

FINANCE | RESEARCH ARTICLE

# The Effect of The Increase in POPFMA (Palm Oil Plantation Fund Management Agency) Grant Funds on Farmer Interest in The POR (People Oil Rejuvenation) Program with Strategic Partnership Pattern

Novi Sulaiman<sup>1\*</sup>, Regina Jansen Arsjah<sup>2</sup>

<sup>1,2</sup> Department of Magister of Accounting Program, Universitas Trisakti, Jakarta, Indonesia.  
Email: [novi.sulaiman@sinarmas-agri.com](mailto:novi.sulaiman@sinarmas-agri.com)<sup>1</sup>, [regina.arsjah@trisakti.ac.id](mailto:regina.arsjah@trisakti.ac.id)<sup>2</sup>

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## ABSTRACT

The People's Palm Oil Replanting Program (Peremajaan Sawit Rakyat or POR) is a strategic initiative by the Indonesian government aimed at improving the productivity of smallholder palm oil plantations through the replanting of unproductive trees. One form of government support for this program is through grant funding provided by the Indonesian Oil Palm Estate Fund (Palm Oil Plantation Fund Management Agency or POPFMA). As the allocation of these grants increases, questions arise regarding how the rise in funding influences farmers' interest in participating in the POR program, particularly through strategic partnership schemes involving core companies and farmer cooperatives. This study aims to analyze the effect of increased POPFMA grant funding on farmers' interest in joining the POR program through strategic partnership models. The research adopts a qualitative approach by comparing grant utilization and its impacts on cooperatives, farmers, surrounding communities, and the government. The findings indicate that the increase in POPFMA grant amounts positively affects farmers' willingness to participate in the POR program. This research is expected to provide empirical contributions to policy-making in empowering smallholder palm oil farmers, strengthening the effectiveness of the POR program, and supporting the sustainability of the national palm oil plantation sector. Furthermore, the results may serve as a basis for designing more inclusive and responsive partnership schemes that align with the needs of farmers.

**Keywords:** Grant Funding, POPFMA, Farmer Interest, POR, Strategic Partnership, Palm Oil.

**JEL Code:** Q18, H53, Q13.

## I. Introduction

Oil palm plantations are a significant sector for the economy of the Riau community. However, the Riau Provincial Office must focus on developing oil palm plants because many are old or do not produce fruit. The productive period of oil palm plants is 3-4 years after planting. At this age, the plants have started to produce Fresh Fruit Bunches (FFB), but production has not reached peak Productivity. In 2023, the Ministry of Agriculture (KEMANTAN) targets 10,000 hectares of oil palm land in Riau to be replanted through the People's



Oil Palm Rejuvenation Program (POR). Because many trees are no longer productive, plantation rejuvenation is highly recommended so that the productivity and economy of oil palm plantations can increase. Antaranews.com, 2023. Oil palm plantations are one of the leading sectors in the Indonesian economy, contributing significantly to exports, job creation, and the income of smallholder farmers. However, the serious challenge faced is the low productivity of smallholder plantations due to the age of plants that are no longer productive, the use of illegal seeds, and suboptimal cultivation practices. To overcome this problem, the government, through the Indonesian Palm Oil Plantation Fund Management Agency (POPFMA), launched the People's Oil Palm Rejuvenation Program (POR) as a long-term solution to increase the efficiency and sustainability of this sector.

The POR program provides grant assistance to farmers to rejuvenate old or unproductive oil palm plants, with an initial value of IDR 25 million per hectare and increasing to IDR 30 million per hectare in 2023. The increase in grant funds is expected to increase farmer participation in the POR program, especially if implemented through a strategic partnership involving core companies, cooperatives, and financial institutions (POPFMA, 2023). The strategic partnership pattern is important because it can bridge farmers' needs for access to superior seeds, additional financing, technical assistance, and guarantees for offtakers of production results. However, obstacles were still found in its implementation, such as low interest from farmers in participating in the POR program, even after the grant funds were increased. This shows that providing financial incentives alone is not necessarily enough to encourage farmer participation, but must be accompanied by the right partnership approach, a high level of trust, and a comprehensive understanding of the program's benefits. Therefore, examining how the increase in POPFMA grant funds impacts farmers' interest in joining the POR program is important, especially in the strategic partnership scheme.

