

---

**ECONOMIC LOSSES AND LAND TENURE THREATS IN PALM OIL PARTNERSHIP  
SCHEMES: A PLASMA FARMERS' PERSPECTIVE**

Daniel

*Magister Ilmu Pertanian Sekolah Pascasarjana Universitas Lancang Kuning  
Pekanbaru, Riau, Indonesia*

*\*daniellancangkuning@gmail.com*

---

**ABSTRACT**

The nucleus-plasma partnership scheme in Indonesia's oil palm sector is often promoted as a mutually beneficial development model. However, this study reveals that in practice such schemes strengthen corporate dominance while undermining the bargaining position of plasma farmers. Using a qualitative descriptive approach in Melawi Regency, West Kalimantan, data were collected through in-depth interviews, field observations, and analysis of partnership documents. The findings indicate a lack of transparency in profit-sharing mechanisms, land transfer practices without adequate legal safeguards, and the absence of clear land tenure security for plasma farmers. These conditions not only generate significant economic losses but also increase the risks of dispossession. Structurally, companies exploit the weaknesses of cooperatives and farmers' limited literacy in agrarian law to legitimize land control through formal mechanisms, particularly the use of Hak Guna Usaha (HGU). This study concludes that the partnership scheme functions more as an instrument of dispossession rather than empowerment. Policy reforms are urgently needed to promote social justice, transparency, and stronger protection of farmers' rights in order to achieve sustainable agrarian development.

**Keyword:** palm oil partnership, plasma farmers, power relations, cooperative HGU, economic losses, land dispossession

Manuscript received: July 16, 2025; revised: July 24, 2025; accepted: August 25, 2025; date of publication: August 26, 2025  
J-TAE is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License



---

**I. INTRODUCTION**

The nucleus-plasma partnership scheme has become the dominant model for oil palm plantation development in Indonesia. In Melawi Regency, West Kalimantan, this model has expanded rapidly in parallel with the growth of large-scale companies that engage smallholder farmers through cooperatives. Although, in theory, the partnership scheme is designed to generate mutual benefits, in practice it frequently produces structural imbalances that disadvantage plasma farmers.

Previous studies have consistently reported key issues in company-led plasma management, including lack of transparency in financial reporting, corporate dominance in decision-making, and legal ambiguities surrounding land ownership (Ariyanto & Rustinsyah, 2020; Khairunnisa & Wijaya, 2022; Lazuardi & Fitriani, 2022). These findings indicate that the legal-formal structure of partnerships often conceals unequal power relations between companies and farmers. In particular, the use of Hak Guna Usaha (HGU) under the name of cooperatives has raised serious concerns about the erosion of farmers' de facto land ownership and the risk of dispossession.

This study aims to examine, from a plasma farmers' perspective, the economic losses and threats of land tenure insecurity that arise from such unequal partnership arrangements. By situating the analysis within the broader discourse of agrarian political economy and power relations, this article highlights how formal contracts and institutional mechanisms reinforce asymmetrical corporate control. Beyond contributing to the literature on palm oil governance, this research also seeks to provide critical insights for policy reforms that ensure social justice, legal certainty, and sustainable agrarian development.

## II. METHODOLOGY

This research adopts a qualitative descriptive approach, emphasizing the lived experiences, perceptions, and socio-economic conditions of plasma farmers within palm oil partnerships in Melawi Regency. Research locations were purposively selected in villages that serve as the centers of cooperative activities and exhibit a high intensity of agrarian conflict. Informants included plasma farmers, cooperative leaders, representatives of core companies, local government officials, and local NGO activists.

Data were collected through semi-structured in-depth interviews, field observations, and document analysis, including partnership memoranda of understanding (MoUs), land transfer letters, and minutes from local government meetings. Thematic analysis followed the six-phase framework of Braun and Clarke (2006), comprising data familiarization, initial coding, theme identification and review, and the development of analytical narratives. Ethical principles, such as informed consent, confidentiality of informant identities, and non-exploitative engagement, were strictly upheld throughout the research process.

## III. RESULT AND DISCUSSION

The findings reveal that the one-management partnership structure positions the company as the dominant actor, thereby creating a highly asymmetrical relationship between

the company and plasma farmers. The Memorandum of Understanding (MoU) between the company and the plasma cooperative stipulates that all technical, financial, and marketing aspects of plantation operations are fully managed and controlled by the company, leaving no room for the cooperative to actively participate in operational or strategic decisions. As a result, plasma farmers function merely as passive recipients who only obtain a portion of the net profits determined by the company. This arrangement not only excludes them from critical decision-making processes but also deprives them of transparency in cost structures, financial flows, and risk management mechanisms. Consequently, the lack of bargaining power and limited access to information reinforces the company's dominance, raising concerns over fairness, accountability, and the long-term sustainability of the partnership model.

