

The human cost of palm oil development

September 11 2019, by Aksel Tømte



Credit: AI-generated image ([disclaimer](#))

The oil palm industry likes to present itself as a success story in fighting rural poverty in tropical countries, an image supported by a recent article in *The Conversation*. Is it true?

The answer depends on the areas we look at and the methodology we apply. There are indeed [case studies](#) that find that farmers who get involved in the [palm](#) oil economy on favorable terms can greatly

improve their economic situation.

However, as numerous [case studies](#) also show, communities that encounter the oil palm industry on less favorable terms can be impoverished by the arrival of the palm oil crop, and lose control over their lands and livelihoods.

Positive development, not just development

Palm oil brings about huge changes to the communities directly affected. It changes who control lands and resources and nearly all aspects of the local economies—where people get food, water and housing materials, and how they spend their money.

Take, for example, [Sarapat Village](#) in Central Kalimantan in the middle of Borneo island.

Previously, its inhabitants used to cultivate rice and vegetables, drink river water, fish and bathe in the river, tap rubber and find building materials in the forest.

In 2007, a palm oil company established itself in the village.

Community leaders agreed to reject any plans for palm oil development, but the plantation company nevertheless started clearing forests and farmland to make way for oil palms.

After the plantation had been established, the river got polluted by fertilizer, pesticides and waste from the plantation. Thus, it was no longer suitable for fishing, drinking or personal hygiene.

The majority of the population lost the lands they used to live off. They had to switch from being farmers and fishermen to day laborers at the

nearby plantation.

Most became dependent on the market to fulfill their basic needs.

Looking at contexts such as in Sarapat Village, any meaningful comparison of welfare levels must look beyond monetary indicators or number of formal jobs.

Two recent studies have applied methodology that does exactly that, and assessed changes in welfare levels using a range of indicators.

In a forthcoming study, The [Institute for Economic, Social and Cultural Rights](#) compared welfare in 12 villages in Sumatra, Sulawesi and Kalimantan. It found that while incomes were higher in some of the villages cultivating oil palms, the access to food, water and health was better in villages not (primarily) cultivating this crop.

An international group of academics compared welfare levels in various kinds of villages in Kalimantan and [produced similar findings](#).



Cleared land for palm oil plantation in East Barito of Central Kalimantan. Credit: Aksel Tømte, Author provided

The [social impacts](#) may have been more positive in other areas—for example, in some parts of Sumatra (see link above).

In an opinion piece published in May 2019, [Marcus Colchester of Forest Peoples Programme suggests](#) the question we should ask ourselves is not if palm oil brings development or not, but what circumstances will enable the most positive development.

Land conflicts and dispossession

These issues brings to the fore the question of how to minimize the most negative impacts—including land conflicts and dispossession.

Palm oil now covers about [14 million hectares](#) of land in Indonesia. Plantation companies control most of this land.

The way corporations gain control over lands plays out in different ways, but tensions are common. The [Consortium for Agrarian Reform](#) (KPA) [registered 1,771 land conflicts](#) in Indonesia between 2014 and 2018, with 41 people killed, 546 assaulted and 940 farmers and activists facing criminal prosecution.

Oil palm plantations account for the largest number of cases, compared to other industries.

Reasons for this high number of conflicts include the high level of corruption in the sector (which the [Anti-Corruption Commission has confirmed](#)), the lack of transparency on palm oil concessions (such as the executive government's [refusal to release data on use rights](#)), biased and unpredictable law enforcement, and limited community participation in the processes leading to plantation development, as in the previously mentioned example of Sarapat Village.

Farmers may also lose their lands through market-based processes. For instance, when people more or less voluntarily sell their land to manage debt or extraordinary expenses.

This is well documented, for example, in the [research of Tania Murray Li](#) of [Ecosoc Institute](#).

Protect small-scale farmers

Large-scale development schemes are often based on the assumption that global agribusiness corporations are more effective than small-scale farmers. It's a view that seemed to underlie the recent article in *The Conversation*.

However, research finds this is not the case. [International Assessment of Agricultural Knowledge, Science, and Technology for Development](#), also known as the World Agriculture Report, made by more than 400 scientists from a variety of disciplines working together for four years, debunks the myth that industrial agriculture is superior to small-scale farming. On the contrary, the report finds small-scale farming is superior in economic, social and ecological terms.

Family farms [produce about 80% of the world's food](#). For the sake of farmers' welfare, for ecological sustainability and for food security, policies should seek to maintain small-scale farms and increase their security of tenure.

In Indonesia, this could mean strengthening transparency and the rule of law, including by releasing data on use rights.

It is also important to acknowledge local land ownership—individually or collectively—independently of any plans for plantation development.

Further, policies should establish more inclusive decision-making processes at a local level, even if that may delay investments, so that local communities have more of a say on whether plantation development takes place and under what terms.

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Provided by The Conversation

Citation: The human cost of palm oil development (2019, September 11) retrieved 26 April 2024 from <https://phys.org/news/2019-09-human-palm-oil.html>

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