfilled through the empowerment of smallholder oil palm plantations. Palm oil becomes important when green fuel is to be realized in this country (Sipayung, 2019). One of the strengthening efforts is by carrying out palm oil certification as one of the guarantees that smallholders become suppliers of the world's green fuel industry.

In Indonesia, oil palm has been cultivated commercially since 1911, when it was first developed on the east coast of Sumatra during the Dutch colonial period.
(Corley & Tinker, 2003). Since then, oil palm development has continued to grow. As is the case in other countries developing the oil palm commodity, this sector has contributed to increased income and employment for a large number of individuals (German et al., 2010). A study of the Indonesian palm oil industry conducted by the Australian National University, concluded that oil palm development has a positive impact on the income and standard of living of all involved (Barlow, Zen, & Gondowarsito, 2003). Based on a study conducted in Sumatra, oil palm plantations have high labor requirements and show a high return to labor.

The expansion of oil palm plantations also has a correlation with the destruction of tropical rainforests and peatlands and its impact on the loss of carbon stocks, and fauna and plant species specifically in Indonesia and Malaysia. Oil palm production also results in water, soil and air pollution due to agrochemical runoff and processing plant effluents (Rival et al, 2016). In the context of global environmental issues, oil palm is linked to deforestation, biodiversity loss and climate change. It is not surprising then that oil palm is a commodity that causes controversy, because of its impact on the livelihood systems of planters, local communities, biodiversity, land productivity and climate change. These issues in terms of focus, scale and depth of debate around palm oil production continue to evolve (Jezeer et al., 2019). It is not surprising then that oil palm is a commodity that has generated controversy, because of its impact on the livelihood systems of smallholders, local communities, biodiversity, land productivity and climate change. The issues that exist both in terms of focus, scale and depth of the debate around oil palm production continue to grow (Jazeer at al., 2020). To minimize the risk of depletion of natural resources and degradation of environmental benefits, the oil palm plantation business model must adopt the principles of good-governance.

The application of certification is a middle way to minimize the risk of negative externalities arising from the development of oil palm plantations. This certification is expected to encourage palm oil industry players (both private plantation companies, BUMN and smallholders), to apply the principles and criteria for good palm oil production (good practices), which can harmonize economic, environmental and social aspects. The Roundtable on Sustainable Palm Oil (RSPO) is the first sustainable palm oil certification introduced (Alain Rival, Montet, & Pioch, 2016). After that, various certification schemes emerged, both initiated by industry and the government, including: International Sustainability and Carbon Certification (ISCC), Rainforest Alliance (RA)/Sustainable Agriculture Network (SAN), Roundtable on Sustainable Biomaterials (RSB), Palm Oil Innovation Group (POIG), Sustainable Palm Oil Manifesto (SPOM), Indonesian Sustainable Palm Oil (ISPO), and Malaysian Sustainable Palm Oil (MSPO) (Ivancic & Koh, 2016; Alain Rival et al., 2016). Whatever model is chosen, of course it is not something that is mandatory. The choice of certification model is left to the party to be certified. However, the recommended model from this research is ISPO.
3. Methods

research uses a triangulation method approach, which combines various results from various sources of information or data sources (Edlund & Nichols, 2019; Leavy, 2017; Strijker, Bosworth, & Bouter, 2020). The qualitative approach was chosen by emphasizing the farmer's point of view. A qualitative approach was used in this research to understand in more detail the dynamics of certification implementation and problems in the field, by conducting in-depth interviews with key informants who understand the implementation of certification in the study area; namely in Sambas Regency in particular; especially the farmers or planters in two sub-districts: Subah and Sajingan Besar.

4. Results and discussion

When the author attended the debriefing of members of the Regency/City DPRD throughout West Kalimantan at the Golden Tulip Hotel last November 2019; Governor Sutarmidji's message still echoes when he is in the elevator to the meeting room that "when the price of FFB is good, the farmers' screams will not be heard". That saying, it turned out to be true, in the past year; the farmer's screams seemed to be heard no more; whereas in previous years; their complaints conveyed through various media; Starting from social media to online mass media, you can always find and attack smart phone users. Three or four years earlier; The complaints of oil palm farmers revolve around: the price of FFB, plantation infrastructure and long queues to enter the palm oil mills. At the moment; complaints are only about garden infrastructure; while the other two complaints; namely the purchase price of FFB and the queue to the PKS as if it had been completed. Is that right?

