

MADANI Insight

*“The Picture of Indonesian Palm Oil Industry,
Answering Assumptions with Facts and Figures”*

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HIGHLIGHTS

Palm Oil Company and Village Independence in West Kalimantan (Between Data & Facts)

Various views regarding the contribution of palm oil industry to rural development show that the various actors do not come from the same set of data, resulting in different knowledge. This could present a challenge for policy makers in formulating solution for the interested parties.

The Contribution of Palm Oil Industry to Rural Development in West Kalimantan

The large number of villages intersecting with areas of palm oil plantation permit holder or company does not guarantee the quality of village development. Based on a case study in five districts in West Kalimantan, the Village Development Index (IDM) in three districts, namely Ketapang, Landak and Sekadau show a notable inequality, which was dominated by the number of villages that have not benefited optimally from the presence of plantation business or permit holders. As for Sintang and Sanggau, the IDM data shows that there is a great potential for rural development.

The Cause of Low Village Development Index in Villages Adjacent to Palm Oil Plantation Permit

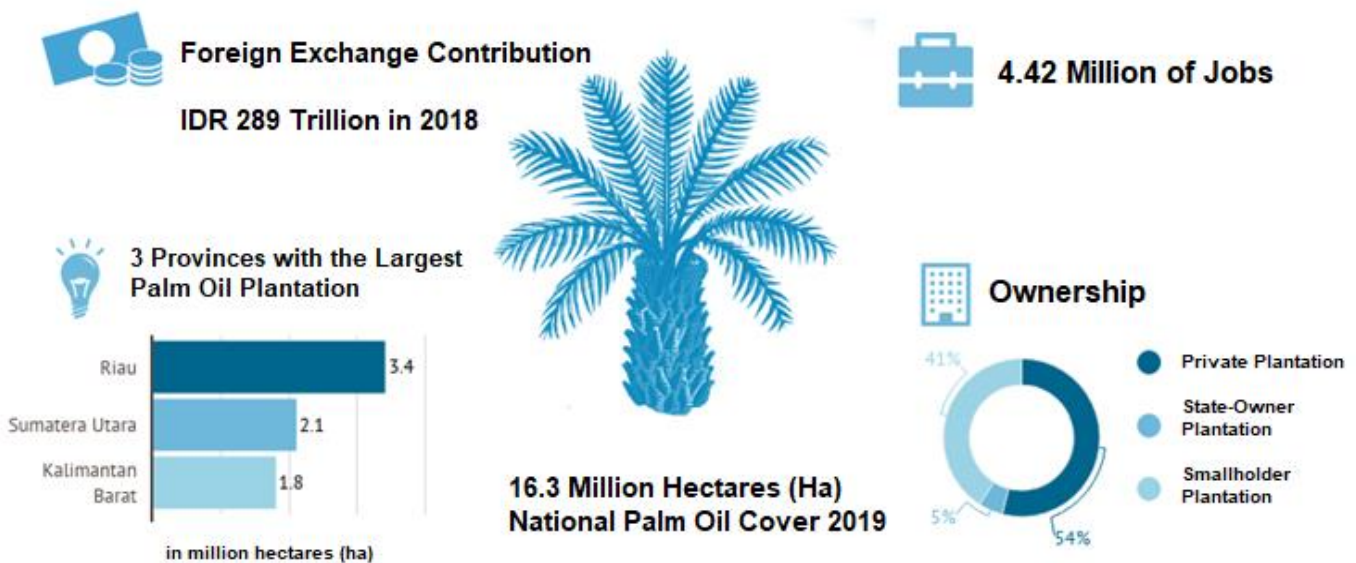
The situation of villages that have not received optimum benefit from palm oil plantation permits is contributed to by the low value of economic and environmental composite indexes. Multistakeholder collaboration between the government and the private sector through a public private partnership is required to optimize a more targeted Corporate Social and Environmental Responsibility (TJSL) from the companies to resolve this issue.

THE EXISTENCE OF PALM OIL PLANTATIONS AND VILLAGE INDEPENDENCE IN WEST KALIMANTAN: A DATA-BASED POINT OF VIEW

Palm oil plantation permit holders¹ hold a strategic role in fostering sustainable development and improving the welfare of village communities around their business area. In some legislations, it has been clearly declared that business entities, as in permit holders, have the obligation to take responsibility for the social and environmental aspects of communities who live around the plantation location. There are at least 5 regulations that contain these provisions.² These regulations show the governance purpose from the Government, which expects a balance between exploitation of land and the welfare of the people who live around the business area. Despite the fact that palm oil industry is still dominating the land acquisition for plantation purposes in Indonesia, the regulations do not only limit themselves to palm oil plantations but also apply to all land concessions.

Chart 1

The Latest Fact about Indonesian Palm Oil



Source: The Decree of the Minister of Agriculture (2019), Plantation Statistics: Palm Oil Commodities, The Central Bureau of Statistics (2018 and 2019) (processed)

The chart illustrates the latest facts with regards to the nationwide palm oil plantation size, land ownership, job creation and three provinces with the largest palm oil plantation. This 5th edition of Madani Insight will describe the contribution of palm oil industry to village development in the province of West Kalimantan.

¹ Land Use Right (HGU) is a right to utilize the land that is controlled directly by the State for a certain period of time, for agriculture, fishery, or animal husbandry companies (Article 28 para 1 of Basic Agrarian Law No. 5 Year 1960).

