Self-empowered Palm Oil Small-holder Farmers: The Case of Tani Subur Cooperative, Kotawaringin Barat, Indonesia

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Abstract:
Academic discussion on palm oil business in Indonesia mostly shares stories about community’s powerlessness vis a vis the corporation and the state. The powerlessness is depicted through the lost land, the fragmented farmers, and the weak bargaining position of the farmers before the corporation dealing with the crop price, Syahza and Asmit (2019) and McCarthy and Cramb (2009) argue. This research is based on interview and observation in “Tani Subur” Cooperative, Pangkalan Tiga, Kotawaringin Barat, Central Kalimantan, Indonesia, known as transmigration area in the district. The experience of Tani Subur Cooperative farmers told us the different story of smallholder palm oil farmers who try to build solidarity amongst community to strengthen farmers’ ability to join in the business. Despite challenges and difficulties, Tani Subur cooperative has succeeded to be an alternative for farmers to have better life and earning through the development of various businesses, owned and run by community.

Keywords:
Community-led Cooperative; Community Empowerment; Palm Oil Smallholder Farmers

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Introduction

The article tries to highlight different experiences of smallholder farmers in the palm oil business, who used to be explained as powerless and weak. Using the case of Tani Subur cooperative, in Kotawaringin Barat, Central Kalimantan, this article sees cooperative as an alternative institution that helps the community survive in the midst of pressure of corporations in palm oil business, even enabling them to be more empowered before the companies and the government. As most scholars argue, the community in the palm oil business is seen to be weak, and fragmented, even amongst those who are organized in cooperatives (Delabre & Okereke, 2020).

The experience of Tani Subur Cooperative told us about small-holder farmers’ efforts to deal with complex business of palm oil, so that the farmers can adjust with the palm oil market system. As generally known, palm oil plantation and industry are attributable to the domination of giant and sometime multinational corporation, in which spaces for local farmers get limited. Small-holder farmers tend to be the object of corporation, in which access to land and price of palm fruits are decided by the companies. In that state of being, small-holder farmers in Pangkalan Tiga, Kotawaringin Barat try to build cooperative to strengthen their bargaining positions towards the companies, as well as to develop the other agribusiness sector to support farmers’ income. Main businesses of the cooperative are to help the farmers maintain their assets, to manage cash-flow and saving gained from the palm fruit selling, and to ease them access facilities and assistance from the companies and the government.

The establishment of the cooperative itself is driven from the barriers the farmers face in dealing with the palm oil business system in the area. As an individual artisanal palm oil farmer, one has to follow companies’ policy in terms of plantation and price of palm oil fruits. In that case, farmers are unable to control whether the price covers all the production cost they allocated to yield the fruits. Facing this problem, farmers who are mostly transmigrants from Java or Javanese transcendent, established a cooperative, called KUD Tani Subur, to integrate their voice and aspirations before the company and the governments, so palm oil fruit’s price is controllable.

In its growing period, KUD Tani Subur even has been successful to gain RSPO certificate (Roundtable on Sustainable Palm Oil); a standard plantation for palm oil that asserts the complement of the farming to internationally recognized environmental standards. The cooperative enables the collection of resources across farmers, so it can access a certification process that is very costly for an individual farmer. As such, the cooperative is a strategic institution for the farmers to self-empowerment and development.

Indeed, the birth and growth of KUD Tani Subur is not without barriers. Not all farmers in Pangkalan Tiga join the cooperative. This means awareness of collectiveness is not all
perceived by the community members. Nevertheless, for those who have been organized in the cooperative, assistance to access additional income through poultry business and village tourism is enabled to gain. Such an organization of farmers, referring to Sastry & Manikandan (2002), helps farmers to empower themselves and build strategic position in decision making. Further, confirming Dwyer, et. al. (2007), ability to build bargaining positions, as done through the cooperative, helps farmers to build confidence, which is important to push further farmers’ participation in decision making. In many cases, farmers are excluded partly due to the assumption of lack of knowledge, skills and experience. Cooperative that collects farmers into an organization, as such enables them to share knowledge and information, and thus, increased skills can be more possibly strived. In this case, the sense of self-empowerment through community cooperatives becomes clear, and thus, it can be understood why the existence of the cooperative becomes important for the farmers.

