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TOWARDS A SUSTAINABLE SINTANG DISTRICT

Realizing the Regional Action Plan for Sustainable Palm Oil

FINDINGS

Sintang District, which is located in the eastern part of West Kalimantan Province with an area of 21,635 km², lies between 10 05' North Latitude and 00 46' South Latitude and 1100 50' East Longitude and 1130 20' East Longitude is an area where oil palm plantations are being developed in West Kalimantan. Data from Statistics Indonesia (2018) shows that there are 100,593.33 hectares of large oil palm plantations, and 31,142.47 hectares of plasma plantations, and 1,014.25 hectares of smallholders' oil palm plantations in this area. In the last 5 years, the area of oil palm plantations has increased significantly, approximately 60 percent are classified as non-productive plantations. This shows Sintang District's potential in developing oil palm plantations in conjunction with the development of the downstream sector potentials.

Smallholder plantations (plasma and independent) – which reach 40 percent – have a great opportunity to directly play a role in improving the smallholders' welfare.

Even though it is also undeniable that there are major challenges in realizing this potential, hence all parties shall receive economic, social and environmental benefits.

Increasing the role of smallholder oil palm plantations requires synergy among all stakeholders. Improving the quality of core-plasma partnerships as well as the governance of independent smallholders is an important part of the framework in developing oil palm plantations that improve welfare.

CROSS - SECTORAL SYNCHRONIZATION

The geographic location of Sintang District is very strategic for the development of oil palm production system. Especially if the system is integrated between the upstream and downstream sectors through power-sharing with the surrounding districts according to their specific potential, this can increase district contributions in the oil palm business in West Kalimantan.

In addition, the benefits of oil palm cannot be separated from other sectors. For example, food crops, forestry, environment, and tourism management. Cross-sectoral synchronization is a requirement for creating conducive conditions to increase the attractiveness of investing in the oil palm sector in Sintang District.

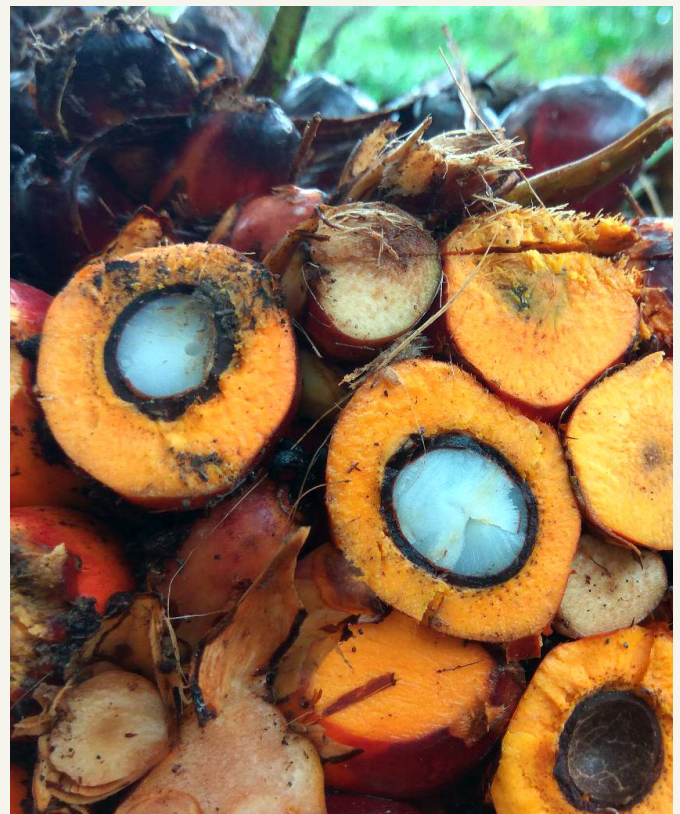
The development of the downstream sector is a strategic step in increasing the added value of oil palm commodities which in the past has only focused on the production of Crude Palm Oil and Palm Kernel Oil. This is an anticipatory step to reduce adverse impacts due to fluctuations in the global price of palm oil and negative campaigns abroad. It is expected to be able to trigger the development of other businesses sector, so that the benefit of oil palm can be distributed evenly among the community in Sintang District.