² This can be seen in Law No. 25 on Investment Chapter IX Article 15 Letter (b); Law No. 30 Year 2009 on the Protection and Management of the Environment, Article 68; Regulation of Minister of Spatial Planning No. 7 Year 2017 on Regulation and Procedure of Land Use Right Designation Part Two Article 40 Letter (i); Law No. 40 on Limited Liability Company Chapter V Article 74 and Government Regulation No. 47 on Social and Environmental Responsibility of Limited Liability Company, Article 2,3,4,5,6,7,8 and 9.

A common argument has been echoed from time to time stating that the palm oil industry contributes significantly to village development. For example, the Indonesian Palm Oil Association (GAPKI) argues that the development of palm oil plantations in a particular area would lead to the improvement of village and urban economy at the same time.³ However, this argument is countered by civil society groups such as the Institute for Economic, Social and Cultural Rights, which research concludes that palm oil plantations are more likely to impoverish village communities.⁴ A similar view was shared by the Provincial Government of West Kalimantan - Governor Sutarmidji. Despite its reputation as the 2nd biggest CPO producer in Indonesia, palm oil in West Kalimantan makes no contribution to the regional budget. Sutarmidji also said that most of the deprived villages in West Kalimantan are located around palm oil plantations.⁵

Between Data and Facts

Numerous views regarding the contribution of palm oil industry to rural development show that various actors do not come from the same set of data, also resulting in different insights. This could present a challenge for policy makers in formulating solution for the interested parties. It is important to ensure that the stakeholders share an understanding before stepping further into the process of governance improvement. A fair enough way to come to an understanding of this issue is by using official data that are recognized by the state, which could come from the Central Bureau of Statistics (BPS), the Ministry of Agriculture, and the Ministry of Village, Development of Underdeveloped Regions and Transmigration.

The first step is to find out the number of plantation permit holders in West Kalimantan that have been collected by various civil society organizations from the Ministry of Spatial Planning (ATR/BPN). The data is then compared to the social, economic and environmental index of a particular village taken from the public database of Village Development Index (IDM). IDM is a public database related to the status of a village as published by the Ministry of Village, Development of Underdeveloped Regions and Transmigration. The result of IDM assessment consists of social, economic and environmental resilience indexes with several dimensions and indicators in each index. A more detailed explanation can be seen in the Table 1 below.

Table 1. Indexes and Indicators in the Village Development Index

Social Resilience Index (IKS)	Economic Resilience Index (IKE)	Environmental Resilience Index (IKL)
<ul style="list-style-type: none"> • Dimensions regarding social capital (indicators of solidarity, tolerance, security and social welfare) • Dimensions regarding health (indicators of health services, community empowerment and health insurance) • Dimensions regarding Education (indicators of access to education and knowledge) • Dimensions regarding settlement (indicators of access to clean water, sanitation, electricity and information and communication) 	<ul style="list-style-type: none"> • Dimensions regarding economy (indicators of diversity in community production, availability of trade service centers, access to distribution, access to financial institutions and regional openness) 	<ul style="list-style-type: none"> • Ecological dimensions (indicators of environmental quality and potential for disaster vulnerability and disaster response)⁶

Source: Regulation of the Minister of Villages, Development of Underdeveloped Regions and Transmigration No. 2 of 2016 on Village Development Index

³ GAPKI. 2017. Kebun Sawit Bangun Harmoni Ekonomi Kota Desa. Accessed from <https://gapki.id/news/1562/kebun-sawit-bangun-harmoni-ekonomi-kota-desa> on 16/03/2020

⁴ Tomte. Aksel. 2019. Ini Mengapa Perkebunan Sawit Bisa Membuat Masyarakat Desa Miskin. Accessed from <https://theconversation.com/ini-mengapa-perkebunan-sawit-bisa-membuat-masyarakat-desa-miskin-123382> on 16/03/2020

⁵ Pemprov Kalimantan Barat. 2019. Gubernur H Sutarmidji Minta Perusahaan Sawit Lebih Perhatikan Desa Tertinggal di Kalbar. Accessed from <http://kalbarprov.go.id/berita/gubernur-h-sutarmidji-minta-perusahaan-sawit-lebih-perhatikan-desa-tertinggal-di-kalbar.html> on 18/03/2020

Based on the calculation of the three indexes above, the status of village development is categorized into five village classifications, which details are as follows:

Table 2. Classification of Village Development in the Village Development Index

No	Village Classification	Definition
1	Independent	A developed village with the ability to conduct village development to improve quality of life and the welfare of the village community coupled with economic resilience and sustainable ecological resilience.
2	Developed	A village that has the potential of social, economic and ecological resources, as well as the ability to manage them for the improvement of the welfare of the village community, the quality of human life, and to eradicate poverty.
3	Developing	A village that has the potential to transform into a developed village. It has the potential of social, economic, and ecological resources but has not managed them optimally to increase the welfare of the village community, the quality of human life and to eradicate poverty.
4	Underdeveloped	A village that has the potential of social, economic, and ecological resources but has not managed them to increase the welfare of the village community, the quality of human life and is still experiencing poverty in various forms.
5	Very Underdeveloped	A village that is experiencing vulnerability due to the problems of natural disaster, economic shocks, and social conflicts. It is not capable of managing its potential of social, economic, and ecological resources and still experiencing poverty in various forms.

