

# **AGRARIAN REFORM AND RURAL DEVELOPMENT IN INDONESIA**

## ***COUNTRY REPORT\*\****

### **I. THE BACKGROUND**

#### **1.1. Indonesian discretion to the Coordination of International Conference on Agrarian Reform and Rural development (ICCARD) 2006**

The World Conference on Agrarian Reform and Rural Development conducted in Rome, Italy, in July 1979, attended by The Republic of Indonesia Commission led by The Minister of Agriculture. The conference brought about significant declarations imply that: (1) Most of efforts to development especially to developing countries, have not completely brought comprehensive success to aspirations and the fundamental desires of the community in the compliance of human dignity and the social equality as well as solidarity, (2) Belief in agrarian reform as the key component to rural development through access to land, water and natural resources more adequately; better division of political and economy authority, improvement to more productive field of work, more participation and integrity of the village community within production and distribution system, food productivity and food security for all community category and mobilization of local resources; (3) Agrarian reform of national level should get support and commitment from international association based on independent, national sovereignty, self – resilient and non-intervention principles. The above-mentioned declaration known later as “FARMERS CHARTER”.

The coordination of International Conference on Agrarian Reform and Rural Development (ICARRD) in Porto Alegre, Brazil, on March 6-10, 2006 is meant to strengthen the commitment on the importance of agrarian reform and village development to poverty alleviation as well as sustainable food security through improving access of farmers towards agrarian resources following the last WCARRD in Rome 26 years ago. Thus this meeting is very crucial forum to

Indonesia and the world. Considering those matters the Government of Indonesia states its viewpoint to the coordination of ICCARD 2006 as follows:

1. ICARRD place a very strategic value in the efforts to sharing experience and lesson – learnt from other countries regarding the best practice in agrarian reform.
2. In ICARRD the Government of Indonesia states its commitment to execute agrarian reform and village development as the way-out to poverty alleviation and existing social uneven-handedness
3. The attendance of Commission from the Republic of Indonesia in ICARRD coordination is an appropriate event to build strategic association among countries determining to execute agrarian reform and village development sides with rural community.

## **1.2. General description of Indonesia**

Indonesia is an archipelago with more or less 17.504 big and small islands spread along Sumatera, Java, Kalimantan/Borneo, Nusa Tenggara, Sulawesi, Mollucas and Papua. The Indonesian territory is divided in 33 provinces with 241.973.879 inhabitants in 2005. Based on exclusive economy-zone, Indonesia covers a territorial of 800 millions hectares, the biggest part of it, about 76% hectares is territorial waters and the rest of it is land terrestrial. About 120,2 million hectares of the territorial land is in form of jungle and the rest of the land with coverage of 70.8 million hectares (37%) terrestrially utilized for various farm cultivations such as paddy- field, rain-fed agriculture, estate; and non-farm cultivation such as mining industry, plantation, bush, and savanna.

## **1.3. Fundamental Philosophy of Agrarian Reform and Village Development in Indonesia.**

For Indonesian People, land is a gift from the one God, so the relation of the people of Indonesia and the land is an eternal relationship in which welfare, prosperity, justness, sustainability and harmony of life are settled.

That basic relation is guaranteed and protected in Indonesian Constitutions of 1945, as stated in Article 27 Line (2): All citizens have the right to employment

and adequate living for human; Article 28 H line (4): All citizens have the right to personal property and that right could not arbitrarily taken by others; Article 33 stating that (1) *Economic matters is structured as common corporation based on family atmosphere* (2) *Production sectors important to the country, and cover peoples' livings is authorized by the state.* (3) *Earth, water and natural resources therein authorized by the state and mostly utilized for people's prosperity.*

The basic relation to welfare and social evenhandedness for Indonesian people urged the Country/State, as the organization of authority of the Indonesian citizens to set arrangement for it. Specifically Article 33 Line (3) of Constitution of 1945 brought about the basic authority as stated in the National Law of Land. Law No. 5 of 1960 about Agrarian Main Ordinance (UUPA) in Article 2 Line (2) that a Country has the right to:

1. Arrange and administer the allotment, utilization, provisions and maintenance of earth, water and space;
2. Determine and arrange law relations among people and earth, water and space;
3. Determine and arrange law relations among people and law actions concerning earth, water, and space.

The right is included in many policies and legislation of land matters. The commencement of the rights should refer to the four(4) principles namely: *Firstly*, land matters give real contribution to improve peoples' welfare; essentially land matters contribute to the new resources to prosperity of Indonesia; *secondly*, land matters contribute and give real function to create evenhanded common living structures, especially in relation with land authority and ownership; *Thirdly*, land matters give real contribution to guarantee the living sustainability of nation, state and community. *Fourthly*, land matters give contribution to create the living structure of community, state and nation to minimize issues, problems, conflict and disputes of land matters of the community and Indonesian Country

Besides that, the implementation of authority should refer to some principles such as: the close relation of unity between Indonesian people and their father land, their being Indonesian born from the unification of father land and

Indonesian people themselves with the considerations of communal law which is not opposed to National interests. Other than that, the private interest must be in conformed to the public interest, considering principles to environmental conservation and sustainable development; considering the land availability, protection to lower - economy level community, gender perspective and obligation to land cultivation.

