

# Journal Analysis of Palm Oil Strategic Issues

English Edition  
Volume IV, No. 20  
March 18<sup>th</sup>, 2024

---

## OIL PALM PLANTATIONS: A CRUCIAL PART OF ACHIEVING SDG-4 (QUALITY EDUCATION)

By  
PASPI Monitor

---

### RESUME

Oil palm plantations contribute to SDG-4 (Quality Education) related to education for the children of oil palm smallholders, plantation company employees, and the surrounding community. The contribution of the palm oil industry is demonstrated by the availability of educational facilities through the construction of school facilities in oil palm plantation areas and companies' CSR programs to assist in the provision of facilities in schools around the oil palm plantations. Another role of oil palm plantations is to increase the affordability of education through income enhancement and scholarships provided by oil palm plantation companies (through CSR programs) and BDPDKS, the Indonesian Oil Palm Plantation Fund Management Agency (through Oil Palm Plantation Fund reinvestment).

---

### INTRODUCTION

In addition to contributing to the economic pillar of the SDGs (Sustainable Development Goals) ([PASPI, 2023](#)), oil palm plantations in Indonesia also contribute to the achievement of the social pillar of the SDGs, especially SDG-4 "Quality Education". The contribution of oil palm plantations to education occurs at least at the local, regional and national levels ([PASPI, 2023](#)).

The presence of oil palm plantations is often only viewed from an economic aspect or as a source of income. Of course, this view is not wrong because the biggest role of oil palm plantations is as an economic source for both oil palm smallholders and plantation company employees, as well as a source of local, regional, national and even international economic growth ([PASPI, 2023](#); [PASPI Monitor, 2024](#)).

An equally important contribution of oil palm plantations is in the field of education. Even though the primary role of oil palm plantations is not to provide educational facilities, in practice, the development of oil palm plantations also helps build the education sector in various ways or mechanisms. Oil palm plantations, which are generally built in remote, isolated and underdeveloped areas, have included the provision of educational facilities in their development model in Indonesia from the beginning. This is not widely known and understood by people in developed countries, leading to misperceptions and underappreciation of the role of oil palm plantations.

Theoretically, public access to education concerns two main things, namely availability and affordability of educational facilities/levels. The contribution of oil palm plantations in the field of education can be seen in both aspects.

This paper will discuss the role of oil palm plantations in the SDG for education (SDG-4, Quality Education), namely through the provision of educational facilities in rural areas. It will then continue

with a discussion regarding the role of oil palm plantations in increasing the affordability of education for the community.

### THE AVAILABILITY OF EDUCATIONAL FACILITIES

Oil palm plantations are a pioneering economic activity in areas classified as degraded land that are isolated, marginalized and remote. These areas are generally still outside the reach of ongoing development, thus lacking road networks and public facilities, including educational facilities.

The development of oil palm plantation centers in Indonesia is placed by the government as part of the development of rural areas. However, due to limited government funds, the participation of the business world, including oil palm plantation investment, can provide various facilities needed by employees and the surrounding community.

There are two mechanisms by which oil palm plantations contribute to the provision of educational facilities. **First**, by building educational facilities in oil palm plantations. The isolated location of plantations leads oil palm plantation companies to also build various public facilities, including educational facilities such as PAUD/TK (kindergartens), SD (elementary schools), and SMP (middle schools). PASPI (2014) revealed that the provision of public facilities such as educational facilities (schools) is part of the initial investment in developing oil palm plantations in various regions.



Figure 1. School Construction by the State Palm Oil Plantation Company (PTPN)

Initially, these educational facilities were intended for the children of employees of the respective plantation companies. However, as time went on and along with the development of local community activities, these educational facilities also became accessible to the surrounding community.

Edward's study (2019) revealed that many schools are built in oil palm central districts and most of these educational facilities are not state schools (which are built by the government). These findings are in line with the results of various empirical studies (Rist *et al.*, 2010; PASPI, 2014; Budidarsono *et al.*, 2012; Syahza *et al.*, 2020) which also revealed that oil palm plantations contribute to the availability of educational facilities. The study by Santika *et al.* (2019) also stated that school infrastructure development experiences an increase in Oil Palm Villages compared to Non-Oil Palm Villages.