The Palm Oil Plantation Fund Management Agency (POPFMA) is a plantation fund management agency established to collect funds to encourage the development of oil palm plantations. One of the uses of the funds collected is the Community Palm Oil Rejuvenation Fund Assistance Program (POR). The collection of funds for community palm oil plantations is carried out by providing incentives for the rejuvenation (replanting) process of community palm oil plantations. The source of funds comes from export levies on palm oil and its derivative products. The Indonesian government regulates this levy as part of a policy to support the development of the national palm oil industry, improve sustainability, and fund various programs, including research, development, and rejuvenation of oil palm plantations. The funds also support related programs, such as biodiesel and farmer empowerment. Regulations regarding palm oil export levies are regulated in the Minister of Finance Regulation (PMK) Number 62 of 2024. This regulation includes the levy rates imposed on palm oil exports, crude palm oil (CPO), and its derivative products. The levy rates are based on the CPO reference price set by the Minister of Trade. In addition, there are special provisions regarding levy rates for mixed products containing CPO and its derivative products.

The launch of the Sustainable Palm Oil Development Program is a follow-up to Presidential Regulation No. 61 of 2015 concerning the Collection and Use of Palm Oil Plantation Funds, signed by President Joko Widodo on May 18, 2015. In addition to sustainable palm oil development, this Presidential Regulation is an important milestone in accelerating biodiesel-type Biofuels (BBN) use and implementing the Government's commitment to reducing greenhouse gas emissions. Biodiesel-type BBN is part of renewable energy. Renewable energy development is one of the priority programs of the Joko Widodo and Jusuf Kalla administrations.

The priority use of these funds is to ensure sustainable palm oil plantation development and encourage consumers to make greater use of biodiesel-type biofuels. This biofuel can be produced domestically to replace fossil fuel imports, help provide incentives for the rejuvenation process (re-planting) of people's plantations, encourage the development of human resources in oil palm plantations, encourage research and development of oil palm plantations, encourage the promotion of oil palm plantations and build oil palm plantation facilities and infrastructure. As a legal instrument and regulation for this program, the Government has formed 10 policies, which include Government Regulation of the Republic of Indonesia

Number 24 of 2015 concerning the Collection of Plantation Funds, Presidential Regulation of the Republic of Indonesia Number 61 of 2015 concerning the Collection and Use of Oil Palm Plantation Funds.

Establishment of the POPFMA specifically to collect, administer, manage, store, and disburse funds regulated by the Regulation of the Minister of Finance. The Minister of Industry proposes the tariff of levies on exports of palm oil products and their derivatives. It is discussed between ministries under the coordination of the coordinating minister for the Economy. Harmonization between levies and export duties is carried out to strengthen fiscal instruments and encourage the achievement of the palm oil industry's downstream program. On the other hand, it can support the mandatory biodiesel policy and the development of a sustainable and continuous plantation sector. The Regulation of the Minister of Finance regulates the adjustment of levies and export duties.

Three financing schemes can be applied to this program based on the farmer's ability. The first scheme is that the cost needs are met from POPFMA assistance funds of IDR 30 million/ha/farmer, plus savings funds owned by the farmer. The second scheme, the need for financing funds, is met from POPFMA assistance funds and People's Business Credit (KUR) from the farmer. While in the third scheme, financing funds are obtained from POPFMA assistance, farmer savings, and KUR. The People's Oil Palm Rejuvenation Program (POR) is one of the National Strategic Programs (PSN) designed by the government. This program aims to increase the productivity of oil palm plants without increasing the land area. POR helps smallholders renew their oil palm plantations with more sustainable and quality oil palm, and reduces the risk of illegal land clearing (Land Use, Land Use Change and Forestry).

Through POR, the productivity of smallholders' land can be increased without opening new land. POPFMA is tasked with collecting, managing, and distributing palm oil funds to improve the performance of the Indonesian palm oil sector. The distribution of palm oil funds is based on Presidential Regulation No. 61/2015 in conjunction with Presidential Regulation No. 66/2018, which includes the rejuvenation of oil palm plantations. The rejuvenation of oil palm plantations is realized through the People's Palm Oil Rejuvenation (POR) program launched by President Joko Widodo on October 13, 2017.

POR is implemented by fulfilling four elements: Legal, Productivity, Indonesia Sustainable Palm Oil (ISPO) Certification, and Sustainability Principles. The productivity element in this program is to increase productivity standards to 10 tons of fresh fruit bunches/ha/year with a plant density of <80 trees/ha. The ISPO certification element is intended to ensure the principle of sustainability in this program, namely that participants are facilitated to obtain Indonesia Sustainable Palm Oil (ISPO) certification at the first harvest. The principle of sustainability in question is that the program is run based on sustainability principles, including land, conservation, environment, and institutions. People's Oil Palm Rejuvenation (POR) is one of the programs of the Joko Widodo government to increase the productivity of people's oil palm plantations. This program began in 2017 with a target of reaching 20 thousand ha, then continued in 2018 with an additional target of 185 thousand ha.

Farmers in this program generally feel a positive impact on their productivity and economy. For example, Misdan, Chairman of the Berkas Ridho Bersama Cooperative, stated that through partnerships with companies such as Sinar Mas Agribusiness and Food, land productivity has increased significantly, from less than 10 tons per ha per year to 23.43 tons per ha per year after rejuvenation. This program also provides technical assistance, superior seeds, and absorption of harvest results at prices set by the government, which helps improve the economic level of Farmers, Sawitsetara.co, 2022.