The national development nowadays aimed at setting up employment and poverty alleviation, which are the strong foundation to improve community welfare for social evenhandedness. The principles of evenhandedness in the community developed through process of fundamental right fulfillment as guaranteed in the Constitution. Almost all of the fundamental rights directly and indirectly related to land and land matters.

The policy on agrarian reform is an effort to reorganize the relation between community and the land. In other words, rearranging the authority, ownership and evenhandedness land use. The fundamental rights of community fulfilled by opening larger access to land for community as the resources of welfare.

It is understandable that the agrarian reform is a vast and cross sectors work. Its implementation needs supports of strong law basis in order to unify the deeds of all constituents in actuating the agrarian reform aimed, at least starts from the government sector that needs understanding and deeds from related sectors. Coordination of stakeholders including Non-Governmental Organization is crucial to the success of agrarian reform program.

## **II. GENERAL DESCRIPTION OF AGRARIAN ISSUES**

Since the Indonesian independence, we have realized that there have been many issues on land matters inherited from the colonialism. The outstanding issues are:

*First:* the imbalance of authority, ownership, land use and land utilization, while there is increasing need of land due to the rapid population growth; *Second:* the dualism in law: the traditional law and international/western law. *Thirdly:* the uncertainty on protection to land right of the most of the community. The second

issue is under control following the commencement of UUPA (Agrarian Main Ordinance), but not with the first and third which have been continuing up to now.

The existence of agrarian issues, mainly caused by the increasing needs of land, as the result of rapid increase of the population growth and the economic activities while the number of land and the potency of it is very limited. This situation has brought to land authority competitiveness, the land ownership, land - use and land utilization that end to definite conflicts of interest.

### **2.1. Imbalance structures of land authority and land ownership**

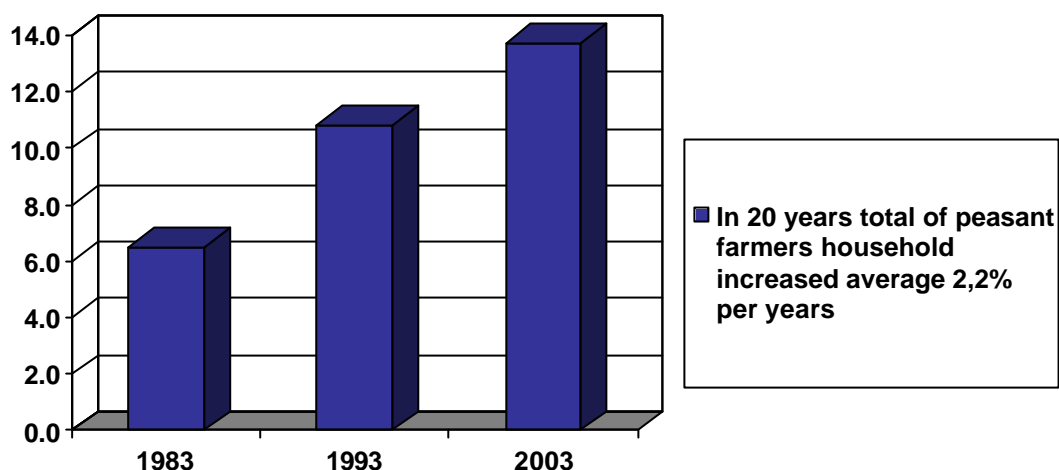
Village community usually generates income through agricultural activities wherein access to land and ability to mobilize the family members to work on the land are essential to their family lives. The limited land to cultivate has resulted into increasing numbers of peasant farmers or landless farmers in villages. The condition might be worse since most of them are not formally authorize the land as their own land, even if so, the protection to the rights to land is not strong enough. This also gives bad impact to the low access of the farmers to capital especially access to credit from banks.

In 1983 the percentage of agricultural practices of peasant farmers (less than 0,5 hectares) in land authority group achieved 40.8 percent from the total of agricultural practices. The proportion increased to 48.5 % within 10 years.(1993). The increased percentage was worse with the decrease of average number of land authority of the farmers, from 0.26 hectares to 0,17 hectares. The figure depicted in Table-1 .