Oil palm farmers or planters, in the last four years, freely choose where to sell TSB to where to buy FFB that are owned individually; the more famous one is called loading ramp. With the operation of these individual FFB buying stations, it is as if smallholders are no longer obligated to sell FFB to mills through KUDs; but directly selling FFB to the loading ramp in cash and carry: FFB is weighed on the spot and paid immediately according to the price stated at the entrance to the loading ramp and even without any further depreciation. There are also no deductions from previous debts; as well as the plantation development credit scheme through KUD and nucleus availability. Of course, between the price of FFB at the loading ramp and at the OPM there is a difference or margin between Rp. 150 to Rp. 300 per kg, which is a business profit. With the existence of a loading ramp; Smallholders can sell FFB at will under the pretext of seeking the "best price", but there are "naughty" farmers who sell FFB to and fro to simply avoid debt relief. The existence of loading ramps in many places in West Kalimantan has abandoned farmers' loyalty to KUD and nucleus.

The operation of the loading ramp seems to help farmers in cash matters. Before the emergence of the loading ramp, in the eyes of the farmers, PKS was a
lot of "bolang alias chatterbox" which made the farmers and KUD "angry" and wanted a third party to break the monopoly on purchases by PKS. This trap for farmers was successfully launched by the loading ramp businessman, so that it seemed as if the loading ramp was indeed an urgent need to ward off the "sloppy aka fussy" PKS above.

Now, the loading ramp business has been established at many points; starting from Porcupine, Sanggau and Sekadau. The existence of a loading ramp has made Governor Regulation No. 63 of 2018 concerning Guidelines for the Implementation of the Determination of the K Index and Purchase Prices of Fresh Fruit Bunches Production of West Kalimantan Planters signed by Governor Sutarmidji, which is a revision of West Kalimantan Governor Regulation Number 86 of 2015 signed by Governor Cornelis; it turned out that both of them became sterile Pergub because they could not be implemented consistently in the field. Now, farmers can easily sell FFB without being guided by governance anymore; Palm oil commodities have also become cash crops such as rubber commodities because they can be sold and cashed easily. In fact, reportedly, the stolen FFB can be sold by superimposing it to other planters.

As it turns out, the owner of the loading ramp is a purely profit-oriented investor. Not infrequently, they come from public officials who are already rich, accomplices of PKS owners and even those in the management of the core company. As a result of rampant loading ramp operations; farmers' credit will be threatened with default; garden infrastructure will go unnoticed; KUD will die, left by its members, farmers no longer want to work in groups; investment security in the regions will be threatened with insecurity because they have to bear bad loans; and there will be no more large-scale palm oil investments that apply the nucleus-plasma partnership pattern. Therefore; the future trend of the palm oil business is to release this business freely to the people. However, the debts or obligations of farmers or planters need to be settled first so that they do not become bad credit. The prediction of farmers' problems in the future is the destruction of road infrastructure so that farmers' income will be drained for transportation costs.

To strengthen the position of farmers in PKS; then one of the conditions that can be met is to encourage the certification of smallholder oil palm plantations. The certification scheme for oil palm plantations known in Indonesia consists of three forms; namely ISPO (Indonesia Sustainable Palm Oil), RSPO (Rountable Sustainable Palm Oil) and ISCC (International Sustainability and Carbon Certification). From when the scheme was; of course, ISPO is more popular in the community. Regulations that require garden certification have also reached the farmers. From the author's talk to the farmers; The presence of Presidential Decree No. 44 of 2020 concerning the Indonesian Sustainable Palm Oil Plantation Certification System has been downloaded on the farmers' smart phones. Until now, this Perpres has been regarded as merely a regulation and in the contents of the Perpres, it has not touched on the benefits for farmers after obtaining an ISPO certificate. The Presidential Decree was also responded to as the government's
interest in fighting the negative campaign of palm oil on the global market. Then, before Presidential Decree No. 44 in 2020; Farmers have also received Minister of Agriculture Regulation No. 11 of 2015, which also does not explain the benefits for farmers, so ISPO is mandatory through Presidential Regulation No. 44 of 2020 has become unattractive for farmers. Therefore; The benefits of this certification are expected to benefit farmers. Among the benefits expected by farmers are farmer group access to palm oil mills; obtain the price of FFB according to government regulations; receive ongoing training and so on.

When the encouragement to the smallholders from the parties: the company and the government towards certification does not occur; then the farmer's garden certification process will run in place. When ISPO and other schemes are only paper confessions; while the process of obtaining certification still requires considerable time and costs on the part of farmers; then the success of the certification program in Indonesia will run slowly and even stagnate. One of these phenomena is in West Kalimantan.

132 plantations owned by the company in West Kalimantan (PBSN and PN); while the listed companies received information on land acquisition of 326 companies. The distribution of company plantations that have implemented garden certification is 32 plots involving as many as 16 companies. On the farmer's side; a few more certifications. A total of 157,134 farmers (plantation area 746,602 ha); 14,909 ha (1.99%) of new plantations or farmer groups seeking certification, which includes 5,914 farmers in 29 company groups.