Source: *Ibid*

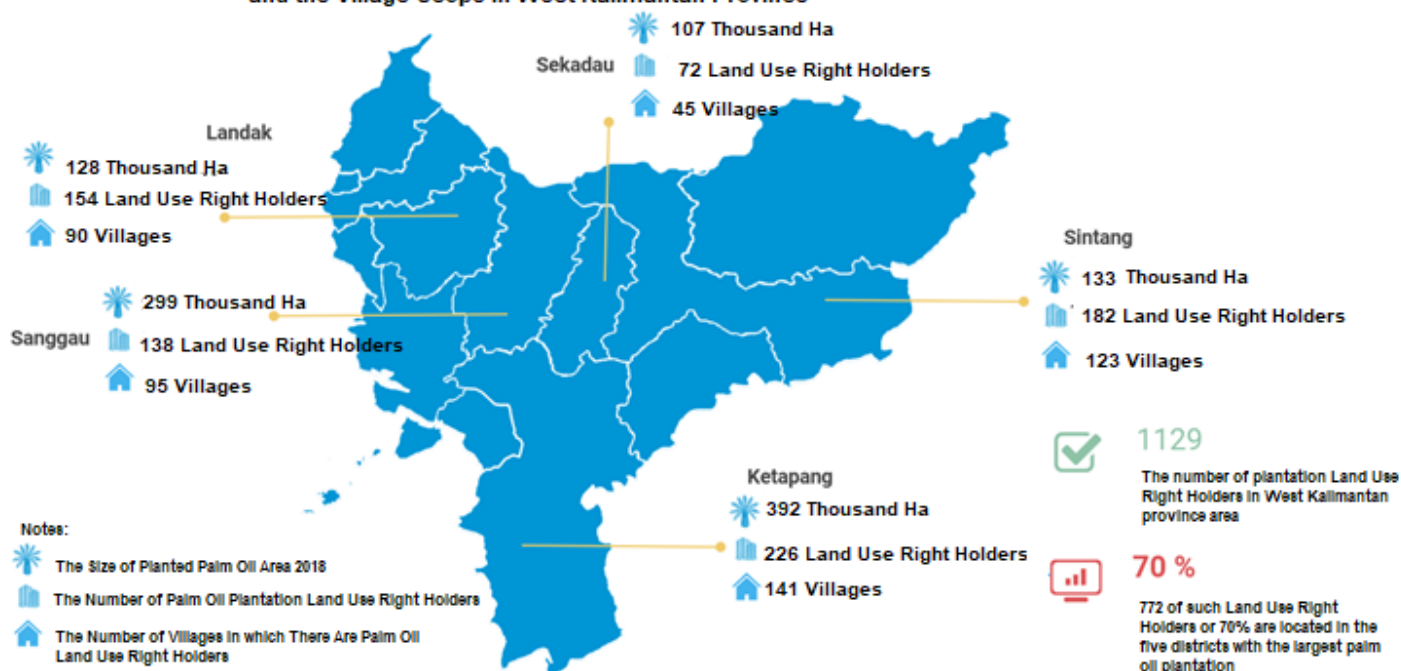
By comparing the data, we can develop a most appropriate answer to the question of "Has palm oil industry contributed optimally to the development of rural area in West Kalimantan?".

Palm Oil Size and Palm Oil Company in West Kalimantan

West Kalimantan is a province with the third largest planted palm oil area in Indonesia. In 2011, the size of planted palm oil area in this province was only 683 thousand hectares, but it expanded into 1.53 million hectares in 2018, with the average expansion rate of 121 thousand hectares per year. There are 1,129 palm oil plantation companies across West Kalimantan, located in 749 villages.⁶ There are five districts in West Kalimantan that have the largest area of planted palm oil, namely Ketapang (392 thousand hectares), Sanggau (299 thousand hectares), Sintang (133 thousand hectares), Landak (128 thousand hectares) and Sekadau (107 thousand hectares). There are 772 palm oil plantation companies located in those five districts. This insight will only focus on the five districts with the largest planted palm oil area.

⁶ Kompilasi Data Pemilik Hak Usaha Perkebunan Sawit (Kementerian ATR/BPN; Global Forest Watch, RSPO. 2018)

Chart 2. Five Districts with the Largest Palm Oil Area and the Number of Land Use Right Holders and the Village Scope in West Kalimantan Province



Source: Land Use Right Holders Data Compilations (Ministry of Spatial Planning (ATR/BPN); Global Forest Watch, RSPO, 2018)

Based on the geographical distribution of the companies, the number of affected villages (both in positive and negative manners) due to the presence of palm oil plantations are quite high. There are 141 villages in Ketapang, 123 villages in Sintang, 95 villages in Sanggau, 90 villages in Landak and 45 villages in Sekadau which locations are intersecting with the area of palm oil plantation permit holders. This number will be used as a basis to see how the data present the development in those villages on the economic, social and environmental aspects.

Palm Oil Company Contribution to Village Development in Ketapang

Out of the 20 sub-districts in Ketapang⁷, 19 have plantation companies in their area. Three sub-districts with the highest number of palm oil plantation companies are Nanga Tayap (35 Companies), Manis Mata (30 Companies) and Marau (21 Companies). According to the investigation conducted by Mongabay in 2014, the high number of existing palm oil companies was influenced by political interests of the Regional Government between 2000-2010, where palm oil permits were massively issued during those years.⁸ The annual growth rate of planted palm oil in Ketapang (from 2011 to 2018) is 16.13% per year.