Following to that above condition, the result of Agriculture Census of 2003 indicated the more difficult position of the Indonesian farmers, which stated that the peasant farmers increased to 56.5%. The farmer households increased from 20.8 millions in 1993 to 25.4 millions in 2003. From that total number, 54.4% of the households are in Java island and 45.1% are out of Java island. The former census showed 56.1% of farmer households lived in Java and 43.9% out of Java. During that period the percentage of peasant farmers increased more rapidly than of out of Java. In 1993 the percentage of peasant farmers households in Java was around 69.8%, while in 2003 increased up to 74.9%. In out of Java

island in 1993 the percentage of peasant farmer households was 30.6% while in 2003 increased to 33.9% (depicted in Figure-1).

**FIGURE 1**



**Table-1. Agricultural rural practices distribution in Indonesia (1983-1993)**

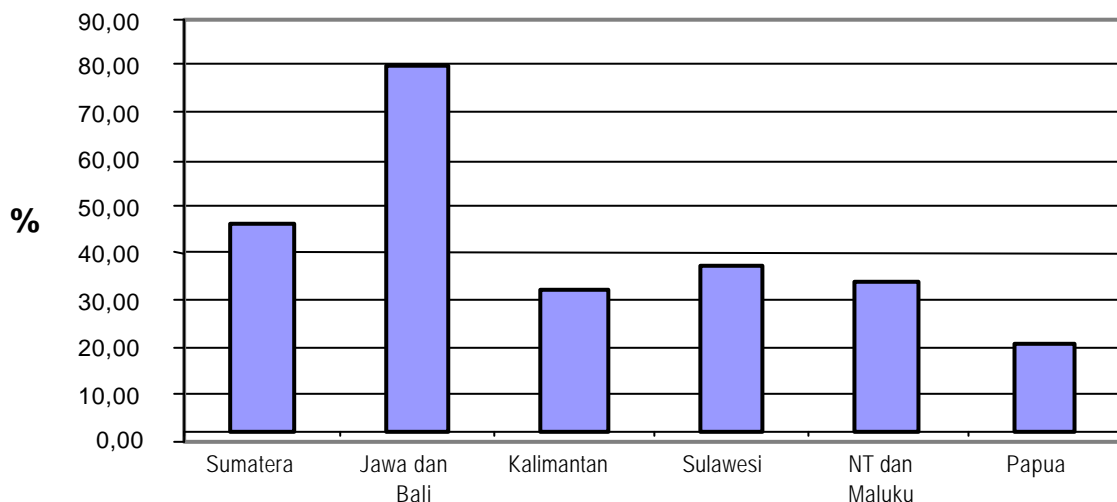
No.	Group of width agricultural practices (ha)	Agricultural distribution			
		1983		1993	
		% agricultural practices	Average width (ha)	% agricultural practices	Average width (ha)
1.	< 0,5	40,8	0,26	48,5	0,17
2.	0,5 – 1,99	44,9	0,94	39,6	0,90
3.	2,0 – 4,99	11,9	2,72	10,6	3,23
4.	> 5	2,4	8,11	1,3	11,9
➤	Total agricultural practices (juta)	15,9		17,9	
➤	Total areas (juta ha)	16,7		15,4	
➤	Average width of agricultural practices (ha)	1,05		0,74	

From the point of view of distribution among islands there is also imbalance in land use and land utilization. Nationally the land use distribution has no consequential problem at all. From the point of view of geographic land distribution, we could see the imbalance of land use between Java and Bali and other areas. The land use in Java-Bali areas is more intensive compared to other areas. This caused from the un-spread population distribution correlated to the level of land fertility.

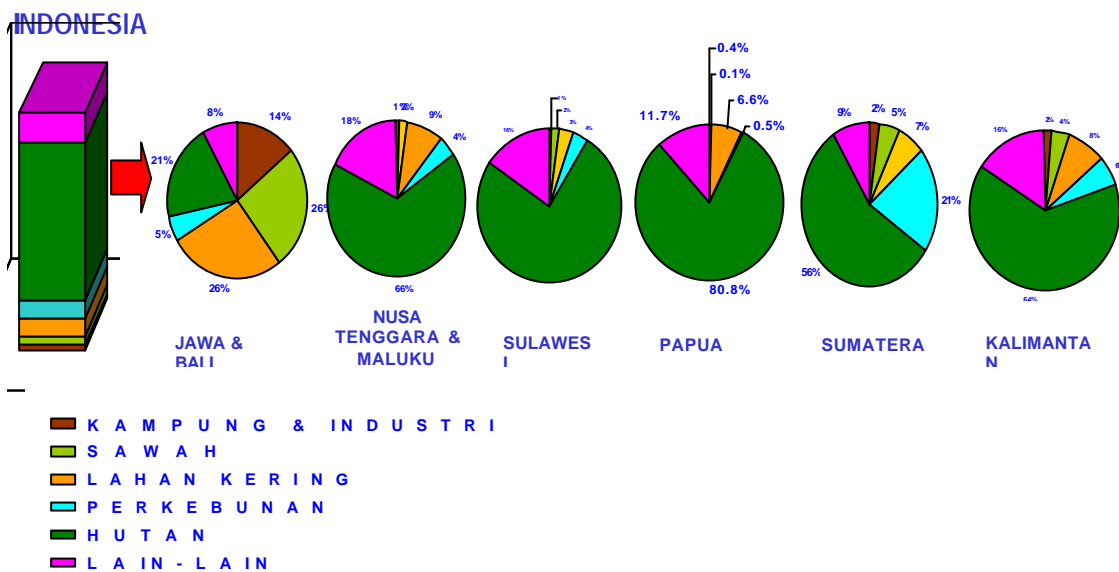
The fertile areas enable better living to the surrounding inhabitant that lead neighboring residence to move in, this resulting in the increasing number of the inhabitants of the areas. Automatically the condition will lead to more centralized inhabitants or un-spread population distribution of the whole areas in Indonesia. (Figure-3 and 4).