CEO of Sinar Mas Agribusiness and Food Plantation in the Riau region, Franciscus Costan, said this effort is a form of the company's support for the government program. POR is one of the national strategic programs launched by the government to increase the productivity of smallholder oil palm plantations. We are also trying to make the program successful with our partners by providing certified and high-quality seeds, implementing Good Agricultural Practice (GAP) and mechanization and technology transfer," he said. He also said that increasing productivity through POR is oriented towards land intensification and sustainability. "By utilizing less productive plantations to be more productive, we have prevented deforestation for the opening

of new plantations. Together, we can sustainably meet consumer demand for palm oil products and increase productivity," Sawitsetara.co, 2022.

The Company and Cooperatives, Banks, and POPFMA work together through strategic business partnerships to implement oil palm rejuvenation programs in Riau Province. In this strategic business partnership, plasma plantations will be managed by the Company to the standards and policies applied to increase plantation productivity and ensure sound and sustainable plantation cultivation practices. Farmers can work according to labor ratio standards and receive wages.

The Company realizes that implementing the program requires the role and support of all parties, including the government. Government involvement in developing the palm oil industry is significant, especially the determination of policies needed to support the Oil Palm Rejuvenation Program (POR) with requirements that are easily accessible to Farmers, integrated and sustainable partnership patterns that benefit Farmers through strategic business partnerships, and POPFMA grant schemes to make it easier and faster. Elegant collaboration between farmers, cooperatives, governments, banks, and strategic business partners is expected to improve the welfare of oil palm farmers.

One of the acceleration efforts through partnership channels is regulated in the Regulation of the Minister of Agriculture Number 03 of 2022 concerning Human Resource Development, Research and Development, Rejuvenation, and Facilities and Infrastructure for Oil Palm Plantations. The main target for oil palm rejuvenation is plantations managed by the community. Since 2020, the POR Program has been targeted to reach 540 thousand ha of community oil palm plantations. Every year, the government targets 180 thousand ha. However, realizing POR is difficult due to various problems and challenges. In the Regulation of the Minister of Agriculture Number 3 of 2022, the POR proposal mechanism can be through two channels: the district/city regional service channel and the partnership channel—Director of Plantation Protection, Directorate General of Plantations, Ministry of Agriculture, Ir. Hendratmojo Bagus Hudono, MSc, explained that the partnership channel helps accelerate POR. Through this channel, farmer groups/farmer groups can establish partnerships with plantation companies and propose them to the Palm Oil Plantation Fund Management Agency (POPFMA). Sawitindonesia.com, 2022. With partnerships, partners (farmers) receive assistance from seedlings to harvest, so problems in POR can be solved. The Ministry of Agriculture wants to simplify and accelerate smallholder oil palm. The Rejuvenation of Smallholder Oil Palm aims to increase farmer income/welfare, increase plant productivity, and improve plantation management and maintenance. Therefore, there is no guarantee of the sustainability of the POR Program. With the POPFMA Grant Fund, farmers must immediately take advantage of this opportunity by replanting oil palm plantations.

This study aimed to determine whether the increase in POPFMA grant funds provided to oil palm farmers can affect the percentage increase in farmer participation in the people's oil palm rejuvenation program (POR) with a strategic partnership pattern. The expected benefits of this research for the Government are to be able to increase the amount of POPFMA grant funds, with the increase in grant funds, Farmers are more interested in participating in the POR program and helping to increase the productivity of oil palm plantations managed by smallholders, thereby increasing national oil palm production, with increased productivity, state revenues from the plantation sector and palm oil exports will also increase. Benefits for Farmers to be able to join the POR program to gain access to superior seeds and technical assistance, which increases land productivity and harvest yields, This program provides training and knowledge transfer on good agricultural practices, improves Farmers' technical skills and Farmers receive support in the administration and disbursement of funds, as well as assistance from partner companies. With the increase in Farmers' productivity and income, the economic welfare of the surrounding community also increases, and this program creates new jobs in the agricultural sector, which helps reduce unemployment in the Riau area. Cooperatives involved in this program receive support in managing and strengthening institutions, increasing their efficiency and performance, Cooperatives gain better access to markets and sources of financing, which helps improve their ability to support their members, The benefits of this research for the Company are to increase opportunities to partner with Farmers and Cooperatives, which can increase their raw material supply and ensure the sustainability of supply through participation in POR, companies can

fulfill their social and environmental responsibilities, strengthen the Company's reputation and image in the eyes of the public and the international market.

