

# DEVELOPMENT STRATEGY OF OIL PALM FARMERS' REVENUE

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**Abstract:** This study aims to explain the impact of oil palm-cattle integration to increase the revenue of oil palm farmers Community in East Aceh. The method used in this study was descriptive qualitative. The data has been analyzed through three stages, the first stage is data reduction, the second stage is data display and the last stage is the conclusion. The results showed that the integration of oil palm with cattle have a positive impact on increased farmers' revenue in East Aceh, it estimated approximately at 60% to 80%. This depends on the integration model being implemented, whether by letting the cattle graze freely (wild-release system) or by grazing them safely (enclosure system) and put the cattle in the cage at night.

**Keywords:** Integration, Oil Palm, Cattle, and Revenue.

A very long conflict in Aceh has resulted in many victims both soul and property. To restore these conditions, strategic and systematic efforts must be undertaken by all parties, especially by the local government. The empowerment of post-conflict Acehese societies in the economic field, especially rural communities of former combatants and conflict victims has been done by giving Oil Palm.

Empowerment is an implication of a development strategy based on the

community that aims to realize improvements in the quality of human life both physically, mentally, economically, and social culture (Mardikanto and Soebiato, 2013). Improvement in people's lives reflected in income improvements, security stability, and political stability. There are several empowerment strategies for poverty alleviation by Starhm (1999), the first is growth through integration into the free market economy, the second is the new economic order, and the last is independent development by looking at the shortcomings of poverty chains.

Antjok (1995), has formulated four empowerment strategies for poverty alleviation. The first is a policy that benefits the poor society especially on the price of adequate agricultural products and employment opportunities. The second is investment services in the field of physical and social



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infrastructure. The third is the provision of technology for the poor society. The last is an effective institutional role such as government agencies, NGOs, and consultants who provide services to improve work productivity and quality of life.

Palm oil is used as an aid to the community because this commodity is Indonesia's mainstay commodity for nonoil and gas exports. Oil palm has a positive impact on society, such as labor absorption, increase public income and provide opportunities to surrounding communities to open informal businesses such as shops and services (Effendi, 1996). The policy of economic empowerment Former GAM (Gerakan Aceh Merdeka) combatants and conflict victims through the commodity of palm oil in East Aceh district have a positive impact on the economic and social improvement of the community. Economic empowerment through palm oil commodities has increased the income and social life of the community. With the help of palm oil has been able to reduce the attitude of separatism in society, so that will be maintained the unity of the Unitary State of the Republic of Indonesia (Saifuddin, et al., 2014).

Mawardati (2010), explains that, if palm oil production can be maximally upgraded then farmers' opportunity to increase their income will increase. Oil palm is one of the important and strategic commodities because of its considerable role in encouraging the people's economy, especially for plantation farmers. For the future, (the area of oil palm) will continue to grow, due to the high public interest towards this business (Almasdi Syahza, 2005). The geographical condition or natural condition of East Aceh Regency has the potential to be developed as an Agribusiness and Agroindustry area especially oil palm. The availability of land and soil conditions is very supportive for plantation and forestry business activities. Most of the people in eastern Aceh have livelihoods in this sector. The main plantation potential in East Aceh Regency is oil palm (Profil Kabupaten Aceh Timur, 2014). Almost all of these areas contain oil palm plantations. In addition, there are still 27,221 hectares of dry land abandoned from 97,910 hectares of land that can be utilized for oil palm plantations.

Improving the economic and social life of the community through economic empowerment with the help of oil palm can certainly be improved again. Oil palm is one of the commodities that produce fresh fruit bunches (FFB) to be processed into Crude Palm Oil (CPO), also produce the byproducts such as midrib and grass for the supply of animal feed. These byproducts have the potential to provide 1-3 cows/hectare feed (Manti, et al., 2004). In addition, the use of cows to assist harvesting can also increase harvest income in oil palm plantations up to 50% of wages (Diwyanto, et al. 2004).