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Picture - 3. Intensity of land use of of each island of 2002



Picture-4. Composition of types of land use area – based

Geographically with no respect to irrigation system, the land use for paddy field in majority situated in Java and Bali (43.9%). The rest spread over Sumatera (29.8%), Kalimantan (12.8%), Sulawesi (9.2%), Nusa Tenggara and Maluku (4%) and a small amount in Papua. It is obviously seen that there is imbalance of paddy-field among areas. (Table-2) Whilst Table-3 depicts the Indonesian Plantation sectors located in Sumatera covering around 67.6% from the total of plantation areas in Indonesia. For more vast plantation and bigger scale of ponds, the spread areas presented in Table-4.

Tabel-2. Paddy field use based on areas of irrigation system

NO.	AREAS	Technical irrigation paddy field		Non-irrigation field		Total dimension of field	
		Width (Ha)	%	Width (Ha)	%	Width Paddy field (Ha)	%
1.	Sumatera	997,060	23.74	1,332,040	36.84	2,329,224	29.80
2.	Jawa and Bali	2,442,100	58.14	988,440	27.34	3,430,698	43.89
3.	NTB and Maluku	154,920	3.69	155,120	4.29	310,144	3.97
4.	Kalimantan	228,850	5.45	772,890	21.38	1,001,845	12.82
5.	Sulawesi	373,500	8.89	346,630	9.59	720,239	9.21
6.	Papua	4,240	0.10	20,640	0.57	24,980	0.32
	<b>Indonesia</b>	<b>4,200,670</b>	<b>100.00</b>	<b>3,615,760</b>	<b>100.00</b>	<b>7,816,130</b>	<b>100.00</b>

Table-3 . Plantation coverage by Areas to 2004

NO.	AREAS	Coverage of estate width	
		(HA)	%
1	Sumatera	11.276.929	67,51
2	Jawa and Bali	682.978	4,09
3	Kalimantan	2.590.584	15,51
4	Sulawesi	1.340.262	8,02
5	Nusa Tenggara and Maluku	605.015	3,62
6	Papua	208.303	1,25
	<b>TOTAL</b>	<b>16.703.771</b>	<b>100,00</b>

Table 4. Estate and Ponds in Big Scale by area of 2006

NO.	AREAS	Coverage of Land Operational Right	
		(Ha)	%
1	Sumatera	3.528.881,69	53.60
2	Jawa Dan Bali	2.141,80	22.44
3	Kalimantan	1.101.256,64	16.72
4	Sulawesi	326.372,59	4.96
5	Nusa Tenggara and Maluku	103.489,08	1.57
6	Papua	46.776,88	0.71
	<b>TOTAL</b>	<b>6.584.035,30</b>	<b>100.00</b>

## 2.2 The Shift of Agricultural Land Function to Non Agricultural Land Function

As an agrarist country the agricultural sector has significantly contributed to growth of economy in Indonesia. During its economy crisis a few years ago, the superior agricultural sector oriented to export proved to be tough to deal with the crisis impact. Although the role has been proved to be tough in economic development, the sustainability of the agricultural practices should necessarily get attention, this is mainly due to the big threats to the availability of land for

agricultural activity caused by the rapid conversion of agricultural land to non-agricultural ones.

In the mean time the agricultural land covers only about 40.5 million hectares comprises of paddy field (4.5%), rainfed agriculture (8%) and plantation of (8.7%). The areas is shrinking due to the other land use conversion. The rapid agricultural land conversion to non-agricultural could give impact to other living aspects, among others are:

- (a) Decreasing food productivity leading to food insecurity ;
- (b) Diminishing the livelihood resulting in unemployment that leads to social issues;
- (c) Diminishing high cost investment of agricultural infrastructure( such as irrigation).