The article is based on qualitative research that applies case study as an approach to understand the social phenomenon of farmers in Pangkalan Tiga, Kotawaringin Barat, Central Kalimantan, Indonesia. The research is part of a bigger umbrella research on politics of natural resource policies conducted between 2018 and 2021. In addition to documentary review, the research is supported with a field visit conducted in Central Kalimantan during 2019. There were about 30 informants in total during the interviews, which included the key actors in KUD Tani Subur, the farmers’ facilitator, the project coordinator of community empowerment program, the local government staff and the NGO activists that helped farmers propose RSPO certification.

Small-holder Farmers and the Issue of Power in Palm Oil Business: A Theoretical Discussion

The issue of palm oil has drawn a great attention of scholars, which then put them into two binary positions, name to support and to discourage the plantation. Environment, human rights and climate change have been amongst the issue that divide scholars into those who agree and disagree. Those who support palm oil base their argumentation on the role palm oil plays in supporting the growth of the nation’s economy, as Syahza & Asmit (2019). Countries like Indonesia and India have benefited a lot from the palm oil business in increasing the country’s income through palm oil export. Meanwhile, those who oppose palm oil tend to see that palm oil only creates problems that the destruction created from the plantation is not paid off by its economic benefit. Referring to Gellert, 2015; McCarthy & Cramb (2009) explain that palm oil leads to problem of land that includes dispossession, grabbing, deforestation, farmers’ displacement, and environmental destruction. In fact, palm oil is not only dealing with big companies’ vis a vis indigenous
community or local people. In many cases, palm oil also contributes to the lives of local farmers, in which local people also run the business, and therefore, spectrum of position become varied, not only divided into pros and cons, but then extended to be in the middle, with the stronger assertion on a more just palm oil business. Looking into dynamics of palm oil business amongst the small-holder farmers is also important to gain a clearer picture of micro politics in community level. Dealing with small-holder farmers, there are actually some existing studies that try to explain their existence and their relationships with the other entities, like companies and local governments. However, most of the studies focus on problems the farmers are facing, including but not limited to difficulties of farmers in adopting sustainability standards, as RSPO, as discussed by Ernah (Ernah, Parvathi, & Waibel, 2020; Parvathi & Waibel, 2016). Another issue, discussed by Saifullah, Kari and Othman (2018), who see the persistent problem of poverty amongst the small-holder farmers, either due to weak bargaining power of farmers towards companies, as well as problems of indigenous landlessness. On the other hand, Krishna (1977) has identified the problems of weak resourcefulness and limited access of assistance for farmers, that they face difficulties to expand their productivity. Dima (1994) has also long had concern on the persistent problem of land ownership amongst the smallholder farmers, which hampered farmers to have income from cultivating land. Finally, Anggraini & Grundmann (2013) tend to see the problem of productivity of the local farmers due partly to lack of state support to local commodities.

The problems as identified by the above-mentioned scholars have been daily issues of farmers, including fragmentation that involve Javanese transmigrants and indigenous community. Facing the lack of support, farmers become powerless and are barely able to influence decision making, especially related to land ownership and agriculture protection. Farmers become powerless and unable to make a deal with companies and the local government that tend to stand for the companies. However, not all farmers respond passively towards their situation. Facing complex challenges, some farmers have begun to take action to tackle the issues. Tani Subur Cooperative is an example of farmers’ initiative to make strategic movements to deal with the problems.

Farmers having initiatives has been a concern of scholars, too. Syahza & Asmit (2019) discuss the farmers’ initiatives for local economic empowerment through the institutionalization of cooperatives in regional scope. Since the establishment of the Cooperative, as Syahza & Asmit (2019) identify, farmers have experienced improved income through a more managed cash flow and saving. Cooperative, in Syahza & Asmit’s observation (2019) has helped farmers have better literacy in financial management. Another study is identified in Dicecca, Pascucci, & Contò (2016) who see the important role of consultancy that could help farmers improve ability in having transactions with
buyers and input providers. With the improved ability, farmers are noted to have better value chain configuration, and get not easily manipulated with unfair trading systems. Those studies have informed us that farmers, despite great pressure from the companies, develop alternatives to make sure that they can adapt with the business mechanism, and build bargaining positions. This article sees that farmers’ initiative does not only benefit farmers economically, but also politically. With a more organized institution, farmers are able to build stronger bargaining power, social solidarity as well as be listened to more by local authorities. Farmers cooperative, as such, not only matters economically, but also politically.