Previous research by Minda and Mayarni (2024) examined the role of actors in accelerating the community oil palm rejuvenation program (POR) in Indragiri Hilir district. The results showed that the role of actors was not optimal, partners who could help farmer groups had not been found, and there was limited knowledge, limited funds, and inadequate infrastructure. This study did not include an analysis on a broader scale. In this context, our research develops a new approach using qualitative methods to analyze data on a broader scale, so that it is expected to provide a more comprehensive understanding of the community oil palm rejuvenation program (POR), strategic partnership patterns, and implementation of POPFMA grant funds. This research is relevant because it can provide a deeper understanding of the dynamics of farmer participation in the rejuvenation program. It is also important input for policymakers to design more effective and sustainable strategies.

## II. Literature Review and Hypothesis Development

### 2.1. Stakeholder Theory

Freeman (1984) stated that the success of an organization is greatly influenced by its ability to meet the needs and interests of stakeholders. In the context of the POR program, the main stakeholders include oil palm farmers, cooperatives, partner companies, the government, and the surrounding community. The application of this theory is relevant to analyzing how strategic partnership patterns are designed to meet the needs of small farmers (access to capital, superior seeds, and technology), to evaluate the effectiveness of the role of the government and POPFMA as managers of grant funds in bridging economic, social, and environmental interests. POPFMA is an institution that manages oil palm plantation funds, which play an important role in supporting the oil palm sector, including the POR program. In this program, many stakeholders are directly or indirectly involved, such as oil palm farmers, partner companies, local communities, local governments, and farmer institutions. The strategic partnership pattern in POR reflects the application of Stakeholder Theory with several aspects, namely Improving farmer welfare, As one of the main stakeholders, farmers get direct benefits from the program through rejuvenation of oil palm plantations, increasing productivity, and sustainable income in the palm oil sector, the involvement of strategic partners and environmental institutions ensures that the program runs by the principles of sustainability, which is a concern for global stakeholders.

### 2.2. Sustainability Theory

Elkington (1997). This theory explains that sustainability must include three main dimensions: economic, social, and environmental. The POR program can be analyzed through the economy, increasing the productivity of people's oil palm land, farmers' income, and the contribution of the oil palm sector to national GDP and achieving financial benefits and economic growth through social, providing training, strengthening cooperative institutions, and creating new jobs in the agricultural sector, through the environment, supporting ISPO (Indonesian Sustainable Palm Oil) certification to ensure environmentally friendly plantation practices and prevent deforestation.

The POR program with a strategic partnership pattern includes several elements that reflect the application of TBL principles such as economic benefits, where the main objective of POR is to increase the productivity of people's oil palm plantations through plant rejuvenation, so that farmers can obtain more optimal harvests, strategic partnership patterns with oil palm companies provide farmers with access to technology, training, and more stable markets, thereby increasing their income, POPFMA grant funds function as initial capital that reduces the financial burden on farmers, supports local economic growth, and strengthens the oil palm sector as a contributor to state foreign exchange.

Sustainability Theory, through the Triple Bottom Line concept, is very relevant to implementing POPFMA grant funds for the POR program. This program reflects the application of the Profit principle (increasing farmer productivity and income), empowering local communities, and sustainable agricultural practices. The strategic partnership pattern plays an important role in ensuring the success of the three pillars in an integrated manner.

### III. Research Method

In this study, the method used is qualitative, with the aim of understanding in depth how the increase in grant funds from the Palm Oil Plantation Fund Management Agency (POPFMA) affects farmers' interest in participating in the People's Oil Palm Rejuvenation Program (POR), especially in the context of strategic partnerships. Qualitative research is a process of research and understanding based on a methodology that investigates a social phenomenon and human problems. In this approach, researchers create a complex picture, examine words, detailed reports from respondents' views, and conduct studies in natural situations (Creswell, 1998). According to Jane Richie (in Moleong, 2012), qualitative research is an effort to present the social world, and its perspective in the world, in terms of concepts, behavior, perceptions, and problems about the humans being studied.

This study will analyze the comparison of utilization and impact (for Cooperatives, Farmers, surrounding communities and the government) for the use of grant funds in 4 (Four) Cooperatives, namely the Berkat Ridho Palm Oil Farmers Cooperative, the Makmur Lestari Tahap Cooperative, the Rama Sawit Sejahtera Producer Cooperative, the Kandis Sejahtera Palm Oil Cooperative located in Riau with the criteria that the Cooperative has received grant funds at least two stages of POPFMA grant fund disbursement, with a nominal POPFMA grant fund that has been received of at least IDR 5 billion for each Cooperative in the period 2019 - 2023. These cooperatives are fostered by partner companies PT. Ramajaya Pramukti, PT. Buana Wiralestari Mas and PT. Ivo Mas Tunggal, the three companies are subsidiaries of Sinar Mas Agribusiness and Food, where Sinar Mas Agribusiness and Food is part of PT SMART Tbk (Sinar Mas Agro Resources and Technology Tbk).