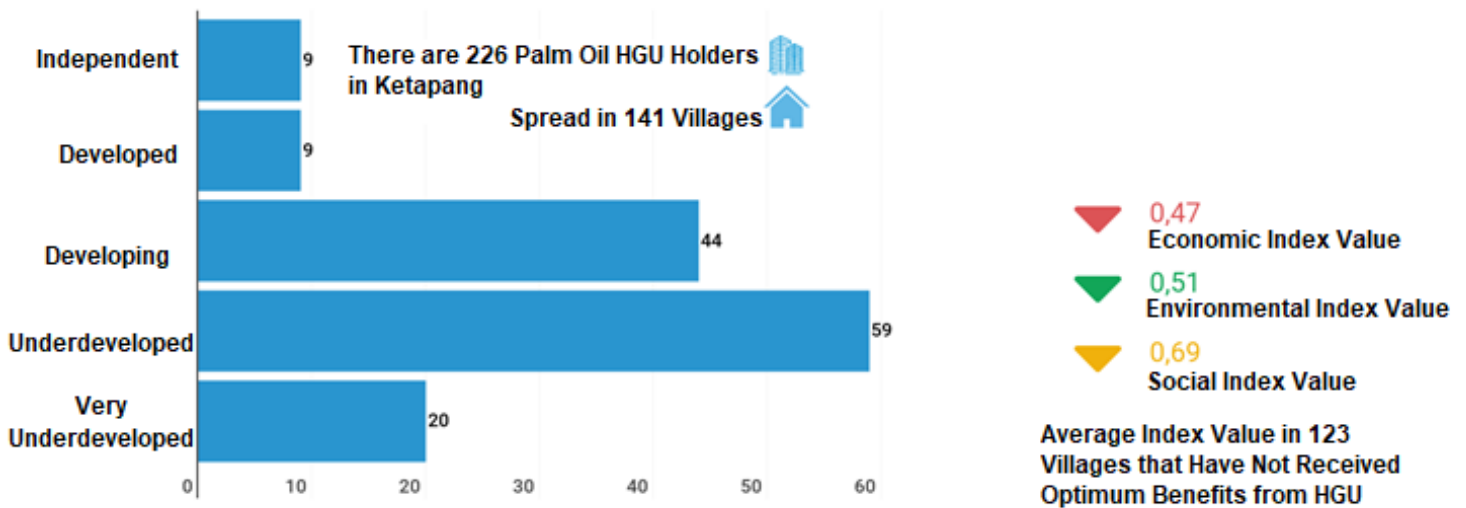
Referring to the IDM data in Ketapang District, the presence of palm oil plantation companies is not necessarily contributing to the independence of villages in this district. Out of the 141 villages that are located around or inside the concession area, there are only 9 independent villages and 9 developed villages while the rest of the villages hold the status of developing (44 villages), underdeveloped (59 villages) and very underdeveloped (20 villages). Overall, 87% of villages have not received optimal benefits from the existence of palm oil plantation business or permit holders.⁹

⁷ Badan Pusat Statistik. 2020. Kabupaten Ketapang dalam Angka 2019

⁸ Fachrizal, Andi.et al. 2019. Fokus Liputan Sawit antara Kepentingan Politik dan Tata Guna Lahan Bagian I. Accessed from <https://www.mongabay.co.id/2014/04/07/fokus-liputan--sawit-antara-kepentingan-politik-dan-tata-guna-lahan-bagian-i/> on 18/03/2020

⁹ Developing Villages are still perceived as not yet receiving optimum benefits from HGU because the definition of Developing Villages in the IDM issued by the Ministry of Village is "Villages that have the potential to become developed," which are in possession of social, economic, and ecological resources but have not managed them optimally to improve the welfare of village communities, the quality of human life, and to eradicate poverty." This means that the potential has not been realized.

Chart 3. The Status of IDM in Villages with Palm Oil HGU in Ketapang



Source: Village Development Index 2019

Regarding benefits, there are 123 villages inside and around palm oil plantation area in Ketapang that have not received optimum benefits. 79 villages that are categorized as Underdeveloped and Very Underdeveloped demonstrate low economic and environmental resilience index values although some plantation permits have been operating in those villages since 1997.¹⁰ Meanwhile, 44 villages that are categorized as Developing must also be seen as “untouched” villages because according to the definition from the Ministry of Villages, Development of Underdeveloped Regions and Transmigration, the ‘developing’ category in the IDM is still at the ‘potential’ stage where real benefits have not been savored. Therefore, when referring to IDM indicators, the presence of palm oil companies in these villages is not yet significant in opening village economy access. On the other hand, the existence of palm oil companies actually contributes to higher risk of disasters and deteriorating environmental conditions.

Palm Oil Company Contribution to Village Development in Landak

There are 13 sub-districts in Landak District¹¹ and 11 of them have palm oil plantation permits in their area. Three sub-districts with the largest number of planted palm oil area are Ngabang (25 companies), Mandor (24 companies) and Mempawah Hulu (18 companies). Nearly 60% of the entire village area in Landak district¹² are intersecting with palm oil plantations. The average expansion rate of planted palm oil in Landak district reached 20.5% from 2011 to 2018, and the size of planted palm oil plantations in Landak district reached 128 thousand hectares in 2018.