Some factors leading to rapid agricultural land conversion to non-agricultural land use are:

- (a) Population Factor: the rapid increase of population number results in land demands for housing, industrial services and other public services Besides that the improved living standard plays important role in additional land demand for more intense activity of the community.
- (b) The demands of land for non agricultural activity among others are the development of real estate, industrial estate, trading areas and other services need large areas of land, and some parts of it taken from agricultural land including paddy field.
- (c) The economic factor, that is the high level of profit of land rent taken from non-agricultural sector and the low land rent of the agricultural land. Low incentive of agricultural practices due to the high production cost, while the agricultural products is relatively low and fluctuating. Other that that, other basic needs of household is more frequently put the households in no other choice than selling some parts of their agricultural land.
- (d) Cultural-Social factor such as the existing rule of legacy that caused in fragmented agricultural land and the result do not fulfill the scale of advantageous income generating activities.

- (e) Environment degradation such as long dry season that results in water shortages for land irrigation especially paddy field; the excessive use of fertilizer and pesticides which gives impact to the increasing of certain pest infection caused by the diminishing of natural predator of related pest and the polluted irrigation water; the environmental damage of paddy field areas will cause sea-water intrusion to land areas which is potential to paddy field toxification.
- (f) Local development which prioritizing the development of short - term profit promising sector in order to improve local income and ignoring the long term importance and thorough national importance.
- (g) The weaknesses of law enforcement existing regulations.

An observation conducted from 1994-1999 depicts the conversion of kinds of agricultural land use of paddy field, rainfed agriculture and settlement land is approximately 108 hectares, wherein 57.000 hectares or more than 56% of the land use conversion taken from paddy field lands.(Table 5)

**Tabel-5. LAND USE AGRICULTURE CONVERSION TO NON AGRICULTURE FROM 1994 - 1999 IN INDONESIA**

Type of Conversion Land used	1994-1995 (Ha)	1995-1996 (Ha)	1996-1997 (Ha)	1997-1998 (Ha)	1998-1999 (Ha)	Total (Ha)
Paddy field to						
a. residence	10645	1175	3537	888	1837	18082
b. Industry	782	16054	22596	72	131	39635
<b>Total</b>	<b>11427</b>	<b>17229</b>	<b>26133</b>	<b>960</b>	<b>1968</b>	<b>57717</b>
Rainfed agriculture to						
a. residence	2471	5695	2912	1065	616	12759
b. Industry	252	410	460	42	510	1674
<b>Total</b>	<b>2723</b>	<b>6105</b>	<b>3372</b>	<b>1107</b>	<b>1126</b>	<b>14433</b>
Mixed Cropping Garden to						
a. residence	7349	6161	2803	163	2663	19139
b. Industry	176	717	364	74	354	1685
<b>Total</b>	<b>7525</b>	<b>6878</b>	<b>3167</b>	<b>237</b>	<b>3017</b>	<b>20824</b>
Estate crops to						
a. residence	165	447	1232	6842	84	8770
b. Industry	1332	52	293	52	3	1732
<b>Total</b>	<b>1497</b>	<b>499</b>	<b>1525</b>	<b>6894</b>	<b>87</b>	<b>10502</b>
Total conversion agriculture land to						
a. residence	20630	13478	10484	8958	10316	63866
b. Industry	2542	17233	23713	240	998	44726
<b>Total</b>	<b>23172</b>	<b>30711</b>	<b>34197</b>	<b>9198</b>	<b>11314</b>	<b>108592</b>

## 2.3 Agrarian Conflict

The agrarian conflict or dispute in this report is a conflict of a piece of land and any growing things and any things included therein claimed by certain party to the other party. In many cases this begins with the permits issuance and right to land use of certain piece of land for big enterprise or development projects proposed by the government.

It has generally been understood that land conflicts that initially simple, in timely be the most complicated conflict due to uncompleted undertaken. In the mean time agrarian conflict happens everywhere and needs sound resolution in juridical and political ways. Agrarian conflicts could be identified as latent problems, meaning that although an agrarian conflict has been undertaken and assumed to have been be resolved, similar problem or case could arise unexpectedly the other day.

In order to ease and to efficiently undertake the agrarian conflicts, in general I agrarian conflicts are grouped in 8 big classifications, they are:

- 1). Estate Land Conflict caused by:
  - Unaccomplished compensation process;
  - Inherited land of the people taken over for plantation;
  - The width of the land in field is larger that it is stated in the certificate of Rights to Building Use (HGU);
  - The estate land is a district land inherited from a sultanate or the certain communal;
  - The estate land which is not well cultivated, under scoring of appraisal to be in the Fourth (IV) or Fifth (V) class.
- 2). Conflicts to proposal of right to land located in forest areas and the agrarian conflict between community and public corporation of Indonesian Forestry.
- 3). Agrarian Conflict of registration to land rights related to the overlapping rights or conflict to land territorial border.