The lack of clarity in the profit-sharing scheme has also become a major source of conflict, as farmers perceive the arrangement to be both opaque and disadvantageous. In the case of the Koperasi Berikak Cahaya Lestari, the 80:20 revenue split was never openly disclosed to plasma members, creating uncertainty and mistrust regarding the actual distribution of financial benefits. Although cooperative documents and initial outreach programs explicitly emphasized that plasma land would remain under farmer ownership, a contradictory practice later emerged with the issuance of a land handover letter. This document, however, was prepared without any accompanying legal protection clauses or safeguards for the farmers' rights. As a consequence, the farmers effectively lost control over their land, undermining their security of tenure and eroding their bargaining position within the partnership. This situation not only exacerbates economic dependency on the company but also fuels social tension, legal disputes, and a growing sense of exploitation among plasma farmers.

Another critical finding is the absence of an official HGU (Hak Guna Usaha – Right to Cultivate) decree for plasma lands, which further complicates the legal status of farmer-owned land. Farmers have formally requested that no HGU application be submitted under the cooperative's name, as they fear such a step would extinguish their individual ownership rights and permanently transfer control to the company or cooperative management. This concern reflects a deep mistrust toward the legal and institutional framework of the partnership, given past experiences of land alienation. In fact, the Melawi Regency Government, as documented in the TP3K meeting minutes, explicitly emphasized that the appropriate legal title for plasma land is Sertifikat Hak Milik (SHM – Certificate of Ownership), not HGU. This position highlights the government's recognition that plasma

lands should remain under farmers' direct ownership and protection, ensuring stronger legal certainty and safeguarding community rights. However, the absence of formal SHM issuance in practice leaves farmers in a vulnerable position, caught between company dominance, cooperative arrangements, and weak state enforcement.

Interviews, official documents, and field observations demonstrate that power imbalances are not incidental but systematically embedded within the partnership structure. Farmers gradually lose their bargaining power due to two reinforcing factors: their limited literacy in agrarian law and the institutional weakness of cooperatives, which are often unable to function as genuine representatives of farmer interests. The land handover process—carried out without explicit clauses safeguarding farmers' rights—has been strategically utilized by companies as a legal basis to apply for Hak Guna Usaha (HGU). Through this maneuver, corporate dominance is not only exercised in practice but also legitimized via formal-legal mechanisms, effectively displacing farmers from both economic and legal control over their own land. This dynamic reflects a broader pattern identified by Rachman (2019) and Sitorus (2021), who documented how cooperatives and HGU schemes have been systematically employed to formalize and legalize corporate appropriation of smallholder lands. In this context, the partnership model operates less as a mechanism of empowerment and more as a tool of dispossession, cloaked in legal-rational authority.

#### IV. CONCLUSION

This study demonstrates that the nucleus-plasma partnership scheme in Melawi Regency fails to embody the principles of fairness and equality. Companies retain full control over technical, financial, and marketing operations, leaving plasma farmers excluded from decision-making processes. The lack of transparency in profit-sharing, land transfer without legal safeguards, and the absence of land ownership certificates (SHM) have intensified farmers' economic dependency and tenure insecurity. Moreover, the institutional weakness of cooperatives and farmers' limited legal literacy have been strategically exploited by companies to legitimize land control through HGU arrangements. As a result, the partnership model operates less as a mechanism of empowerment and more as a legal-rationalized tool of dispossession. Addressing these issues requires agrarian policy reforms that ensure transparency, legal certainty, and social justice, thereby safeguarding farmers' rights and promoting more sustainable and inclusive oil palm development.

---

REFERENCES

- Ariyanto, B., & Rustinsyah, R. (2020). Land ownership schemes and patterns of domination in oil palm partnerships. *Journal of Society and Culture*, 22(1), 77–89.
- Darwis, R., & Hartati, N. (2019). Agrarian conflict and the need for territorial approaches in plantation policy reform. *Journal of Agrarian Reform*, 10(2), 121–136.
- Hakim, R., & Prasetyo, T. (2020). Geographical bias in oil palm plantation studies: The gap between Riau and Kalimantan. *Journal of Regional and Policy Studies*, 5(1), 77–90.
- Khairunnisa, M., & Wijaya, H. (2022). Contracts in oil palm partnerships: Formal structure and the reality of power. *Journal of Law and Society*, 7(2), 117–128.
- Lazuardi, H., & Fitriani, L. (2022). Behind legal contracts: Hidden exploitation in oil palm partnerships. *Indonesian Journal of Agrarian Studies*, 7(3), 211–225.
- Maryudi, A., Devy, M., & Wijaya, H. (2020). Power and the role of cooperatives in oil palm plasma governance. *Indonesian Journal of Agrarian Economics*, 10(3), 233–244.
- Rachman, N. F. (2019). Land redistribution and structural inequality in oil palm plantations. *Journal of Land and Forestry*, 18(1), 45–60.
- Sitorus, R. (2021). Agrarian conflict in oil palm partnership schemes: A study on cooperative HGU in West Kalimantan. *Journal of Agrarian Nusantara*, 5(2), 112–125.
- Transparency International Indonesia. (2024). Policy transparency and promises of prosperity for oil palm farmers. Retrieved from <https://ti.or.id>.