

## **OPAL IPB field visit 2017**

(Kutai Kartanegara, East Kalimantan, Indonesia, 05-10 February, 2017)

IPB OPAL team has conducted field visits to strengthen data and information on issues concerning the development of sustainable oil palm plantations in Indonesia. Under the coordination of Arya Hadi Darmawan the site visit was conducted at two oil palm plantation companies and some government agencies in Kutai Kartanegara Regency and East Kalimantan Province. The focus of this activity was to map out the issues related to the sustainability standards for sustainable palm oil plantations, nucleus-plasma partnership, and gender also the licensing process in the development of oil palm plantations.

The first three issues focused on two oil palm plantation companies located in Districts Kembang Janggut and Muara Kaman. Both are oil palm plantation companies with mill and has a partnership with plasma and non-plasma smallholder farmer. The first company was founded in 1989 and already has a national and international sustainability standards, including the Roundtable on Sustainable Palm Oil (RSPO), the International Sustainability and Carbon Certification (ISCC), ISO14001 and the Sustainable Palm Oil (ISPO) Indonesian standards. The company also implemented a zero waste management by developing biogas to generate electricity for the company, even sell to the state electricity company. The second company is also developing a zero waste management, including for the supply of electricity for the company, but is still in the process of filing the ISPO certification. Both companies are very open to the arrival of the team and provide opportunities for advanced research in the future.

Facilitated by the two companies, the OPAL IPB team could maximize the discussion with smallholder farmer groups as the company's partners, namely plasma cooperative and non-plasma cooperative (Village Community Empowerment Program / PPMD). There are various forms of partnerships undertaken by the companies for the management of the plantations and the purchase of fruit bunches. The first company handed over the management of smallholder farmer plantation fully to cooperatives, and control the quality of the fruit through the grading system. While the second company, using one management system under the company, and the cooperative plasma as a sub-contractor provides local employment. In this system, grading the fruit from smallholder farmer plantation do not apply. Possible problems which will arise in the nucleus-plasma partnership is the establishment of a factory without a plantation, this type of company can accommodate any type of fruit produced by smallholder farmers with payment in cash through middlemen. This phenomenon also encourages the expansion of oil palm land clearing independently.

Site visits also conducted as part of the Rizka Amalia's preliminary research who will examine the issue of 'The impacts of oil palm expansion and sustainability standards across different actors and production systems in Indonesia'. Based on information from the companies, the adoption of sustainable standards undertaken by the company is driven by market needs is the purpose of sales CPO/KPO. At first the company, the production is intended for the international market so the company has various certificates both in the national and international scale. With the certificates, the company earned the trust of international markets and obtain better prices (types of certificates used according to best price quote). In the second company, the production is more geared to the domestic market so the certification standards has not been a priority of the company. The new ISPO certification filed by the company when the government made it mandatory for all companies (Regulation of the Minister of Agriculture No. 11 / Permentan / OT.140 / 3/2015 on Palm Oil Certification Systems). At the moment the second company is in the process of filing the certificate of ISPO. Submission of certification has been more than one year but is still waiting queues assessment and improvement ISPO criteria that must be met.

The third issue related to women in oil palm plantations. The existence of formal employment opportunities for women to work as an employee or casual laborers. Women receive wages according to the type of work and working hours with the standard local wages. Through cooperative plasma (sub-contractor companies), local women can work on plantations, especially as plant maintenance workers. However, these employment opportunities can be lost at any time, and replaced by male workers when employment in other sectors for men decreased. Moreover, women are not efficient in work. Women informally can also help their husband, who worked as plantation workers, although without getting wages (especially in families of migrant workers).

The fourth issue related to the licensing process in the development of oil palm plantations, which is the subject of research of Faris Rahmadian. Site visits have become an opportunity to deepen the data and information that already acquired. As known in 2015, the President of Indonesia, Jokowi, expressed his commitment to environmental issues and sustainable development. One of them, through the implementation of Presidential Instruction No. 8 Year 2015 on Land Permit Suspension and Improving Governance of Primary Forest and Peatland, and in its development, there are also components of the suspension of new permits for oil palm plantations. However, it appears that the implementation of Presidential Instruction is still not able to implemented well. The instruction is often interpreted partially, even by government at the regional scale. Kutai Kartanegara Regency, East Kalimantan Province, Indonesia, being one example on how difficult the *de facto* implementation of the Presidential Instruction. The political dynamics can not be interpreted statically, especially after the regional autonomy, and there's no single discourse of "moratorium", "sustainability", or even "licensing". After the Presidential Instruction, Kutai Kartanegara goverment responded, but with a few exceptions: (1) The moratorium does not apply to the expansion of the company with existing plantation; (2) The moratorium does not apply to companies that are still a group with plantation companies that had existed before; (3) The moratorium does not apply to company partner / nucleus farmers . At this stage, the objective of moratorium was not linear between the central and regional governments, there are still too many "political loopholes" that not been able to halt expansion and more massive forest areas conversion.

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