As the main commodity of Indonesian plantations, oil palm is cultivated by large private plantations, smallholder plantations, and large state plantations. The application of the Sustainable Palm Oil (SPO) principles is a priority in the implementation of all production activities in plantations and downstream industries.

The following principles are known in SPO: planet (environment), people (social), and profit (economy) which are used by various certification systems for oil palm commodity, such as the Roundtable on Sustainable Palm Oil (RSPO), Indonesian Sustainable Palm Oil (ISPO), and International Sustainability and Carbon Certification (ISCC).

The application of SPO principles is mandatory (ISPO) which is closely related to the provisions of the legislation in Indonesian and also voluntary (RSPO) which is more related to sustainable development at the international level. SPO certification is progressing rapidly for large private plantations. In West Kalimantan a total of 5 companies already hold RSPO certification (*RSPO website, October 2017*) and 17 companies have obtained ISPO certificates (*ISPO website, April 2017*). On the other hand, the number of certified smallholder plantations is still very limited. The implementation of the SPO requires preparation and pre-conditions that allow all potentials to contribute to the development of sustainable palm oil.

Therefore, planning and integrated steps are needed in the implementation of the SPO. It should refer to the regional development policies, particularly in Sintang District.



FFB from an independent smallholder plantation in Sintang District.

BUILDING STRATEGIC STEPS

The Sintang District Government has taken a number of efforts to realize the Regional Action Plan for Sustainable Palm Oil (RAP-SPO). This is one of the efforts to enhance the acceleration of *Bumi Senentang* to become a sustainable district. The first step is to establish the Sustainable Palm Oil Development Coordination Forum (*FKPKSB*).

The forum (*FKPKSB*) was launched at the Sintang District Head's Official Residence on 23 May 2018. This forum referred to the Sintang District Head Decree Number 525/305/KEP-DISTANBUN/2018 dated 25 April 2018 concerning the Establishment of a Coordination Forum and Secretariat for the Sustainable Palm Oil Development Coordination Forum of Sintang District for 2018-2020.

This multi-party shared medium oversees five fields, i.e. (1) plantation business legality, (2) plantation management, (3) environment, (4) corporate social responsibility, and (5) economic empowerment and sustainable business improvement. These five fields will answer a number of emerging dynamics.

The lack of knowledge on the aspects of good and responsible cultivation, manpower, access to capital and markets, improper management systems, and insufficient knowledge of sustainability issues - are the challenges in future oil palm development.

The irresponsible management of oil palm commodity sectors will bring negative impacts to this sector, both to humans and the environment. In terms of threats, it is already showing, mostly caused by the unsustainable practices of oil palm producers, including farmers.

Like large companies, community oil palm plantations can also cause damage to the environment.

To anticipate this, an important breakthrough is by issuing policies in the plantation sub-sector, such as the legality of the RAP-SPO through the Sintang District Head Regulation Number 87 of 2018

concerning Sintang District's Regional Action Plan on Sustainable Oil Palm Plantation for 2018-2023.

The government promoted this policy for a reason. The role and contribution of the plantation sub-sector have been assessed as it is showing positive results in supporting the development. In general, this sub-sector directly contributes to the Gross Domestic Product (GDP), employment, and livelihood of the community.

The economic structure of Sintang District is still dominated by three economic sectors, i.e. agriculture, trade, and construction. The role of these three sectors dominates development by up to 55.03 percent.

The agricultural sector, including the oil palm plantation sub-sector, has provided the largest contribution, i.e. 23.46 percent. Oil palm is still a mainstay commodity in the plantation sub-sector which provides economic support for smallholders and significantly impacts the development of the region and economy in Sintang District.