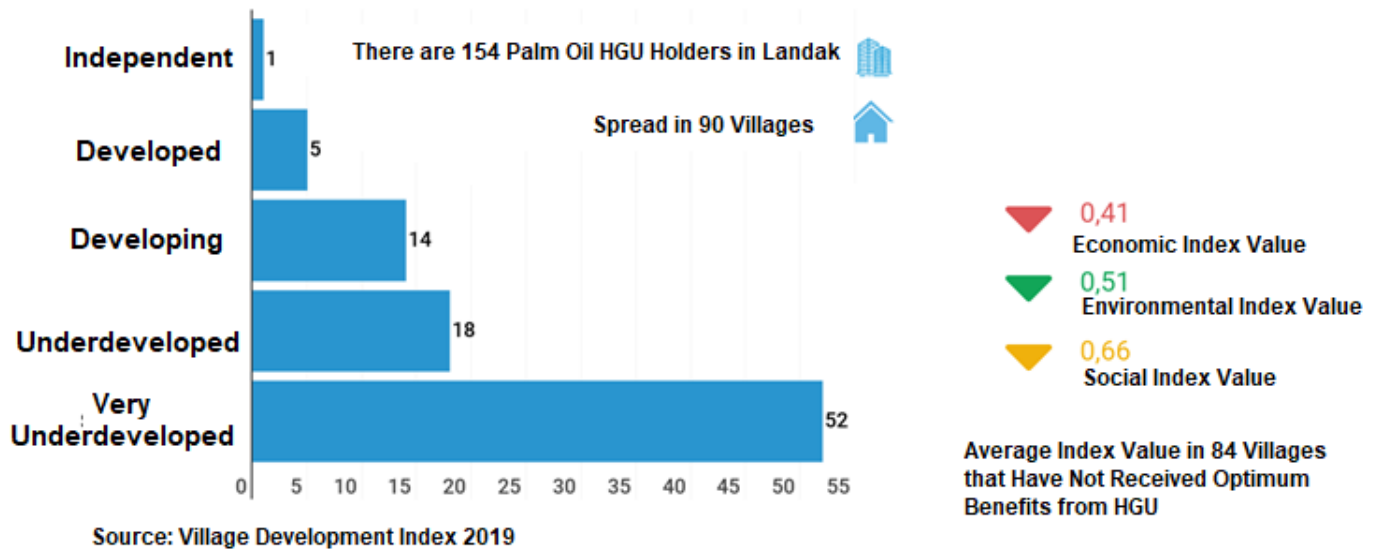
Regarding the IDM value in Landak district, the figures show a significant gap. Out of the 90 villages that intersect with palm oil plantation permit area, only six villages are categorized as independent (one village) and developed (five villages). The rest of the villages fall into Developing (14 villages), Underdeveloped (18 villages) and Very Underdeveloped (52 villages) categories. Compared to Ketapang District, the gap is surprisingly high due to the high number of villages in the Very Underdeveloped category.

¹⁰ PT. HSL located in Manis Mata dan Air Upas Sub-Districts have obtained permits since 1997 (No SK 106/HGU/BPN/1997)

¹¹ Badan Pusat Statistik. 2020.Kabupaten Landak dalam Angka 2019

¹² The total number of villages in Landak is 151 Villages (Badan Pusat Statistik. 2020.Kabupaten Landak dalam Angka 2019)

Chart 4. IDM Status in Villages with Palm Oil HGU in Landak



From the data, it can be seen that the lack of development in rural area in Landak district is quite high and requires serious attention. 70 villages were categorized as Underdeveloped and Very Underdeveloped because of the low economic and environment resilience values. This is caused by the poor access to the center of the economy in the 70 villages, high risk of disaster as well as the low environmental quality. Meanwhile, 14 villages that are categorized as 'Developing' are still at the potential stage and require stronger intervention from the government and private sector. This condition has become a dilemma because palm oil plantation business permit holders have been present in the villages since early 1990s.¹³

Palm Oil Company Contribution to Village Development in Sintang

There are 14 sub-districts in Sintang District¹⁴, and 12 of them are sub-districts with palm oil plantation permits holders within their area. Three sub-districts with the largest area of planted palm oil are Ketungau Hilir (33 companies), Kayan Hilir (20 companies) and Tempunak (18 companies). Meanwhile, from the total 391 villages in Sintang¹⁵, 31% of them are adjacent to palm oil plantation companies. Under this situation, the size of planted palm oil area in Sintang District has reached 133 thousand hectares in 2018, with the average palm oil plantation growth rate reaching 17.1% since 2011.