In practice, empowerment is generally still done separately between plantations and livestock. Whereas the integration of plantations and livestock can increase the farmers' economic income (Handaka, et al, 2009; Bangun, 2010). The Indonesian government has also encouraged the integration of plantations and livestock so that the target of self-sufficiency of meat is quickly achieved, especially beef. Indonesia's dependence on higher beef imports can be lowered. According to the Director General of Foreign Trade Bachrul Chairi (2014), that beef self-sufficiency can be accelerated with the concept of integrated farming. Among the plantations most likely to be integrated with livestock are oil palm plantations and rubber plantations.

To realize the objective and implementation of the empowerment strategy towards the improvement of the optimum and sustainable economic and social life of society can be done in several models of empowerment. One such empowerment model is an empowerment model that integrates agricultural commodities with animals that are called the integrated livestock business development model (Mardikanto, 2010). Through the integration of oil palm and cattle as a model of empowerment certainly can further improve the welfare of the community because it can increase its income. The results of research on the impact of the system of integration of oil palm and cattle indicate that such integration becomes the trigger in encouraging the growth of farmers' income and sustainable regional economic growth (Handaka, et al., 2009)

East Aceh Regency Government since 2014 has done the model of integration in community empowerment. Integration model that has been implemented is the integration between cocoa plantation and goat. Then In 2015 continued on the integration of oil palm plantations and cattle. People who have received palm oil assistance in the previous year will also be given cattle, with the hopes of a fast-growing public economy. This program is implemented by optimizing the cooperation and synergistic between the Local Government Work Units (Satuan Kerja Pemerintah Daerah (SKPD)) within the Government of East Aceh, especially between Department of Plantation and Department of Agriculture with Department of Animal Husbandry, and also government cooperation (SKPD) with private parties related to the empowerment.

The development of empowerment model in the form of integration between commodities or between government institutions requires a broad understanding of the relevant actors in the empowerment activities, both the government and the community. The objective of this research is to know and analyze the increasing of economic income of conflict victims and former GAM combatants with the integral model of oil palm and cattle. Based on these reviews the authors will provide recommendations for solutions for the development of economic empowerment model of society in the future.

## **RESEARCH METHODS**

This research uses qualitative descriptive and evaluative approach. The informants in this study were former GAM and conflict-affected communities in East Aceh district. This approach is intended to get a real picture and evaluated on community economic empowerment strategies and policies. A qualitative approach is a method used to find a knowledge of the subject of research at a certain moment. In this descriptive study conducted information gathering on the subject of research and behavior of research subjects at a certain period to be able to give an idea of the symptoms or circumstances that existed at the time of the study conducted (Mukhtar, 2013).

Data collection through in-depth interviews, by way of asking questions to informants who were determined by purposive sampling (district government and Head of relevant offices, former GAM, victims of the conflict who received assistance, and the East Aceh community) to get complete, in-depth, and comprehensive information. Data collection is also through non-participant observation and documentation studies such as bulletins, annual reports, journals, magazines, newspapers, photos, and notes/reports/archives.

Data analysis in this research is done in three stages, the first is data reduction, data reduction is the process of selecting and simplifying the crude data that emerged from field notes. The second is the presentation of data, the presentation of data that is the presentation of a collection of information in the form of narrative text assisted with the metrics and tables. The last is the conclusion, the conclusion is searching for meaning, patterns, explanations, causal paths, and propositions. It is done carefully and systematically by way of verification or re-check field records so that the existing data are validity tested.

## **RESULTS**

Strategies to increase people's incomes that have been done by the government especially for former GAM combatants and conflict victims since 2006 is in the economic and social assistance. For the economy through the aid started in 2009. A number of sub-districts that received palm oil assistance in 2009 which is 6 districts with a total area of 1100 hectares and the number of farmers 590 people. Reports from the East Aceh Forestry and Plantation Office 2014 show that the area of oil palm assistance for former GAM combatants and conflict victims in East Aceh is about 3,726 hectares, spread over 23 sub-districts from a total of 24 sub-districts. The number of farmers or the recipients is 3,408 people.