#### 3.1. Data source

The data used in this study comes from the POR Online and SMART POR applications via the website. The data contains information on the overall legality of Farmers, details of POPFMA grant fund applications, the Number of Farmers, the Ha area, and reports on using POPFMA grant funds for all Cooperatives. POPFMA launched the POR Online application to accelerate the POR program so that processing of POPFMA grant fund application data can be carried out faster and Farmers can receive financial assistance from POPFMA faster, through the POR Online application, POR participants no longer need to submit documents in physical form, simply by uploading them online via the application, so that the submission of fund applications is more efficient, accurate and transparent. While the SMART POR Application is a technology-based application developed to simplify and accelerate the process of submitting and realizing grant funds from POPFMA for the POR Program, this application is designed to optimize the management of administration and distribution of grant funds to oil palm Farmers who are members of the POR program.

POPFMA has provided the POR Online application to make it easier for farmers to participate in the POR program, namely, a means for POR participants to complete the requirements online. If done manually, the fulfillment of requirements in documents must be submitted in hard copy form, which takes a long time, both for submission and verification. With an online system, the process can be carried out faster, so that the disbursement of funds from POPFMA can also be done faster. Through the POR Online Application, POPFMA management and the Directorate General of Plantations of the Ministry of Agriculture can also monitor the program, starting from the initial submission process to the monitoring and evaluation stage.

POPFMA implements a new disbursement mechanism for funds for the People's Oil Palm Rejuvenation (POR) program. The realization of the use of POPFMA funds currently with the latest regulation of the Ministry of Finance of the Republic of Indonesia Number S-3269-dpks.3-2023-Submission of the PPKS Fund Disbursement Guidebook for 2023, can now be done through the SMART POR application, thus all use of funds that have been realized can be seen in the SMART POR application.

Director of Fundraising, POPFMA Sunari, conveyed the implementation of a new mechanism for disbursing funds for the People's Oil Palm Replanting (POR) program. POPFMA socialized this on the sidelines of the Signing of the Cooperation Agreement (PKS) of 3 Parties for the Distribution of POR Funds in 2021 Phase IV for the regions of Aceh, Riau, West Sumatra, South Sumatra, Bengkulu, Bangka Belitung and Central Kalimantan, which was held on Thursday, (16/09), in Bogor. Implementing this new business process will make it easier for oil palm farmers to disburse their replanting funds into the bank. With this new mechanism, farmers who will disburse their rejuvenation funds submit documents directly to POPFMA through the application, which POPFMA will verify. If all the documents for the application for disbursement of funds are complete and by the regulation of the Ministry of Finance of the Republic of Indonesia Number S-3269-dpks.3-2023-Submission of the 2023 PPKS Fund Disbursement Guidebook, POPFMA will ask the bank to disburse funds from the farmer institution's holding account for field activities for farmers, the disbursement of funds through the SMART POR application has also been supervised by the appointed surveyor, namely PT. Superintending Company of Indonesia (Sucofindo) is the verifier of the SMART POR application because it is tasked with verifying the disbursement of funds and reports. POPFMA. Or. Id, 2021. In the previous business process, farmers who would disburse their rejuvenation funds submitted completeness to the Bank manually, and the Bank continued the verification process. With this new Mechanism, farmers no longer need to submit disbursement manually; all submissions can be done using the application. This change is expected to increase the speed of the disbursement process and make it more accountable because the SMART POR application supports it.

### 3.2. Research Object

The object of this research includes Cooperatives in the Riau region with a research period of 2019-2023. The sample used in this study focuses on cooperatives that have received at least two stages of POPFMA grant fund applications, with a nominal POPFMA grant fund that has received at least IDR 5 billion for each cooperative in the period 2019-2023. The list of names of Cooperatives that have met the criteria as samples in this study is the Berkat Ridho Palm Oil Farmers Cooperative, Makmur Lestari Village Unit Cooperative, Rama Sawit Sejahtera Producer Cooperative, and Kandis Sejahtera Palm Oil Cooperative.

### 3.3. Data analysis

This analysis was conducted by comparing the number of stages of funds received, the total number of Farmers, Farmers receiving grant funds, the percentage increase in the number of Farmers participating in the POR program, the Area of Ha of Farmer's land, the year of disbursement, the nominal funds and the amount of POPFMA grant funds in the Cooperative. Data analysis in this study was conducted by comparing historical and actual data related to implementing the People's Oil Palm Rejuvenation (POR) program funded by the Oil Palm Plantation Fund Management Agency (POPFMA). This analysis aims to understand the relationship between the increase in grant funds and farmers' interest in participating in the POR program through a strategic partnership pattern. Each data obtained will be analyzed. The results will then be interpreted narratively to understand the emerging patterns and identify factors contributing to the rise and fall of farmers' interest in the POR program.