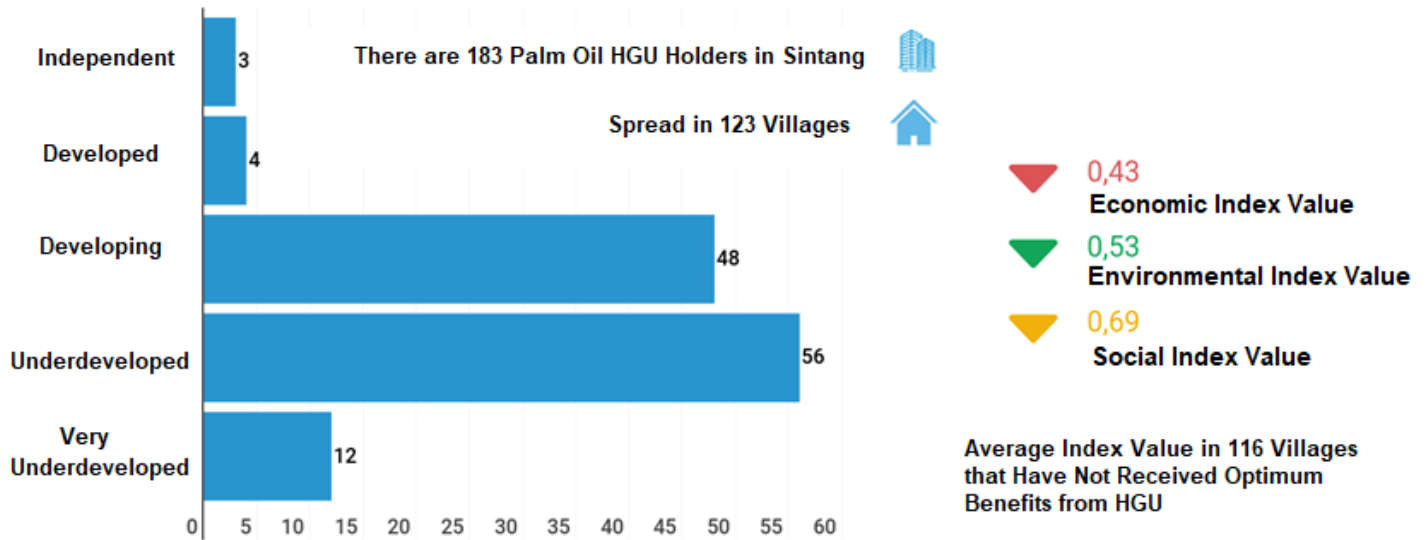
The IDM data for Sintang District shows that there is a potential for major development in the village area. It can be seen from the high number of villages that are categorized as 'Developing,' which is 48 villages or equal to 39%. It means that those villages are identified as having the great potential to advance to 'Developed' villages. However, the number of Underdeveloped (56 villages) and Very Underdeveloped (12 villages) categories are quite high or equal to 55% of the total village numbers. The possibility to increase the number of 'Developed' villages in Sintang District is quite promising. Therefore, the regional government should establish a more focused priority. Priority for interventions must be given to optimize the existing potentials in 'Developing' villages.

¹³ PT. PTPN XIII located in Ngabang dan Temiang Sawi Sub-Districts have obtained permits since 1991 (SK BPN 01/HGU/1990)

¹⁴ Badan Pusat Statistik. 2020. Kabupaten Sintang dalam Angka 2019

¹⁵ Ibid

Chart 5. IDM Status in Villages with Palm Oil HGU in Sintang



Source: Village Development Index 2019

The development condition in 116 villages that have not received optimum benefits from palm oil plantation business is also affected by the low value of economic and environmental resilience indexes. It is caused by poor access to the economy in Underdeveloped and Very Underdeveloped villages, as well as environmental degradation caused by the existence of palm oil companies. The presence of palm oil plantation companies since 1999¹⁶ in the vicinity of these villages has not been able to boost the village's economic access. Conversely, the environmental risks due to disaster or loss of ecosystem are increasingly high. The existence of palm oil plantation companies in several villages actually raises more problems for the village communities, such as vulnerability to forest and land fires and damaged village roads that have been affecting the access of local communities to economic activities.¹⁷

Palm Oil Company Contribution to Village Development in Sekadau

There are seven sub-districts in Sekadau district,¹⁸ and 6 of them are sub-districts with palm oil plantation permit holders within their area. 3 sub-districts with the largest number of planted palm oil area are Sekadau Hilir (19 companies), Belintang Hilir (15 companies) and Sekadau Hilir (6 companies). Meanwhile, out of 87 villages in Sekadau¹⁹, 52% of them are adjacent to palm oil plantations. The average growth rate of planted palm oil area in Sekadau district was 10.3% between 2011 to 2018, resulting in the total area of 107 thousand hectares of palm oil in 2018.

The IDM figures in Sekadau District show a quite large gap. Out of the 45 villages that intersect with palm oil plantation business permit area, only two villages are categorized as Developed and none of them are categorized as Independent. The rest are categorized as Developing (9 villages), Underdeveloped (31 villages) and Very Underdeveloped (3 villages). In total, 95% of the villages have not been receiving optimal benefits from palm oil plantations.²⁰ This situation is similar to that in Ketapang and Landak Districts that are facing similar problems.

¹⁶ PT. SDK located in Tempunak dan Lebak Ubah Sub-Districts have obtained permits since 1999 (Nomor SK 91/HGU/BPN/1998)