- 4). Agrarian Conflict related to land occupation and/or compensation demand of community whose land is exempted for developer to real estate, industrial estate, office buildings and tourism areas.
- 5). Agrarian Conflicts related to claims of sultanate land which is difficult to determine the existence rights to the land.
- 6). Agrarian conflicts related to exchanging the “*bengkok*” land for use of village employees as a replacement of salary.
- 7). Other agrarian conflicts such as conflicts of abandoned land and vacant land.

The highest intensity of the conflict is the conflict of plantation estate (344 cases). Following to that is conflict existing resulted from public policy with relevant to public services development and city facility of 243 cases, housing/real estate development and open new city of 232 cases, development of productive forest areas of 141 cases, development of industrial estate and factories of 115 cases, check dam construction and irrigation of 77 cases development of tourism facilities (hotels and resorts) of 73 cases, development of large scale Mining industry of 59 cases and development of Military facility of 47 cases.

**Table-6. Total Agrarian cases based on land allotment**

No	Types of conflicts	Total	%
1	Plantation	344	19,6
2	Public facility/city facility	243	13,9
3	Housing complex/new city	232	13,2
4	Forestry Production	141	8,0
5	Industrial estate	115	6,6
6	Check dam/irrigation	77	4,4
7	Tourism/hotel/Resort	73	4,2
8	Mining	59	3,4
9	Military facility	47	2,7
10	Forest conservation	44	2,5
11	Ponds	36	2,1
12	Government Facility	33	1,9
13	Transmigration	20	1,1
14	Transmigrasi	11	0,6
15	Others	278	15,9
	<b>Total conflicts</b>	<b>1.753</b>	<b>100</b>

### **III. POLICY TO AGRARIAN REFORM AND ITS IMPLEMENTATION**

#### **3.1. The Implementation of Agrarian Reform**

Agrarian reform is a policy to open access to land of the community as the resource of welfare. As we all comprehend that agrarian reform is not something new. The agrarian reform in Indonesia experienced a rise and fall as times go by. Following the national independence the government has been carrying out agrarian reforms began with the elimination of free-from tax payment villages (1946) and private lands (1958).

In 1960 the agrarian reform was carried out simultaneously, through out Indonesia. Starting with the issuance of Law No. 5 of 1960 on the Profit Sharing Agreement, this law aimed at setting up a fair profit sharing between land - owner and the peasant. Besides that the law gives protection to peasant with rights and obligation determination of land owner and the peasant.

Following to the previous law, Law No. 5 of 1960 issued concerning the Fundamental Regulations in the Main Ordinance as the first constitution set up by the government of the Republic of Indonesia for the replacement to colonial constitution known more as Agrarian Main Ordinance (UUPA). The Agrarian Main Ordinance is the constitution of agrarian reform. Agrarian Main Ordinance besides consisting the formulations of agrarian law reorganization to the new agrarian law also consisting of principals on agrarian reform in Indonesia as stated in Article 6,7,10,11,13,and 17 of Agrarian Main Ordinance.

Article 6 states that land employs a social function, Article 7,10 and 17 place a law fundament to restructure the imbalance land authority and land ownership, in the way of setting up the limited width of land ownership or authorized by individual person or families; and it is a compulsory for land owner to – basically – self sufficiently managing their land actively.

Article 11 gives protection to lower economy level people. Article 12 and 13 gives the foundation to the government to coordinate the land base business in order to improve the production and peoples welfares, give guarantee to each Indonesian citizen a standard of living in line with human dignity individually or for the family. Article 14 places a fundamental regulation to land utilization.

The first step of the Agrarian reform in Indonesia actuated in a number of programs including:

1. Agrarian law reform;
2. Exemption of foreign rights and colonial concessions on land;
3. Seizing feudalism exploitation;
4. Re-arrangement of the land ownership and land authority and other matters related to regulations to land authority;
5. Planning, provisions, intention and utilization of earth, water and resources including in it, in a good plan to conform to one's ability and capability.

In order to implement the agrarian reform the government issued Law No. 56 of 1960 regarding Decree on Agricultural land Ownership that regulates (a). the determination of maximum width of agricultural land authority and land ownership, (b). determination of minimum width of agricultural land authority and land ownership, (c). Prohibition to any actions resulting land small splitting of land ownership, and (d). redeem and I return pledging lands. The implementation of this Law the government issued Government Regulation No. 224 of 1961 on the Land Distribution Conduct and Compensation as well as other ordinance.

