ABSTRACT

Value Chain Analysis for Sustainable Oil Palm Production  
(Case Study at PT Hindoli, South Sumatra)

Faisal Wahyu Indriantoro, E. Gumbira-Sa’id, Purboyo Guritno

The purposes of this study were: (1) to define problems and solutions of the oil palm production value chain, (2) to identify the sustainable programs beneficial of oil palm production, and (3) to formulate sustainable programs in order to increase green quality and green productivity of oil palm production.

The sample was selected purposively to conduct interviews with estate managers and mill managers at PT Hindoli, extension workers from PT Hindoli, chairs of farmers group and chairs of cooperative board. Data was analyzed using Analytical Hierarchy Process (AHP).

Research results indicated that oil palm production value chain of PT Hindoli was started from seed suppliers or seed producers, fertilizer suppliers, agriculture tool and machine suppliers, company plantation (nucleus), plasma farmers, mills, exporters, distributors, to retailers. Criteria strategies recommended for green sustainable oil palm production implementation were: (1) green ‘nucleus’ FFB production, (2) green ‘plasma’ FFB production, and (3) green CPO production.

The alternatives suggested for the related green sustainable oil palm production strategies were: (1) to comply with applicable laws and regulations of the appropriate national and international levels which have been ratified, (2) to perform the role of campaign contributions oil palm plantations in carbon sequestration and oxygen provider, and (3) to implement operating procedures accurately and consistently monitored.

Keywords: Oil palm, value chain, PT. Hindoli, sustainable oil palm, plantation and mill, plasma farmers