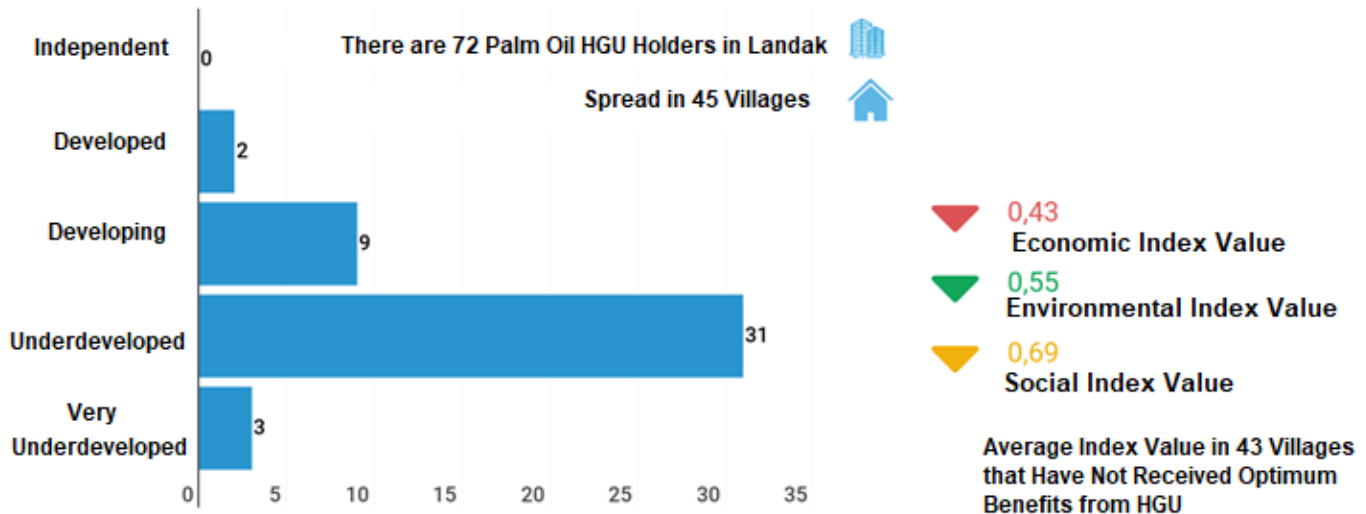
¹⁷ Putra, HS.2019. Jalan Rusak di Pedalaman Kalbar. Accessed from <https://kalbar.antaranews.com/berita/385414/jalan-rusak-di-pedalaman-kalbar-on-20/03/2020> and Sindika. Marpina. 2019. Tak Hanya Mengecek Titik Hotspot Polres Sintang Juga Lakukan Penyegehan dan Penyidikan. Accessed from <https://pontianak.tribunnews.com/2019/09/17/tak-hanya-mengecek-titik-hotspot-polres-sintang-juga-lakukan-penyegehan-dan-penyelidikan-on-20/03/2020>

¹⁸ Badan Pusat Statistik. 2020. Kabupaten Sekadau dalam Angka 2019

¹⁹ Ibid

²⁰ Developing Villages are still perceived as not yet receiving optimum benefits from HGU because the definition of Developing Villages in the IDM issued by the Ministry of Village is "Villages that have the potential to become developed," which are in possession of social, economic, and ecological resources but have not managed them optimally to improve the welfare of village communities, the quality of human life, and to eradicate poverty." This means that the potential has not been realized.

Chart 6. IDM Status in Villages with Palm Oil HGU in Sekadau



Source: Village Development Index 2019

From the data, it can be seen that the number of Underdeveloped villages in Sekadau District is quite high and requires serious attention. 33 villages that fall into the Underdeveloped and Very Underdeveloped categories are caused by low economic and environmental resilience values. This is caused by poor access to the center of economy in those 33 villages and a high risk of disaster as well as low environmental quality. Meanwhile, 9 villages that are categorized as 'Developing' are still at the potential stage and requires stronger intervention from the government and private sector. This condition has become a dilemma because palm oil plantation business permit holders have been present in those villages since early 1996.²¹

Palm Oil Company Contribution to Village Development in Sanggau

There are 15 sub-districts in Sanggau District²² and palm oil plantation companies can be found in 14 sub-districts. Three sub-districts with the highest number of palm oil plantation companies are Kapuas Hulu (29 companies), Parindu (17 companies) and Maliau (16 companies). Meanwhile, out of the total 235 villages in Sanggau²³, 40% of them are adjacent to palm oil plantations. The average growth rate of planted palm oil area in Sanggau District reached 30.7% between 2011 and 2018, where the size of palm oil plantations in Sanggau reached 299 thousand hectares in 2018 or the 2nd largest in West Kalimantan.

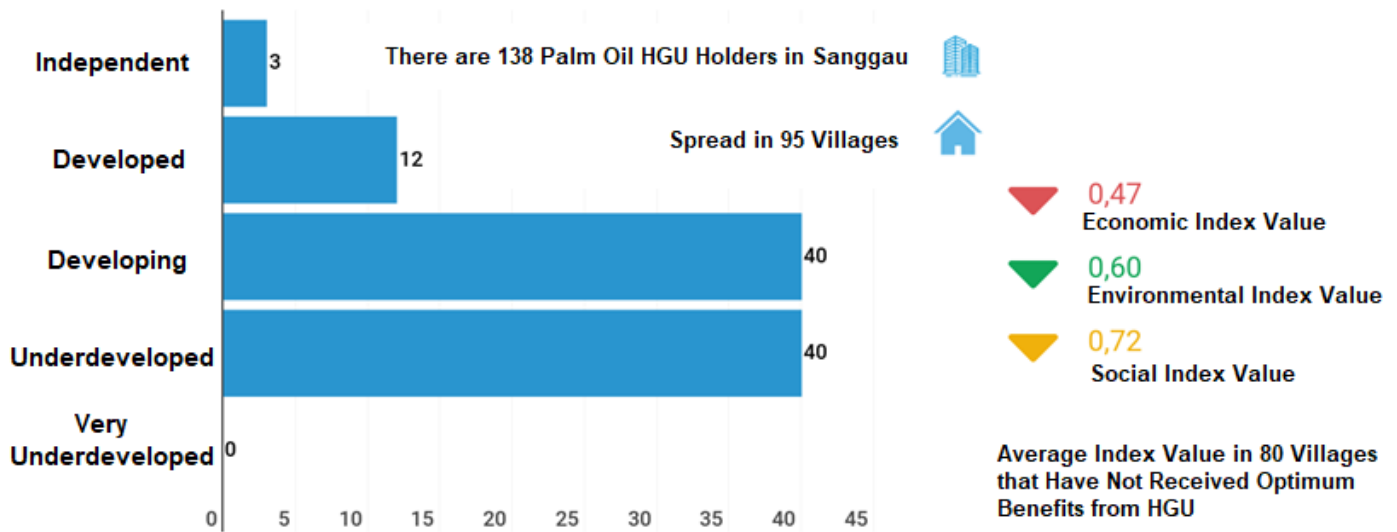
Almost equal to Sintang, the IDM data for Sanggau District shows that there is a potential for major development in the village area. It can be seen from the high number of 'Developing' villages that reach 40 villages or equal to 42%. This means that those villages are identified as having a great potential to be transformed into Developed villages. Sanggau is one of three districts in West Kalimantan that has no 'Very Underdeveloped' village within its territory. In general, the IDM condition of Sanggau District is still better than the other districts because 16% of the total villages in the area are categorized as Independent (3 villages) and Developed (12 villages). However, the number of Underdeveloped villages are still high (40 villages). The possibility to increase the number of 'Developed' villages in Sanggau district is quite promising. Therefore, the regional government should establish a more focused priority. The priority for intervention must be formulated to optimize existing potentials in 'Developing' villages.