Certification of farmer's gardens in West Kalimantan has only been found in a few locations; including the KUD under the auspices of PT Poliplant Sejahtera (PSA, Cargill group) in Harapan Baru Village, Air Upas District, Ketapang Regency. A total of 3,019 plasma smallholders from 8 KUDs under the company managed to achieve Roundtable on Sustainable Palm Oil (RSPO) certification for 10,026.58 ha of plasma plantations. This RSPO certification is a milestone for smallholder groups in meeting the sustainable palm oil standards applied by the RSPO. With RSPO certification, their products can meet NDPE (No Deforestation, No Peat, No Exploitation) policy standards. PSA continues to strive to reach 15,000 ha of community oil palm plantations. The same thing; occurred in the stretch of PT Harapan Sawit Lestari (HSL), which also received certification of sustainable palm oil supply for biofuel through International Sustainability and Carbon Certification (ISCC) according to the European Union's reduced emissions from deforestation (RED) directives. The location of their garden is in Manis Mata Village, Manis Mata District, Ketapang Regency. Other locations are in the Perfect Village, Sungai Laur District, Ketapang Regency; precisely at PT. Swadaya Mukti Prakasa which is pursuing ISPO certification; also heard on PT. Mitra Laman Mayang Sentoisa in Matan Hilir Utara District, Ketapang Regency who are working on the RSPO process. News of smallholders' plantation certification efforts also came from Sanggau Regency. The gardens that were opened on their own land, as recognized by Dadang Kenedi, Yoseph Haryanto, Tumenggung Panca Benua (late), Tumenggung
Kunt, Kancil and Pastor Arif Sumah and Mr. Slamet wanted their gardens to be certified. Meanwhile, a group of farmers led by Andi Valent and Darius Tukul in Gunam and Beruak Hamlets, Gunam Village, Parindu District is working on RSPO certification; but not yet successful. The conclusion is that farmer groups in West Kalimantan who have carried out garden certification have only been found in Ketapang Regency; while other districts are still waiting and seeing; let alone move, just sound not yet.

Even though ISPO certification for smallholder plantations only requires 4 of the 7 elements of the assessment; still the progress of certification will remain slow. Therefore, efforts are needed to accelerate; including the fulfillment of farmers' expectations; there is a stimulus from the government and other policies that benefit farmers. Without this added value; then the certification process is expected to run in place. The obstacles to the certification process for smallholders' gardens according to the ISPO Commission include ownership of ownership certificates (SHM), cultivation registration certificates (STD-B), not yet forming a cooperative, and not yet having an internal control system.

When this problem is only recorded in the diaries of the parties, it will not be able to speed up the certification process. To this day, the urgent problems of farmers in West Kalimantan include the condition of the infrastructure; plantations that are old and scattered, the struggle for the purchase price of FFB that does not match the price set by the government. Thus, the issue of certification is beyond an urgent matter. The government and companies can assist farmers in accelerating certification; with three options: ISPO, RSPO and ISCC.

In the study area of Sambas Regency; in 2016 the total area of oil palm plantations was 85,406 ha; in 2019 it increased to 87,683 ha. In this district there are 6 (six) oil palm plantation companies with a plantation area of 60,717 ha with a total of 6 mills with a total installed capacity of 360 tonnes/FFB/hour. Thus, an area of 26,915 ha belongs to the community spread across the district. Oil palm plantation centers in this district are in the Districts of Subah and Sajingan Besar.

There are 8,719 farmers involved in oil palm management. The problem sticking out in this sector is that not all plantations have developed smallholder oil palm; even though the partnership requirements as applicable regulations are a minimum of 20%. Therefore, it needs encouragement from the government so that the large plantations that are now operating immediately realize the development of partnership oil palm plantations so that it does not become a problem when extending the Cultivation Rights (HGU). There has not been a single stretch of plasma, corporate and certified smallholders. Therefore, the certification program for smallholder oil palm plantations in Sambas District has not yet started.

In the field; many obstacles were found, including the plantations being in the area, the gardens which had been damaged and the farmers' gardens being scattered and the origin of the seeds which could not be recovered. All of this complicates the certification process. If one obstacle is not resolved, the certification process cannot be continued.
The legality of independent oil palm plantations is the key to following the sustainability certification process. One of the principles of land legality must be met by farmers in order to achieve ISPO certification as evidenced by ownership of land certificates, land sale and purchase deeds, and other valid proof of land ownership. Garden land located in forest areas, state land, and usufructuary rights (HGU) areas cannot be certified so that proof of legal land ownership will not be obtained by farmers. Land with overlapping claims is seen as problematic land that must be excluded from the ISPO. The 2019 Greenpeace Report, which is equipped with a link to download evidence (images and reports), states that there are 3.12 million hectares of oil palm areas that are problematic because they are located in forest areas. An area of 1.56 million hectares is owned by smallholders; the rest or half (1.56 million ha) belongs to industrial oil palm plantations (companies). Among these oil palm plantations are located in forest areas, including protected forest areas and conservation forests. If the data for community gardens reaches more than 5.8 million hectares; then around 4.24 million ha are not problematic and are the priority targets of the certification program.