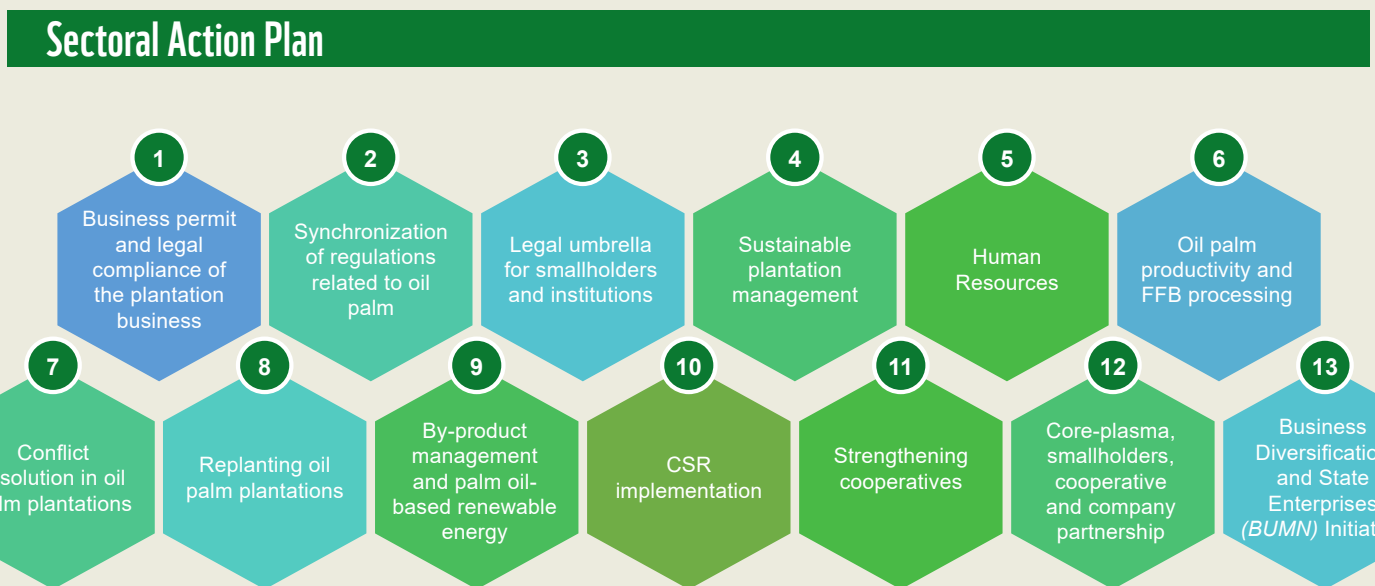
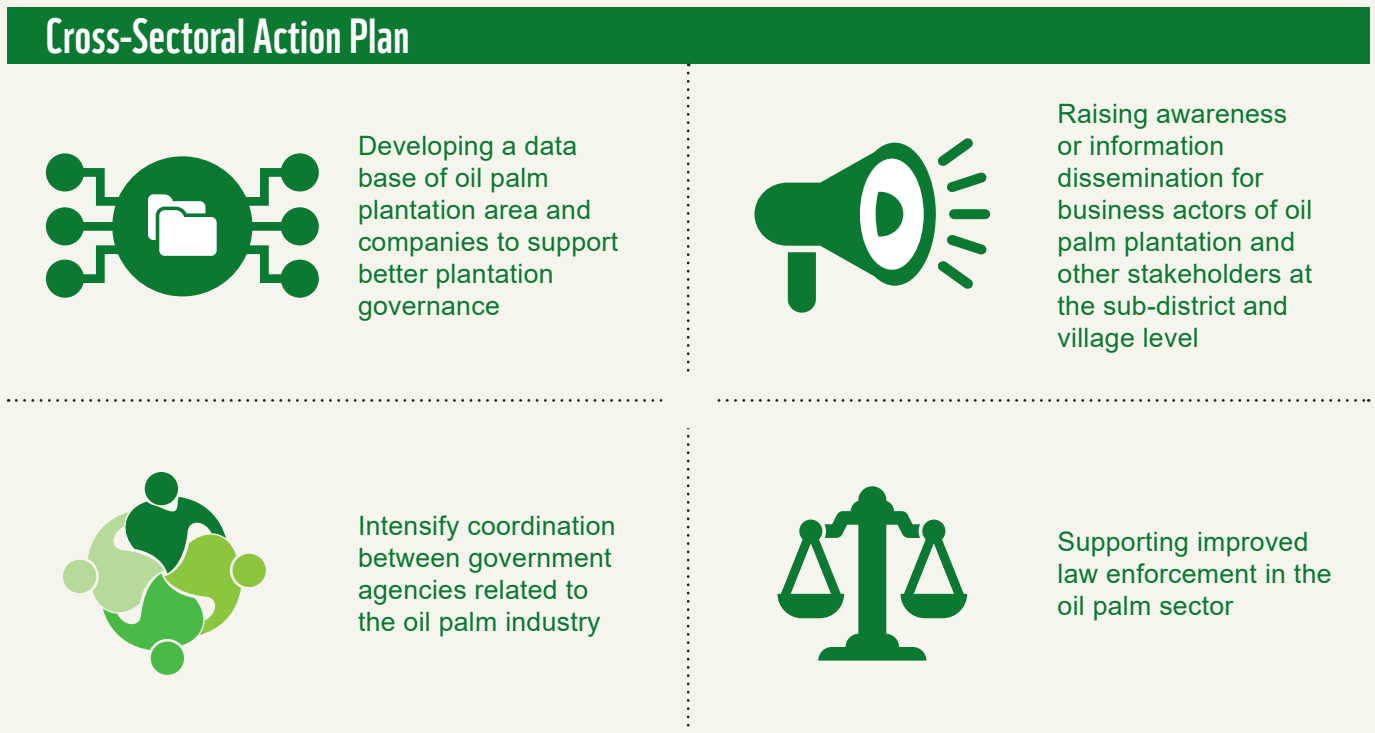
Furthermore, oil palm also has a real impact on social life and the environment. Therefore, this condition requires holistic management by fostering a collaboration with all stakeholders.