## IV. Results and Discussion

Based on Appendix 1, POPFMA grant funds have increased. In October 2017, the rejuvenation or replanting program for smallholder oil palm plantations officially began. The grant funds given to farmers amount to IDR 25 million per ha, with a maximum of 4 ha per family card. The funds given by POPFMA will be used to support the oil palm rejuvenation stage.

On May 28, 2020, POPFMA issued a Regulation of the President Director of POPFMA Number: KEP-167/DPKS/2020, further regulating the rejuvenation funds increase. The issuance of this regulation has increased the POPFMA grant funds for Smallholder Oil Palm Farmers (POR) to IDR 30 million per ha from the previous IDR 25 million per ha. One of the main reasons for the increase in grant funds is inflation and the increase in production costs, which impact the cost of oil palm rejuvenation. Agricultural inputs such as fertilizers, pesticides, and labor have increased, so additional funds are needed to cover these costs. By increasing the grant funds to IDR 30 million per ha, it is hoped that the Smallholder Oil Palm Rejuvenation Program (POR) can run more effectively, provide greater benefits for Oil Palm Farmers, support sustainability goals, and increase national productivity. The increase in grant funds is expected to help farmers improve the quality of their products to compete better in the international market.

The Palm Oil Plantation Fund Management Agency (POPFMA) allocates funds of IDR 30 million per hectare with a maximum area of 4 hectares/farmer plantation funded by fulfilling the provisions of administrative aspects, including the productive age of farmers, the area of farmer's land, the legality of farmer's land, the address/residence of farmers. In contrast, the financing aspect includes all farmers' needs in labor wages, infrastructure, and materials/tools; the financing aspect is used in the Cost Budget Plan (RAB).

The number of Farmers participating in the POR program and receiving POPFMA grant funds is increasing, seen from the increasing stages in the submission of each Cooperative, where the percentage always increases every year, from the period 2019 to 2023 with details of the Berkah Ridho Palm Oil Farmers Cooperative stage 1 with a disbursement year of 2019, the nominal POPFMA grant funds received were IDR 25 million per ha, with a total number of Farmers in the Cooperative of 350 Farmers, and a total of 152 Farmers receiving POPFMA grant funds, with a calculation of the percentage of Farmers receiving grant funds of 43% and a land area of 237.8004 ha, the amount of POPFMA grant funds received was IDR 5,945,010,000.

The Berkah Ridho Palm Oil Farmers Cooperative phase 2 with a disbursement year of 2022, the nominal POPFMA grant funds received were IDR 30 million per ha, with a total number of farmers in the Cooperative of 350 farmers, and a total of 25 farmers receiving POPFMA grant funds, with a calculation of the percentage of farmers receiving grant funds of 8% and a land area of 56.7441 ha, the amount of POPFMA grant funds received was IDR 1,702,323,000. Based on these data, for the Berkah Ridho Palm Oil Farmers Cooperative, the total number of farmers who have participated in the POR program and received POPFMA grant funds is 177 farmers with a percentage of 51% (an increase from the previous 43%) with a total land area of 294.5445, so the total amount of POPFMA grant funds received by the Cooperative is IDR. 7,647,333,000,-

Koperasi Unit Desa Makmur Lestari phase 1 with a disbursement year of 2019, the nominal POPFMA grant funds received were IDR 25 million per ha, with a total number of farmers in the cooperative of 388 farmers, and a total of 127 farmers receiving POPFMA grant funds, with a calculation of the percentage of farmers receiving grant funds of 33% and a land area of 286,0000 ha, the amount of POPFMA grant funds received was IDR 7,150,000,000,-

Makmur Lestari Village Unit Cooperative phase 2 with a disbursement year of 2019, the nominal POPFMA grant funds received were IDR 50 million per ha, with a total number of farmers in the Cooperative of 388 farmers, and a total of 193 farmers receiving POPFMA grant funds, with a calculation of the percentage of farmers receiving grant funds of 49% and a land area of 472,0000 ha, the amount of POPFMA grant funds received was IDR 11,800,000,000. Based on these data, for the Makmur Lestari Village Unit Cooperative, the total number of farmers who have participated in the POR program and received POPFMA grant funds is 320 farmers with a percentage of 82% (an increase from the previous 33%) with a total land area of 758,0000 ha. The total amount of POPFMA grant funds received by the Cooperative is IDR. 18,950,000,000,-

Rama Sawit Sejahtera Producer Cooperative phase 1 with a disbursement year of 2020, the nominal POPFMA grant funds received were IDR 30 million per ha, with a total number of Farmers in the Cooperative of 140 Farmers, and a total of Farmers who received POPFMA grant funds of 52 Farmers, with the calculation of the percentage of Farmers who received grant funds of 37% and a land area of 124.1472 ha, the amount of POPFMA grant funds received was IDR 3,724,416,000,-.