The level of income of former GAM combatants and conflict victims of the oil palm plantation program average government assistance in a month of Rp. 1.755.547, - for each hectare. The income level is derived from palm oil production of 4-5

years old. Details of the number of farmers, number of harvests, and average income for each sub-district can be seen in Table 1 below:

In addition, the current palm oil area has also been used by some farmers to increase additional income through the planting of young plants be-

**Table 1 Average Farmer's Revenue from Palm Assistance for each Month in East Aceh District 2014**

No	districts	Number of Farmers (people)	Land Area (Hectares)	Land Area for Each Farmer (Hectare / Person)	Palm Results (Kilogram / Hectares) *	Results of Palm for each Farmer (Kilogram / Person)	Price (Rupiah / Kilogram)	Revenue (Rupiah / Person)
1	Idi Tunong	93	154	1.7	800.00	1,324.73	1,000.00	1,324,731.18
2	Indra Makmu	250	500	2.0	900.00	1,800.00	1,000.00	1,800,000.00
3	Peureulak	100	200	2.0	800.00	1,600.00	1,000.00	1,600,000.00
4	Peureulak Barat	63	96	1.5	1,000.00	1,523.81	1,000.00	1,523,809.52
5	Ranto Peureulak	59	100	1.7	1,230.00	2,084.75	1,000.00	2,084,745.76
6	Ranto Seulamat	25	50	2.0	1,100.00	2,200.00	1,000.00	2,200,000.00
<b>Total</b>					<b>5,830.00</b>	<b>10,533.00</b>		<b>10,533,286.47</b>
<b>Average</b>				<b>1.8</b>	<b>971.67</b>	<b>1,755.55</b>		<b>1,755,547.74</b>

Keterangan (\*) Panen pada saat umur sawit 4-5 tahun

Sumber: Saifuddin, et al., 2015

fore the oil palm fruit appears. After the oil palm reaches the age of 3 years, farmers begin to integrate their oil palm with livestock such as cows and goats. From the farm is expected to gain profit within 6 months of maintenance. One cow can be earned up to 5 million if treated with enough food. Farmers in the region are integrating with two models, namely integration with cow dedicated models and integration models with cattle released in the oil palm area.

Farming societies consider that income derived from the integration of palms and cattle is clearly increasing, but for younger oil palm farmers the economic benefits are less perceived, as their income from oil palm is still relatively small. According to simple calculations, cows are bought at a price of Rp. 5.000.000, - within six months can be sold at a price of Rp. 11.000.000, -. Meaning they earn a monthly profit of Rp. 1,000,000, - for each head. If it is assumed in one year at one location there are 40 head of cattle, then the income they earn is Rp 240.000.000, -. If in one location there are 6 groups of farmers, then the group earns Rp. 40.000.000, -,

each group usually amounts to four members, then each person can earn income from the cow that is Rp.10.000.000, -. Thus the monthly farmers have income from cattle through the integration program as much as Rp.1.666.666, -.

In addition to earning income, the community can also carry out other work such as planting chili and ginger. Both of these commodities will also increase income for farmers. So indeed the program of integration of oil palm and cow is very well implemented because it is very profitable farmers both economically, socially, and in terms of efficiency of time (Saifuddin, et al., 2015). the income from the integration program of oil palm and cattle in a month is Rp. 3.600.000, - for each hectare (if the cow is stuck and fed at night or done intensively or semi-intensively). However, it is different if the cows are released freely in the palm without feed at night, and the type of cow is a sapi kampung (cow from Aceh or kacang). The income of farmers from the integration of oil palm and cattle in a month is only Rp.2.600.000, - for each hectare.