In its implementation the fourth program renowned as land reform covering:

1. Prohibition to excessive agricultural land;
2. Prohibition to absentee land ownership;
3. Redistribution to land of maximum limit, lands assumed to be absentee and lands used of self territory of jurisdiction and other state lands;
4. Regulation on redemption and returning the pledged land ;
5. Reorganizing the agreement on agricultural profit sharing, and
6. The determination on maximum limit to agricultural land ownership with the prohibition to commit any actions resulting the agricultural land splitting .

**Land reform aimed at:**

- (1) Social - economic: a) .improving social economic condition of the people by strengthening rights to ownership and put content of a social function to the rights to ownership, b).improving national product especially agricultural product to increase income and standard of living;
- (2) Social – politics: a). eliminating of land-lord and exemption to vast land ownership, b).address evenhanded distribution on living resources to farmers in the form of land in order to get justness on product sharing
- (3) Mental-psychological: a) improving working spirits for peasant farmers by giving assurance to rights to land ownership, b). Improving working relation between the land owner and the peasant

It is very obvious that the objective of the land reform in Indonesia is mainly to improve income and living standard of the farmers as the fundamental or prerequisite to conduct economic development entering justness and prosperous community.

One of the most significant action to Land Reform Program is redistribution to land (re-distributive land reform) as the provision to rights to land ownership on lands to farmers who fulfill the requirements. Therefore land re – distribution is an instrument to overcome imbalance of land authority and land ownership that will end to poverty alleviation- not only distribute land but simultaneously followed with other activities, such as facilitation to land reform farmers to increase production by giving working capital, seeds, fertilizer, agricultural technology and product market, overall as the cross-sector coordination.

The first, second and the third out of the five programs considered to be successful, yet the fourth and the fifth- especially the fourth on the land reform said to be failed. The low political support, law enforcement, financial unavailability, inaccurate data of information and unclear conduct of constitution and inadequate implementing organization and human resource give additional

backwards to agrarian reform not as expected and leaves a lot of work and issues.

Furthermore, the change in politics constellation in Indonesia after of 1965 year caused the dim on land reform as well agrarian reform. Not diminishing but, moving. The land to distribute to the peasant/landless farmers formerly addressed to be land impacted to land reform program, excessive land taken from maximum limits and absentee land, shifting to state-authorized land.

Agrarian reform face some constraints in the implementation, therefore the program of land distribution kept actuating following 1965. The land distribution program not done systematically, comprehensively, and aside from the coordination and synergy inter sector. The land distribution program of land reform object has distributed approximately, 1.159.527.273 hectares, to 1.510.762 households.

Table-7. Total land reform object redistributed (covering all land category – land of land reform object )

No	Provinces	Total Redist.1961 s/d 2005 (Ha)	Total accpetance Redist 1961 s/d 2005 (KK)	Average width recieved by the community (Ha)
1.	Sumatera	255.392,620	<u>270.808</u>	0,943
2.	Jawa Dan Bali	546.848,774	<u>905.398</u>	0,604
3.	Kalimantan	104.030,962	<u>77.911</u>	1,335
4.	Sulawesi	172.561,917	<u>185.688</u>	0,929
5.	Nusa Tenggara Dan Maluku	77.833,000	<u>68.840</u>	1,131
6.	Papua	2.860,000	<u>2.117</u>	1,351
	<b>Total</b>	<b>1.159.527,273</b>	<b><u>1.510.762</u></b>	<b>0,768</b>

The compensation the government paid to the past land owner (1967-2005) amounted 58.092.036.316 to excessive land and absentee land covers 121.483.3947 hectares (Table-8).

Tabel-8. Compensation payment realization to land superflous from maximum limit and Absentee from year 1967-2005

No.	Province	Total ex owners	Width (Ha)	Total compensation (Rp)
1	Sumatera	770	26.362,3465	7.365.395.058
2	Jawa & Bali	29.331	70.160,3631	37.333.171.283
3	Kalimantan	5	868,1355	349.639.040
4	Sulawesi	1.230	20.944,3955	11.387.811.696
5	Nusa Tenggara & Maluku	250	3.148,1541	1.656.019.239
6	Papua			
<b>Total</b>		<b>31.586</b>	<b>121.483,3947</b>	<b>58.092.036.316</b>

The above condition initiated revitalizing to agrarian reform. This initiative actuated in the issuance of Indonesian Peoples' Advisory Assembly Decree Nr.: IX/MPR/2001 on Agrarian Reform and natural Resources management, to give basis and aims to evenhanded, sustainable and environmental-friendly agrarian reform and ensuring institutional strengthening to implement the program.