Community Cooperative: Palm Oil Small-holder Farmers’ Self-empowerment Institution

This part discusses main findings of the research by discussing the initial establishment of the Cooperative, followed with the discussion on the success of Tani Subur Cooperative to empower their members, so they are able to enter palm oil market with better bargaining position before the companies and the government, and the lats one is about the current situation and challenges of the Cooperative.

Initial Establishment of Tani Subur Cooperative

Tani Subur Cooperative was established in 1984. The main aim of the cooperative establishment is to organize local palm oil farmers who live in Pangkalan Tiga village, Pangkalan Lada sub-district, Kotawaringin Barat, Central Kalimantan. When talking about cooperatives, most stories in Central Kalimantan are about conflict, free riding and farmer fragmentation. Tani Subur Cooperative is amongst the few palm oil farmer cooperatives in Indonesia that functions properly to support farmers to grow well and gain better income. Externally, the cooperative has been effective in supporting farmers making a deal with corporations and local governments in maintaining good prices of palm oil fruits and accessing government assistance for farmers.

At the beginning, the cooperative was built to help Javanese descendant farmers, as well as transmigrants, who were no longer counted as an eligible recipient of government’s livelihood assistance. With the absence of government’s support, farmers faced difficulty to earn money, and live their daily life. The cooperative was established to organize farmers who gained a small piece of land allocated by the palm oil corporations, called plasma land. Since 1986, Tani Subur cooperative has expanded the land ownership by buying land from local people. They collect money collectively, and save some profit from the harvested fruits. As such, farmers of Tani Subur cooperative are a combination of farmers who cultivated plasma land and land bought from local people. The cooperative organizes
palm oil fruits harvested by the farmers, and collectively sells it to companies, with better price agreement.

At the beginning, it was difficult. Until now, it is still not easy to encourage people to participate in Cooperative, but I did not give up. Because my background is a teacher, I educate people about the benefit of being collected in a Cooperative. It takes years to stabilize the Cooperative’s existence. It was just the late 1990s or early 2000s the Cooperative started to bring the results. (Sutiyana, Chief of the Cooperative, and now Legislature member from Pangkalan Tiga sub-district).

As time goes by, the cooperative expands its membership, and currently it consists of 435 families, equal with 708 individual members; all are the owners of land for palm oil plantations. Currently, the Cooperative employs 230 workers. This consists of 30 people in Cooperative management, and 200 people working to help farmers in the field.

*The Tani Subur Cooperative’s Success for Farmers’ Empowerment*

Based on Cooperative’s record, currently, the cooperative has a cash-flow of 2 billion rupiahs and loan facility, as well as collective assets that consist of cattle, fish and poultry breeding facilities, and a two-floor supermarket that supply daily needs of the people, as well as farming necessities. Currently, the Cooperative built a popular sprawling agrotourism center set up in the middle of an inactive palm oil plantation area. In total, the cooperative’s assets are worth 15 billion Rupiah (as reported by nasionalisme.co, 2019, medium.com, 2019 and thepalmcribe.id, 2019).

In addition to the existing asset, Tani Subur Cooperative is also successful to register for RSPO certificate, which means that the registered land and plantation is complied with international sustainable standards. The RSPO certificate was gained in 2017. The certificate covers 190 farmers and within 300 acres of land, administered under the assistance of INOBU, a national NGO that focuses on supporting local farmers to establish a sustainable agriculture. Currently, Tani Subur is about to register the second round of RSPO certificate for their rest farmer members.