Rama Sawit Sejahtera Producer Cooperative phase 2 with a disbursement year of 2022, the nominal POPFMA grant funds received were IDR 30 million per ha, with a total number of Farmers in the Cooperative of 140 Farmers, and a total of Farmers who received POPFMA grant funds of 36 Farmers, with a calculation of the percentage of Farmers who received grant funds of 26% and a land area of 64.5311 ha, the amount of POPFMA grant funds received was IDR 1,935,933,000. Based on these data, for the Rama Sawit Sejahtera Producer Cooperative, the total number of Farmers who have participated in the POR program and received POPFMA grant funds is 88 Farmers with a percentage of 63% (an increase from the previous 37%) with a total land area of 188.6783. The total amount of POPFMA grant funds received by the Cooperative is IDR. 5,660,349,000.

Kandis Sejahtera Palm Oil Cooperative phase 1 with a disbursement year of 2020, the nominal POPFMA grant funds received were IDR 25 million per ha, with a total number of Farmers in the Cooperative of 187 Farmers, and a total of Farmers who received POPFMA grant funds of 44 Farmers, with a calculation of the percentage of Farmers who received grant funds of 24% and a land area of 86.8182 ha, the amount of POPFMA grant funds received was IDR 2,170,455,000,-

Kandis Sejahtera Palm Oil Cooperative Phase 2 with a disbursement year of 2022, the nominal POPFMA grant funds received were IDR 30 million per ha, with a total number of farmers in the cooperative of 187 farmers, and a total of 50 farmers receiving POPFMA grant funds, with a calculation of the percentage of farmers receiving grant funds of 26% and a land area of 104.9300 ha, the amount of POPFMA grant funds received was IDR 3,147,900,000.

Kandis Sejahtera Palm Oil Cooperative phase 3 with a disbursement year of 2023, the nominal POPFMA grant funds received were IDR 30 million per ha, with a total number of Farmers in the Cooperative of 187 Farmers, and a total of Farmers who received POPFMA grant funds of 44 Farmers, with a calculation of the percentage of Farmers who received grant funds of 24% and a land area of 105.7304 ha, the amount of POPFMA grant funds received was IDR 1,966,500,000. Based on these data, for the Kandis Sejahtera Palm Oil Cooperative, the total number of Farmers who have participated in the POR program and received POPFMA grant funds is 138 Farmers with a percentage of 74% (an increase from the previous 24%) with a total land area of 297.4786. The total amount of POPFMA grant funds received by the Cooperative is IDR. 7,284,855,000.

The great interest of Farmers to participate in the POR program and receive POPFMA grant funds is because Farmers have realized that the POR program is a solution to increase plantation productivity and the welfare of oil palm Farmers, intended to increase the productivity of Farmers' plantations because currently the trees are old so that their productivity is relatively low, this low productivity is correlated with the low income of smallholder oil palm Farmers. Thus, their level of welfare is still relatively low. That is why it is necessary to increase productivity so that the welfare of Farmers also increases. With the regulation of the POPFMA Main Director Regulation Number: KEP-167 / DPKS / 2020, which further regulates the increase in the amount of rejuvenation funds to 30 million / Ha, it affects Farmers' interest in participating in the POR program, and funds for the development of oil palm plantations are getting bigger.

In addition, the existence of a strategic partnership pattern can also encourage farmers to participate in the POR program and get POPFMA grant funds. Partnerships are expected to be a strategic solution to strengthen plantation businesses, both in maintaining the sustainability of the supply chain and the welfare of plantation business actors, including farmers. Partnerships are important elements in the industry because they are related to aspects of business competition and the sustainability of the industry in the future. The partnership is also realized through the Directorate General (Ditjen) of Plantations, which continues to encourage the strengthening of farmer empowerment. Partnerships are also expected to improve farmers' quality of fresh fruit bunches (FFB) according to palm oil industry standards, good agricultural practices, and

sustainable farming/gardening business patterns, to maximize upstream to downstream strengthening. After the POR program was running, many farmers were still not interested in participating in the POR program and receiving grant funds from POPFMA. Farmers refused to have their land felled (replanted) because the results of oil palm fruit, commonly called TBS (Fresh Fruit Bunches), are still used for daily needs. The land is the only asset owned by farmers, so farmers are worried that if their land is replanted, they will have difficulty meeting their living needs during the TBM (the period before the oil palm fruit is produced). The TBM period for oil palm plants usually lasts for 3-4 years from the planting period. In this phase, oil palm plants have not produced fresh fruit bunches (TBS) ready to be harvested.