²¹ PT. KSP located in Belitang dan Belitang Hilir Sub-Districts have obtained permits since 1996 (Right Number 1411000200201)

²² Badan Pusat Statistik 2020. Kabupaten Sanggau dalam Angka 2019

²³ Ibid

Chart 7. IDM Status in Villages with Palm Oil HGU in Sanggau



Source: Village Development Index 2019

The development condition in 80 villages that have not received optimum benefits from palm oil plantations is also affected by the low value of economic and environmental resilience indexes. This is caused by poor access to the economy in many villages that have not been receiving optimum benefits from the palm oil plantations and environmental damages caused by the existence of palm oil companies. The presence of palm oil plantation companies since 1994²⁴ in the vicinity of these villages has not been able to boost the villages' economic access. Conversely, the environmental risks due to disaster or loss of ecosystem are increasingly high.

Conclusion

- The large number of villages in a region that are adjacent to palm oil plantation permit area does not guarantee a high level village development. In the case study in five districts in West Kalimantan, the IDM values in three districts, namely Ketapang, Landak and Sekadau, indicate a significant inequality dominated by a number of villages that have not been receiving optimum benefits from palm oil plantation permit holders. As for Sintang and Sanggau, the IDM data shows that there is great potential for village development. In the two districts, the possibility to increase the number of developed villages is quite promising. Therefore, the regional government should establish a more focused priority. Priority for intervention must be formulated to optimize the existing potentials in the 'developing' villages.
- The condition of villages that have not been receiving optimum benefits from palm oil plantations is contributed by the low value of economic and environmental resilience indexes. The low economic resilience index is caused by the inability of palm oil plantation permit holders in the villages to open community's access to the economy. Meanwhile, the low environmental resilience index is caused by high risk of disaster and low environmental quality in the villages where palm oil plantations are operating.

²⁴ PT. BHD located in Kapuas dan Meliau Sub-Districts have obtained permits since 1994 (SK 29/HGU/BPN/1994)

Recommendation: Achieving Independent Villages through Public Private Partnership Using Corporate Social and Environment Responsibility (TJSL) Commitment is Highly Possible

- Achieving independent villages as an effort to achieve the goal of the development is a challenge for the regional government. It is impossible for the regional government to work alone. Therefore, the involvement of the private sector, in this case, the palm oil plantation companies that operate in the village area, is highly necessary. Corporate social and environment responsibility is very important. As a non-state actor, it is an evidence that the private sector has contributed to the effort of achieving good governance by synergizing and collaborating with the community to achieve good village development.
- Regional governments can seize this opportunity. The authority at the provincial level can be exercised by establishing coordination with the district governments to encourage participation in TJSL forum at the provincial and district levels on a regular basis. As the starting point in determining priorities, role sharing, and to establish a two-way communication, this is a strategic measure where local governments and companies work together in focusing the role of companies in village development. In addition, regional governments will need to increase the synergy and cooperation with palm oil companies in village development programs through a Memorandum of Understanding (MoU). It is important to make sure that the TJSL-based partnership is official and can be supervised and monitored in accordance with the long-term vision of the regional government.
- Regional governments can direct the role of palm oil companies to focus on the development of Developing, Underdeveloped and Very Underdeveloped villages, depending on the operating area of that particular company. In addition, regional governments must implement a rewards and punishments system to motivate companies to contribute to village development through TJSL. Finally, regional governments can encourage and facilitate village communities in determining and monitoring the implementation of TJSL program in accordance with their needs and the problems they are facing.
- Through TJSL, various measures can be implemented by palm oil companies to increase the value of economic resilience index in a village, for example village road improvement program to improve the community's access to the economy. The company can also initiate the establishment of Entrepreneurship Training Center (PPK) based on the needs of the community to empower village communities economically. Meanwhile, to increase the value of environmental resilience index, one can start with analyzing the vulnerability of Underdeveloped and Very Underdeveloped villages to forest and land fires. The company can establish a collaboration with the local community to initiate the establishment of Fire Aware Community (MPA). The establishment of an MPA by palm oil company is an initiative from the company to increase social capital, community capacity, and to support efforts of the local governments in handling forest and land fires.