

2# OPAL Online Research Seminar Series

The 20% plasma estate provision Building strong oil palm business partnerships in Indonesia

1 DECEMBER 2020 | 14:00 – 16:30 WIB (GMT +7)



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Republic of Indonesia Law No. 39/2014 on Plantations requires palm oil companies to facilitate the establishment of smallholder estates by setting aside 20% of their plantation area within 3 years of being granted a concession permit. Such facilitation can take the form of credit provision, benefit sharing or other types of financing. This has been the essence of partnerships between companies and communities living nearby, and constitutes a prerequisite for a plantation to be considered equitable and sustainable. However, progress with smallholder estate establishment has been slow, and, for a variety of reasons, some companies have failed to comply with this requirement of meet its targets. Factors deemed responsible for impeding the adoption and implementation of the policy include land availability, disagreements with target communities over terms of partnerships, and a perceived lack of smallholder capacity to manage plantations.

To address the problem, the Ministry of Agriculture has embarked upon a program to revise the policy and has commissioned a taskforce comprising experts and representatives of the Indonesian Palm Oil Association to identify problems, revise the policy and develop guidelines for companies in implementing their obligation to facilitate the establishment of community smallholder estates.

It is important for stakeholders to be aware of this new policy development, and listen to concerns raised by companies and other stakeholders, including academics and civil society organizations, and share their input. Also, now is the right time to discuss the implications of the newly enacted Omnibus law (Law No. 11/2020) – aimed primarily at boosting investment across sectors – for palm oil business partnerships and how it could lead to a stronger palm oil industry.

Opening remarks



Dr. Michael Brady
Team Leader, Value Chains,
Finance & Investments (VPI),
CIFOR

Speakers



Ir. Dedi Junaedi, M.Sc
Director of Plantation
Product Processing and
Marketing, Director General
of Plantations, Ministry of
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**Dr. Bayu Eka
Yulian, S.P., M.Si**
Lecturer, Department
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Togar Sitanggang
The Indonesian Palm Oil
Association (GAPKI)

Moderator



Ir. Fredian Tonny, MS
Lecturer, Rural Sociology and
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Wrap up



**Dr. Ir. Arya Hadi
Dharmawan, MSc.Agr**
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