**Second**, assisting in the provision of educational facilities. In addition to building school facilities within oil palm plantations, oil palm plantation companies also help in providing educational facilities in the areas around the plantations. Empirical studies (Suwandi *et al.*, 2013; Pambudi *et al.*, 2017; Satria, 2017; Pasaribu, 2019; Fajrin and Anshari, 2019; Syahrída *et al.*, 2019; Baihaqi *et al.*, 2020) revealed that oil palm plantation companies provide assistance for the construction/renovation of school infrastructure, educational teaching aids, books, computers for schools, teacher allowances, smart homes/learning houses, and provision of school buses.

### INCREASING THE AFFORDABILITY OF EDUCATION

The availability of educational facilities is a necessary condition for improving community access to education. The affordability of education for the community is a sufficient condition for community access to education.

Oil palm plantations also play a role in increasing community's affordability of education. The presence of oil palm plantations as an economic resource also implies an increase in the community's affordability for various levels of education. Increased income for oil palm smallholders and employees of oil palm plantation companies can enhance household expenditure to meet educational needs (Rist *et al.*, 2010; Alwarritzi *et al.*, 2016; Kubitza *et al.*, 2018; Edwards, 2019).

Increased income for oil palm smallholders improves the ability of oil palm smallholder families to obtain better quality education at various levels, including diploma/bachelor's/master's level (Syahza *et al.*, 2021; Chrisendo *et al.*, 2022). For oil palm smallholder families who already have high financial capabilities, they have a high willingness to pay and spend large investment funds for quality education. Even this group of oil palm smallholders also have an education budget through savings, investment and educational insurance (Syahza *et al.*, 2021).

Nowadays, many children of oil palm smallholders and employees of oil palm plantation companies are able to enjoy higher education at Top-10 universities in Indonesia, and some have even succeeded in pursuing higher education abroad. The study by Syahza *et al.* (2021) also found that about 83.39 percent of the children of oil palm smallholders in rural areas of Riau province have pursued education up to the tertiary level, some up to master's (S2) and doctoral (S3) levels.

The increased affordability of higher education for communities around oil palm centers is also made possible by the outstanding student scholarship facilities which are provided by many oil palm plantations in Indonesia. As part of the implementation of Corporate Social Responsibility (CSR), established oil palm plantation companies provide scholarship facilities for outstanding local sons/daughters.

In addition, the reinvestment of Oil Palm Plantation Fund in education also enhances the affordability of oil palm smallholders' children to higher education. As is known, in accordance with the mandate of Law no. 39 of 2014 on Plantations, the Government through the Oil Palm Plantation Fund Management Agency (BPDPKS) manages the export levies for palm oil products, a portion of which is allocated to the human resource development program for oil palm smallholders ([PASPI Monitor, 2023](#)). One form of this program is the provision of scholarships for the children of oil palm smallholders who are pursuing diploma/bachelor's degrees.

During the 2016-2023 period, BPDPKS has awarded scholarships to 6,265 students at the D1, D2, D3, D4, and S1 educational levels (BPDPKS, 2024). These scholarships were given monthly to the children of oil palm smallholders to fully cover expenses that include educational costs, book costs, certification costs, living costs, travel costs from the location of residence to campus, and graduation costs. The provision of scholarships for the children of oil palm smallholders clearly increases the affordability of oil palm smallholders for their children's education.

The reinvestment of Oil Palm Plantation Fund for tertiary education scholarships for the children of oil palm smallholders is surely not only about increasing the affordability of education. More than that, this program also aims for the future of oil palm plantation smallholders, namely preparing well-educated human resources as the next generation of oil palm plantations in the future.

### CONCLUSION

Oil palm plantation in Indonesia contribute not only to the economic pillar of the SDGs but also to the social pillar of the SDGs, one of which is SDG-4 (Quality Education) related to education. The contribution of the palm oil industry is demonstrated through the availability and affordability of educational facilities for the children of oil palm smallholders, plantation company employees, and the surrounding community.