According to Aulifa (2019), palm oil producers are serious about maintaining their palm oil plantations, but there are difficulties related to the cost of oil palm rehabilitation, which requires significant capital. This cost constraint is an obstacle for some palm oil producers, resulting in the rejection of replanting. The rehabilitation costs in question are the costs of maintaining oil palm plantations after the planting stage, such as the fertilization stage. Because not all farmers have more than one plantation, sufficient savings, or other jobs, they find it difficult. Therefore, to accelerate and ensure the success of the community oil palm rejuvenation program, the government must collaborate with local stakeholders and community organizations, such as cooperatives, farmer groups, and other organizations. In addition, the participation of companies as partners is one of the things needed by farmer groups or target groups. Based on existing facts, the funds obtained by farmer groups for each hectare of land they have are considered insufficient, so this can be an obstacle to the acceleration of the community oil palm rejuvenation program. Some farmers have not received POPFMA grant funds because they have not met the requirements for submitting POPFMA grant funds set by the government, such as land legality, including Scans of documents showing land legality, such as SHM, SKT, Sporadik, Girik, or other valid documents. Suppose the name on the land certificate is different. In that case, it is necessary to attach an additional statement letter, coordinate map, Coordinate map showing the exact location of the oil palm land, farmer profile, Scan of Original Electronic KTP, Scan of Original Latest KK, Scan of Original Planter Power of Attorney, Scan of Original Savings Book, STDB Settlement Letter, statement letter, Statement of No Dispute, Statement of Plant Age/Productivity/Originated from Illegal Seeds, STDB Settlement Statement Letter.

## V. Conclusion

The increase in POPFMA grant funds that the government provides affects Farmers' participation in strategic partnership patterns with Companies. The more POPFMA grant funds increase, the more farmers' interest in joining the POR program, partnering with companies, and getting POPFMA grant funds increases. The increase in funds has a positive effect on most Farmers who want to replant to meet the financing of oil palm plantation development, and by participating in the POR program, they can increase plantation productivity and the welfare of oil palm Farmers. Besides that, POPFMA is expected to continue to increase the Grant funds provided to Oil Palm Farmers to help accelerate the community oil palm rejuvenation program (POR), which aims to increase oil palm productivity without increasing land area. This program helps smallholders renew their oil palm plantations by using more sustainable and quality seeds. It is hoped that the government will always provide education and socialization about the importance of this POR program to Farmers, one of the National Strategic Programs aimed at increasing the productivity of oil palm plantations. The POR program helps farmers renew their oil palm plantations using more sustainable and quality oil palm seeds. It is also hoped that POPFMA can continue to tighten supervision of the use of POPFMA grant funds according to their designation.

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**Appendix 1. POPFMA Grant Fund Submission Data, Source: Smart POR website**

No	Company	Cooperative	Stage	Disbursement Year	POPFMA Fund Nominal (In Rupiah)	Overall Farmer	POPFMA Recipient Farmers	Percentage	Ha	Amount of POPFMA Funds (In Rupiah)
1	PT. Buana Wiralestari Mas	Berkat Ridho Palm Oil Farmers' Cooperative	Stage 1	2019	25.000.000	350	152	43%	237,8004	5.945.010.000
			Stage 2	2022	30.000.000		25	8%	56,7441	1.702.323.000
			Stage 3	-	-		-	-	-	-
<b>Total</b>						<b>177</b>	<b>51%</b>	<b>294,5445</b>	<b>7.647.333.000</b>	
2	PT. Ramajaya Pramukti	Makmur Lestari Stage Cooperative	Stage 1	2019	25.000.000	388	127	33%	286,0000	7.150.000.000
			Stage 2	2019	25.000.000		193	49%	472,0000	11.800.000.000
			Stage 3	-	-		-	-	-	-
<b>Total</b>						<b>320</b>	<b>82%</b>	<b>758,0000</b>	<b>18.950.000.000</b>	
3	PT. Ramajaya Pramukti	Koperasi Produsen Rama Sawit Sejahtera	Stage 1	2020	30.000.000	140	52	37%	124,1472	3.724.416.000
			Stage 2	2022	30.000.000		36	26%	64,5311	1.935.933.000
			Stage 3	-	-		-	-	-	-
<b>Total</b>						<b>88</b>	<b>63%</b>	<b>188,6783</b>	<b>5.660.349.000</b>	
4	PT. Ivo Mas Tunggal	Kandis Sejahtera Palm Oil Cooperative	Stage 1	2020	25.000.000	187	44	24%	86,8182	2.170.455.000
			Stage 2	2022	30.000.000		50	26%	104,9300	3.147.900.000
			Stage 3	2023	30.000.000		44	24%	105,7304	1.966.500.000
<b>Total</b>						<b>138</b>	<b>74%</b>	<b>297,4786</b>	<b>7.284.855.000</b>	