Figure 1 Display of Greenpeace Report Evidence regarding the existence of oil palm plantations in the region, 2019
Source: https://media.greenpeace.org/... Accessed 15 Nov. 2021 at 1:49 pm
This damage is due to lack of maintenance and this will add a long way to the certification process itself. When the government policy is directed to issue STDB on plantations with seeds of origin without certificates; then it will be difficult for the damaged garden to obtain reinforcement from the seed provider. It will not happen that the seed provider admits that the seeds from the damaged plantation are seeds from their company. Therefore, a bleaching policy is needed so that the damaged plantations can be saved and certification can also be carried out.

In addition, ISPO certification requires farmers to organize in one institution. Farmers are required to form cooperatives or farmer groups prior to the ISPO certification audit. Because the ISPO certificate will be given to the group as a whole, not individual farmers. Member gardens are not in a single expanse; but scattered, making it difficult for farmers to join in one institution such as cooperatives or farmer groups.

In ISPO certification, farmers are required to implement 4 principles, including land legality (land certificate, STDB), smallholder organization and management of independent plantations, environmental management and monitoring, including environmental permits and sustainable business management. In addition, certification financing is also a separate issue. The existence of the Oil Palm Plantation Fund Management Agency (BPDP-KS) is expected to be a financing solution for smallholder certification. BPDP-KS is expected to facilitate the ISPO certification process for farmers. Because, if you expect local government budgets or smallholders' budgets for the palm oil certification process, then this process will lead to a long, winding road so that the 2024 target will not be achieved. Plasma farmers who arrange certification are on average assisted by the company so that farmers are not burdened with financing, even though they are fully involved in the preparation of land and seed legality.

Figure 2 Independent Smallholder Oil Palm Plantations Damaged Due to Lack of Care and Lack of Maintenance Costs in Border Areas
Source: Researchers, 2021.
Regarding seeds as an example, continued RB in the interview, it was mentioned to researchers when the government was unable to encourage seed providers to provide certificates of receding seeds or when the government was unable to provide certificates of origin of seeds based on plant characteristics; then there will be no solution forever. A solution that is not a solution is to cut down the old oil palm and replace it with new oil palm which simultaneously starts the certification process in one package.

5. Conclusion

Certification which is mandatory as stated in Presidential Decree No. 44 in 2020 is still not running proportionally. Two Permentan related to certification; namely Minister of Agriculture No 11/Permentan/OT.140/3/2015 concerning Certification of Indonesian Sustainable Palm Oil (ISPO). Previously, Minister of Agriculture Regulation (Permentan) No. 19 of 2011 concerning Guidelines for Sustainable Palm Oil Plantation. Then, in 2015, Permentan 19/2011 was repealed and replaced by Minister of Agriculture Regulation (Permentan) Number 11 of 2015 concerning the Palm Oil Certification System which was then updated again in 2020 in Minister of Agriculture Regulation (Permentan) Number 38 of 2020 concerning Implementation of Plantation Certification. In 2020, the President also issued Presidential Decree 44 of 2020 concerning the Indonesian Sustainable Palm Oil Plantation Certification System (ISPO). Many parties predict that the end of the implementation of the Presidential Decree in 2024 will fail and to continue the smallholder certification program, it will be confirmed by law along with strengthening the position of palm oil derivative products in society; including related to the use of new renewable energy (EBT) in the national energy mix scheme.

The failure of ISPO implementation is related to four main certification issues that have not been completely resolved. The four main problems are (1) land status that is not yet clear and clean. Some of the farmer's gardens located in the Area have not received legal standing, namely the acquisition of land
certificates; and even the existence of their garden contains a conflict with the land party. (2) The origin of the farmers' seeds at the start of planting oil palm came from seeds that were not clear, so ownership of the certificate of origin of the seeds could not be proven. The seeds whose origins are unclear continue to be bleached so that the STDB process cannot be processed so that the certification process stops; (3) The difficulty of uniting farmers in one farmer group due to the fact that the plantations are not in the same area is a strong basis for stopping the certification process; (4) There are plantations that are damaged so that it doesn't motivate farmers to continue certification; (5) Certification funding that is not available on the part of farmers causes the certification process to stop or not to start at all; also due to the lack of acceptance of farmers; and (6) the farmers' struggle is more focused on fighting for the price of FFB so that it can be sent directly to the PKS through farmer groups or KUD.

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