The RAP-SPO is participatively prepared by involving the oil palm industry stakeholders and aligned with the commitment of the Sintang District Government as a Sustainable District. The RAP-SPO is a strategic planning document that covers the vision, mission, goals, objectives, strategies, policies and action plans in realizing sustainable oil palm plantations in Sintang District for the next 5 years.

Sustainable oil palm development vision of Sintang District for the next 5 years is:

Realizing sustainable oil palm plantations which can improve smallholders' welfare through partnerships, supported by equitable and sustainable resource management.

General Grouping of RAP-SPO:



DIMENSIONAL ANALYSIS TOWARDS SUSTAINABLE PALM OIL

The initial process started with an in-depth analysis of the potential and opportunities for developing Sustainable Palm Oil (SPO) in Sintang District by implementing the RAP-SPO that had been developed to achieve sustainability in the oil palm plantations in Sintang District, as illustrated below:



RECOMMENDATIONS

Strengthening Inter-Institutional Coordination



The oil palm plantation sector involves various government technical agencies such as the Agriculture and Plantation Office, Environmental Office, Agrarian and Spatial Planning Office/National Land Agency, Industrial, Trade and Small and Medium Enterprises Cooperative Office, Regional Development Planning Agency, Investment and One-Stop Integrated Licensing Office, and others.

Each of these institutions play an important role in the sustainability of the oil palm industry. Therefore, efforts to improve coordination and harmonization of policies among institutions are needed.

These efforts include: (1) mapping and harmonizing non-conformance policies and regulations; and (2) synchronizing data and information in each institution. Therefore, it is very important to conduct regular meetings between government institutions in the district.

Open Access to Funding



The RAP-SPO can be implemented using various funding sources from the government, Oil Palm Plantation Fund Management Agency (*BPDP-KS*), business actors and other legal and non-binding funding sources. Funding sources from the government derive from the State Budget (*APBN*) and Regional Budget (*APBD*) which was planned through the Development Planning Discussion (*Musrenbang*) at the village, sub-district, district, provincial and national levels.

Other legitimate and non-binding funding sources are grants that can come from the CSR program of oil palm companies, donor agencies, and non-profit foundations.

Law Enforcement



Adjustment of the regional legal system and law enforcement is one of the preconditions for the successful implementation of the Regional Action Plan. The government, in this case law enforcement officials, must be more assertive in countering any legal violations within the scope of oil palm plantations management.

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