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The Conversion of Rice Field into Oil Palm Plantation: People’s Greed or Government’s Mismanagement?

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Abstract

Agricultural land-use change, especially from rice field to other uses, has been a major concern in Indonesia in the past years. The government has been trying to control this by introducing policies. From Spatial Planning Policy in 1989 that ‘only’ designate certain areas to be used as agricultural land until the newest Policy on Sustainable Food Crop Land in 2009 that specifically ban the conversion of rice field to other uses. Policy after policy were implemented without any sufficient effect. On the other hand, to improve farmers’ welfare and to support the rice self-sufficiency program, the government launched various supporting policies, such as building irrigation systems, supplying subsidized or even free seed and fertiliser, agricultural tools, agricultural advisor, and rice price protection. However, the implementation of land-use change controlling policies together with the agriculture supporting policies have not yet proven to be effective. With a case study at a former rice production centre in North Sumatera that has completely been converted into an oil palm plantation, this paper seeks to answer the questions, what has gone wrong in the past? Is it the inefficient implementation or does it lies in the policy content that is inapplicable? Is it true that landowners decided to change their land-use because of the high and stable price of oil palm?

Semi-structured interviews have been used to gather data and information from actors at different levels (local, regional, and national) in order to gain better understanding of the reasons underlying landowners’ decision to land-use change. The exploration showed how inappropriate policy implementation could lead to a chaos at different governmental levels. At the surface, it seemed that the drivers for the land-use change are only of economic nature. However, the failure of the government to ensure farmers’ welfare and to implement policies prohibiting land-use change are the main underlying causes.

Keywords: Agricultural land-use change, oil palm, policy, rice, role of actors