RSPO is important for the farmers to secure the good price of the fruits. As generally known, artisanal farmers usually do not have access and ability to run downstream business of palm oil, like in producing cooking oil, biofuel or beauty products, due to huge investment needed in the area. Therefore, farmers rely mostly on the upstream processes, where farmers operate plantation, maintenance and harvesting. Therefore, companies are the only place for farmers to sell their final farming products. In many cases, this situation has led farmers to lose bargaining power. It is in this matter, cooperative and RSPO are key for farmers. First of all, the cooperative becomes a vehicle for farmers to negotiate with companies towards the fruit price. Because they cover hundreds of farmers,
companies must consider if farmers in Cooperative do not have willingness to sell the fruits to companies. Therefore, Cooperative is strategic for helping farmers bargain the price. Secondly, with holding an RSPO certificate, this means that farmers grow standardized plants that are internationally accepted, and thus, this is more acceptable for export. RSPO, as collectively owned and organized by the Cooperative, in this case is strategic to upgrade the bargaining position of the farmers, too. In this case, we can see clearly how farmers are able to grab the strategic opportunity facilitated through the Cooperative, and thus, allows us to know how important the Cooperative is for farmers’ improved confidence.

For its success, Tani Subur has been made a reference for the Ministry as an example of The Best Practice Cooperative, and often represents Central Kalimantan Province in national level competition. In 2019, Tani Subur was awarded as the best cooperative by the Ministry of Cooperative and Small and Medium Enterprises. It also gained support by the district government, that Nurhidayah, regency head of Kotawaringin Barat asserted, “The diversification of business in Tani Subur cooperative is not only meant to provide daily needs of the community or supporting their palm oil businesses. Beyond this aspect, Tani Subur is prepared to support farmers ready to face post-palm oil periods” (as reported by nasionalisme.co, 2019).

As most of the palm oil in Central Kalimantan, including in Kotawaringin Barat, now is facing the end of the plantation period, Tani Subur started to expand its business into poultry, fishing and cattle production. Based on interviews with Tani Subur management, the expansion is based on awareness that palm oil is not an Everest business. It has a period. Based on a conversation with the Tani Subur officer, palm oil’s most productive years is 25, and most of the plantation is entering its end of productivity period. Therefore, before farmers lost income due to inactive plantation, Tani Subur members initiated to develop cattle, fisheries, and poultry production in the ex-palm oil area to be an alternative for the members’ income. In addition, Tani Subur Cooperative also built agrotourism on 23 acres of unproductive palm oil land. In the holiday session, visitors of the tourism area increased, and contributed to collective income of the Cooperative members. From agrotourism, Tani Subur can yield up to 1 billion rupiah annually for its profit. From cattle production, Tani Subur also has yielded an increase of its number of cows from 50 to 200 in 2019. This is not to mention poultry and fisheries, which have yielded million rupiahs per year, as well as the experimentation of coffee plantations.

We realize that palm oil is not an everlasting commodity, it must end. Therefore, we have to prepare as early as possible. That is why we grow coffee, because it has a global market. (Tani Subur officer, September 2019).
Although Tani Subur Cooperative started to expand their business outside palm oil, farming remains the main business of the institution. Realizing that palm oil is no longer productive, the farmers started to grow coffee, a commodity that is internationally recognized. The choice towards coffee, indeed, is based on the consideration that planting internationally recognized commodities is important to expand market and distribution. Learning from palm oil plantation, an international commodity is important for farmers, providing their aspiration to have better income for wide market potential.

Based on the above-explained narratives, we can see that through Cooperative, adjustment to social change is more enabled when conducted collectively, rather than individually. In this matter, the sense of self-empowerment through farmer cooperatives can be more clearly captured. Referring to Goodley (2000), self-empowerment is identical with self-advocacy and resilience. Self-advocacy refers to the ability of a community to advocate for their interest with the help of themselves. Meanwhile, self-resilience refers to the condition where a community is able to handle challenges faced both due the change in economic and social system. Varieties of focus of Tani Subur Cooperative allows us to understand that the Cooperative is an enabling institution for the farmers to adapt with changes and face the timely challenges.

Further, Tani Subur Cooperative’s experience also depicts what Conger and Kanungo understand about self-empowerment (1998), which they define as the shifting condition from powerlessness to powerfulness. As explained above, Tani Cubur Cooperative has changed farmers’ powerlessness due to lack of land, and access to government’s assistance into self-helps, which supply them with power and confidence. Collectiveness has helped farmers to mobilize resources to tackle collective problems either faced internally and externally. Indeed, in its development periods, Tani Subur is not sterile from external assistance, as INOBU, who has facilitated them to register for RSPO. However, in most cases, Tani Subur members strive to manage the income generating sources, as well as access to participate in decision making.