## DISCUSSION

Associated with economic empowerment through oil palm commodities, according to beneficiaries who have been interviewed said that the oil palm assistance program is very helpful in improving their economy, especially in meeting their daily needs. The economic benefits of oil palm assistance are not only obtained by beneficiaries, but the benefits are also felt by the youth and the surrounding community. In addition to raising public incomes, other positive impacts are decreased crime rate. The success of oil palm assistance in increasing the economic income of the community can also be seen from the welfare of the palm oil managers. The average farmers managing oil palm plantations have their own vehicles (motorcycle) even among them also have four-wheel vehicles (cars). Improvement of welfare is also seen from the condition of the community house in the village. The condition of the houses of former GAM combatants and victims of the conflict is now very habitable, this is seen from the extent and construction of the buildings they have (Saifuddin, et al., 2015).

Based on the explanation from the farmer, it can be said that the integration program of oil palm and cattle that were put into the enclosure experienced income raising by 80% only from palm oil income. While on the system of wild off the increase in income from cattle that is equal to 62%. In the enclosure system, cow dung can be collected to be used as fertilizer for oil palm plantations. Provision of additional cow dung as fertilizer in palm oil plants can save the cost of purchasing chemical fertilizers. On a wild-release system, the positive benefits to be gained on the cleanliness of oil palm plantations due to the reduction of weeds growing in palm oil plantations due to the cows' eats. It also illustrates the difference in the positive impact of the enclosure system with the wild-release system within the area of oil palm plantations, income earned by farmers who carry out systems of integration with enclosure systems larger than with wild-release system, both income from oil palm and income from a cow.

While the calculation of farmers' income from palm oil without cattle is Rp 1,666,666 for each hectare, this result is similar to that of Saifuddin, et al. (2015), formerly the level of income of former GAM combatants and conflict victims from oil palm plantations government assistance programs have an average of Rp. 1.755.547, - from each month. The income level is derived from palm oil production of 4-5 years old.

Improving the economics of oil palm farmers above if articulated with the concept and theory of empowerment is certainly less relevant because what is practiced by the community does not get touch the other party, both private, academic and government. The activities of these parties for the farmers into an empowerment activity which is a strategy to implement development based on the principle of democracy. Where all efforts are directed to meet the needs of society. Therefore, empowerment is actualized through community participation with mentoring by a particular government or institution to transfer knowledge to an organized community (Nugroho, 2001).

According to Basyid, community empowerment is not only done through technical approach but also socio-cultural approach. It can stimulate changes in attitude, behavior, and work patterns. To support the process of change, the government provides physical infrastructure, which is focused on meeting public needs to support the agricultural sector and the business environment. The government also facilitates the acceleration of development in rural areas. The government also facilitates the establishment of a conducive climate for the development of creativity and economic activities of society and investment. The latter also applies various patterns of farmer empowerment. Burhan (2011), states that the empowerment of farmers is done by positioning the farmers as partners or subjects in planning, implementation, and supervision in the empowerment program. Therefore, the approach can be done in a participatory and dialogical way by combining the approach from below and above in formulating a program by considering the

socio-cultural conditions of the community and using renewal agents or co-workers.

## CONCLUSION

The integration of oil palm and cattle in East Aceh is done by farmers naturally without the touch of modern science and technology. They used the palm oil area to raise cattle because they saw grass that could be used. Some of them are releasing cows into oil palm plantations freely grazing. Some farmers also release cows into oil palm plantations with an Angolan system and inserted cages at night to feed, with a consideration that cows may develop and obese more quickly and cattle dung can be used for palm fertilizer. Thus they can save the cost of chemical fertilizer reaches 50%. The integration of oil palm and cattle can save the cost of clearing grass or weeds that grow within the oil palm area, while farmers can take advantage of the grass growing in the oil palm area for cattle. Farmers have felt the positive impact of integration of oil palm and cattle, especially in increasing income. The model of integration of oil palm and cow with the enclosure system that is cultivated has a greater impact compared to integration with the wild-release system. In addition, farmers also obtain time efficiency in raising livestock. Thus, social activities of society and worship can be carried out well.

## SUGGESTION

It is expected that the farmers to integrate the cattle with the enclosure model. The government is expected to implement a model of integration of oil palm and cattle in the economic management of farming communities.

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