There are five mechanisms through which oil palm plantations contribute to the SDG for Education. **First**, the provision of educational facilities as part of investment in oil palm plantation areas. **Second**, the provision of educational facilities for the surrounding community as part of the CSR programs. **Third**, increasing the income of oil palm smallholders and employees of oil palm plantation companies, thereby enhancing the affordability of educational costs. **Fourth**, providing tertiary education scholarships from oil palm plantation companies for local communities. And **fifth**, reinvestment of the Oil Palm Plantation Fund to finance scholarship programs for children of oil palm smallholders.

### ACKNOWLEDGEMENT

The authors would like to express gratitude for the financial support from the Indonesia Oil Palm Plantation Fund Management Agency (BPD PKS).

### REFERENCES

- Alwarritzi W, Nanseki T, Chomei Y. 2016. Impact of Oil Palm Expansion on Farmers Crop Income and Poverty Reduction in Indonesia: An Application of Propensity Score Matching. *Journal of Agricultural*. 8(1): 119-131. <https://doi.org/10.5539/jas.v8n1p119>
- Baihaqi A, Luthfi, Hidayat T. 2020. Dampak Keberadaan Program Corporate Social Responsibility (CSR) Perusahaan Perkebunan Kelapa Sawit Terhadap Kondisi Sosial Ekonomi Masyarakat di Desa Pandahan dan Desa Pulau Pinang Kabupaten Tapin. *Frontier Agribisnis*. 1(4): 113-120. <https://doi.org/10.20527/frontbiz.v4i1.2634>
- [BPD PKS] Badan Pengelola Dana Perkebunan Kelapa Sawit. 2024. *Laporan Kinerja BPD PKS 2023*. <https://www.bpd.or.id/laporan-kinerja-bpd-pks-2023>
- Budidarsono S, Susanti A, Zoomers A. 2013. Oil Palm Plantations in Indonesia: The Implications for Migration, Settlement/Resettlement and Local Economic Development. *Biofuels- Economy, Environment, and Sustainability*. <https://www.intechopen.com/chapters/42203>.
- Chrisendo D, Siregar H, Qaim M. 2022. Oil Palm Cultivation Improves Living Standards and Human Capital Formation in Smallholder Farm Households. *World Development*. 159:1-9. <https://doi.org/10.1016/j.worlddev.2022.106034>
- Edwards RB. 2019. *Export Agriculture and Rural Poverty: Evidence from Indonesian Palm Oil*. Working Paper Dartmouth College. [https://static1.squarespace.com/static/57d5edcf197aea51693538dc/t/5c98e6b4a422ff822715558/1553524407756/eard\\_v9\\_1903\\_JIE-merged.pdf](https://static1.squarespace.com/static/57d5edcf197aea51693538dc/t/5c98e6b4a422ff822715558/1553524407756/eard_v9_1903_JIE-merged.pdf)
- Fajrin N, Anshari. 2019. Pelaksanaan Tanggung Jawab Sosial dan Lingkungan oleh Perusahaan Perkebunan di Kabupaten Kubu Raya. *RES JUDICATA*. 2(1): 227-242. <http://dx.doi.org/10.29406/rj.v2i1.1484>
- Kubitza C, Krishna VV, Alamsyah Z, Qaim M. 2018. The Economics Behind an Ecological Crisis: Livelihood Effects of Oil Palm Expansion in Sumatra, Indonesia. *Human Ecology*. 46:107-16. <https://zalamsyah.staff.unja.ac.id/wp-content/uploads/sites/286/2019/11/Livelihood-Effects-of-Oil-Palm-Expansion.pdf>
- Pambudi DA, Resmawan E, Kondorura D. 2017. Corporate Social Responsibility (CSR) PT. Swakarsa Sinar Sentosa Dalam Pemberdayaan Masyarakat di Desa Muara Wahau Kecamatan Muara Wahau Kabupaten Kutai Timur. *Journal Ilmu Pemerintahan*. 6(1): 95-106. <https://ejournal.ip.fisip-unmul.ac.id/site/?p=2721>
- Pasaribu AR. 2015. Pengaruh Pelaksanaan Program Corporate Social Responsibility (CSR) Perusahaan Pabrik Kelapa Sawit Terhadap Pengembangan Wilayah di Kabupaten Labuhanbatu Selatan. *Prosiding KPSDA*. 1(1): 26-34. <https://jurnal.fkip.uns.ac.id/index.php/kpsda/article/view/5342/3759>