**Current Situation and Challenges**

In recent decades, Tani Subur even has succeeded in sending its prominent figure, namely Sutiyana, to local representatives through general elections to make sure that local policies support their interest. This allows us to understand that Tani Subur has awareness that in order to secure their interest, securing political access through the local representative body is important. For cooperatives that are institutionally weak, such a strategy is almost out of reach. As reflecting the community’s effort to tackle problems by their own capacity, this can be seen as a clear token of self-empowerment through the Cooperative.
Besides all those successes, Tani Subur Cooperative has also maintained its positive impacts for other farmer communities. As a community cooperative, tani Subur has been occasionally made as a pilot project for the ministries to apply their program. Sometimes, provincial and district governments also do the same. Amongst the program that have been made a pilot in Tani Subur Cooperative is microcredit, cooperative organization improvement, agrotourism, and small and medium enterprises strengthening.

However, Tani Subur also faces some challenges in its development processes. Internal challenges come from Cooperative members who are not always interested in programs like the RSPO proposal, because they see that the certification is way too expensive. As RSPO has resulted in profit, currently, more farmers get interested in registering their land collectively for RSPO certification.

It is not easy to persuade people to participate in the RSPO certification. It costs us money, indeed, and some members do not agree to proceed with the registration. So, we collect those that only agree with the Cooperative’s planning. We follow all the processes, which are not easy, but we learn a lot, of course. Then, when the certificate was released, people just realized the benefits. (Tani Subur manager, September 2019).

Secondly, Cooperative members also still face challenges from the land issue. Lately, tension arises due to protests from local communities who are not willing to release their land although it has been decades being devoted to the farmers. For this problem, the Cooperative tries to solve the problem by buying the land, but there remains some tension that is not solved. Farmers sometimes have to release the land they have gained, bought and cultivated years ago to native people. There is no mediation facilitated by the government. In this case, cooperatives usually choose to give the land back to local people or renew the transaction contract, realizing that native people also face the difficulties to survive.

Thirdly, challenges also come from local governments. Based on the interview, it is revealed that the local government, both in district and province, do not provide sufficient support for the strengthening of the Cooperative. They do not stand for the farmers, especially, when the fruit price is below expectation, i.e. less than 1000 Rupiahs. Tani Subur mostly handles the problems on their own. Therefore, having a representative is seen as a necessary strategy to make sure that farmers’ interests are represented in the local decision making.

Based on the discussion above, we can see that when farmers are well-organized and have their capability improved, they have better ability to build bargaining positions towards other stakeholders, as companies and local governments. The experience of Tani Subur Cooperative has revealed another insight on the existing academic discussion, which tends to see pessimistically towards the fate of local farmers in palm oil business, as argued (McCarthy & Cramb, 2009; Syahza & Asmit, 2019). Indeed, this paper realizes...
that within the Cooperative there are still challenges, which need for further strategic handling. However, from what has been achieved so far, we can see that when farmers are empowered enough, they can have better options to survive and make bargaining positions.

**Conclusion**

Despite all these challenges, nevertheless, Tani Subur Cooperative remains a strategic organization for small-holder farmers in Pangkalan Tiga. As discussed earlier, the Cooperative helps farmers have alternatives for earning money, experiment with new commodities, and prepare for future life, by developing poultry, fisheries and agrotourism. Apart from all challenges, Tani Subur Cooperative gives us a different picture of a cooperative operated in palm oil areas. While most cooperatives are not well-organized, weak in financial management, not able to build solidarity amongst its members, and easy to be driven by companies, Tani Subur has shown us a different style of community's economic institution, which is way much self-empowering. The experience of Tani Subur Cooperative has been a good lesson for us that despite the huge challenges in doing artisanal business of global commodities, farmers’ initiatives to adapt with the changes, can help them survive and be empowered. This enriches the existing discussion on small-holder palm oil farmers, which tends to see farmers as powerless figures before the companies and the government. From Tani Subur Cooperative, farmers can empower themselves, and have bargaining positions before the companies and governments, as long as they are well organized, and have improved capability in handling challenges in palm oil businesses.

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