- [PASPI] Palm Oil Agribusiness Strategic Policy Institute. 2014. *The Sustainability of Indonesian Palm Oil Industry Its role in: Economic Growth, Rural Development, Poverty Reduction, and Environmental Sustainability*. Bogor (ID): PASPI.
- [PASPI] Palm Oil Agribusiness Strategic Policy Institute. 2023. *Mitos dan Fakta Industri Minyak Sawit Indonesia dalam Isu Sosial, Ekonomi, dan Lingkungan Global*. Edisi Keempat. Bogor (ID): PASPI.
- PASPI Monitor. 2023c. Peranan Kebijakan Pungutan Ekspor Sawit Dan Bpdpks Dalam Industri Sawit Nasional. *Artikel Diseminasi dan Policy Brief*. 1(9). <https://palmoilina.asia/jurnal-kelapa-sawit/kebijakan-pungutan-ekspor/>
- PASPI Monitor. 2024. Manfaat Ekonomi Inklusif Sawit (Infografis). <https://palmoilina.asia/berita-sawit/ekonomi-inklusif-sawit-indonesia/>
- Rist L, Feintrenie L, Levang P. 2010. The Livelihood Impacts of Oil Palm: Smallholders in Indonesia. *Biodiversity and Conservation*. 19:1009–1024. <http://dx.doi.org/10.1007/s10531-010-9815-z>
- Santika T, Wilson KA, Budiharta S, Law EA, Poh TM. 2019. Does Oil Palm Agriculture Help Alleviate Poverty? A Multidimensional Counterfactual Assessment of Oil Palm Development in Indonesia. *World Development*. 120:105–117. <http://dx.doi.org/10.1016/j.worlddev.2019.04.012>
- Satria T. 2017. *Analisis Kebijakan CSR (Corporate Social Responsibility) Terhadap Tingkat Kesejahteraan Masyarakat (Study Kasus PTPN IV Kebun Sei Kopas, Desa Sei Kopas Sumatera Utara*. [skripsi]. Medan (ID): Universitas Sumatera Utara.
- Syahza A, Suwondo, Bakce D, Nasrul B, Mustofa R. 2020. Utilization of Peatlands Based on Local Wisdom and Community Welfare in Riau Province, Indonesia. *International Journal of Sustainable Development and Planning*. 15(7): 1119-1126. <https://doi.org/10.18280/ijstdp.150716>
- Syahza A, Bakce D, Irianti M, Asmit B, Nasrul B. 2021. Development of Superior Plantation Commodities Based on Sustainable Development. *International Journal of Sustainable Development and Planning*. 16(4): 683-692. <https://doi.org/10.18280/ijstdp.160408>
- Syahrída, Barkatullah AH, Ifrani. 2019. *Tanggung Jawab Sosial Dan Lingkungan Pada Perusahaan Perkebunan Sawit Untuk Meningkatkan Taraf Hidup Masyarakat Di Provinsi Kalimantan Selatan*. [skripsi]. Banjarmasin (ID): Universitas Lambung Mangkurat. <https://repo-dosen.ulm.ac.id/handle/123456789/18050>
- Suwandi, Keban YT, Martono E. 2013. Praktik Tanggung Jawab Sosial Perusahaan PT. Bakrie Sumatra Plantations (Tbk.) Unit Jambi. *KAWISTARA*. 3(2): 117-226. <https://ojs.uajy.ac.id/index.php/modus/article/view/562/588>