**The aims of policy on agrarian reform are:**

- a. Carrying - out research and study to various decree/regulations relevant with agrarian in the frame work of policy synchronization among sectors in order to the existence of constitution based on the principles stated in Article 4 of the constitution.
- b. Rearranging the land reform regarding evenhandedness on land authority, land use, land utilization, land ownership with consideration to land ownership for peoples.
- c. Conducting land records through land registration and inventory on land authority, land use, land utilization, land ownership systematically and comprehensively, in the frame- work of land reform.
- d. Giving solution to existing conflicts related to agrarian resources and anticipates conflict potency in the future to guarantee law enforcement base on the principles included in Article 4 of the constitution.
- e. Strengthening the institution and the authority in undertaking agrarian reform and give solution to conflict related to agrarian resources
- f. Taking efforts to financial and agrarian reform implementation program and solutions to existing agrarian conflicts

Following to the aims the government has issued Presidential Decree No. 34 of 2003 on the National Policy on Land Matters to set concepts, policy and comprehensive and integrated national land system in the frame-work of Unitary State of the Republic of Indonesia.

### 3.2. The Development of Agriculture and Village.

The development of agriculture and village in Indonesia aimed at improving community welfare and decreasing the number of poor households. The main problem to cope is the splitting of development into various sectors. In many cases, the development in land exploitation overlapping with other claims and interests. This resulted in uncompleted village development. The prevalence to poverty in villages becomes general phenomena found in many areas in Indonesia.

In 2002, the number of poor community was about 38.4 millions (18.2%), wherein the percentage of poor community in villages places 21.1%.higher than that of cities' reaching to 14.4% (depicted in Table 10). The poor communities in villages usually are farmers, work in agricultural sector. The high level of the poor community could not be separated from the structural problems related to community and land. The unorganized relations between community and land leads to poverty for the biggest part of Indonesian people, unjustness and continuing conflicts even structural conflicts.

Table-9. Development of Poor Community 1978 – 2002 (million people)

Year	Percentage of poor community			Total poor community			
	City	Village	City and Village	City	Village	Total	
						Village+city	Agriculture
1996	9,7	12,3	11,3	7,2	15,3	22,5	
1996 <sup>1).3)</sup>	13,6	19,9	17,7	9,6	24,9	34,5	
1998 <sup>1).2)</sup>	21,9	25,7	24,2	17,6	31,9	49,5	
1999 <sup>1).3)</sup>	19,5	26,1	23,5	15,7	32,7	48,4	26,0
2000 <sup>1).4)</sup>	14,60	22,38	19,14	12,3	26,4	38,7	20,1
2001 <sup>1)</sup>	9,79	24,84	18,41	8,6	29,3	37,9	23,4
2002 <sup>1)</sup>	14,46	21,10	18,20	13,3	25,1	38,4	20,6

**1)Based on poverty standard of 1998**

**2)Susenias, December 1998**

3) *Susenas regular February. Without East Timor*

4) *Susenas 2000, without NAD dan Maluku*

Other issue related to village development is the low agricultural productivity compared to other sectors. Seen from the Domestic Product Gross (Product Domestic Bruto) per manpower, based on constant price in 1993, the income of agriculture labor was around 0.23-0.26 compared to income of non-agricultural labor. Not only has this related to the low access of the farmers to various capital resources but also a reflection to the low average of land authorized by farmers. (See Table-10).

Table-10. Income level of abricultural labor and non agriculture 1993– 2003 (Rp/year constant price 1993)

Period/year	Agriculture	Non Agriculture	Ratio Agriculture and/Non Agriculture
1993-1997	1.656.886	7.054.242	0,23
1998-1999	1.653.568	6.356.905	0,26
2000-2003	1.673.812	6.955.986	0,24
2000	1.627.685	6.708.731	0,24
2001	1.682.225	6.753.018	0,25
2002	1.690.718	7.021.665	0,24
2003	1.694.619	7.340.531	0,23

The development in agricultural sector focused more in fulfilling the national demand for food and in some cases this effort has not been in compliance to improve farmers income. The development in agricultural product, mainly rice, started since the independence era with the presence of Kasimo Plan, a Quarterly based plan(1948-1950) through the setting up of Association to Village Community Education (*Balai Pendidikan Masyarakat Desa*). This effort experienced up and down condition ended with the proclamation of Padi Sentra (Rice for People) in 1958 aimed at improving rice productivity through intensification program. The *Padi Sentra* applied *Pasca Usah Tani* technology including 1). Vast, timely Water provision; 2). The application of potential high yielding seed; 3). Adequate Fertilizer provision ; 4) Integrated pest-control and, 5). Appropriate Planting methodology.

Following the previous efforts, in 1963 Bogor Institute of Agriculture conducted research action applying “following agricultural practices” (*pasca Usaha Tani*) in

Karawang and were able to improve the harvest in double. The success of the project later followed by the Department of Agriculture with the famous program of mass demonstration and bettered called *Bimas* (Mass Guidance) in 1967. Simultaneously with the extensive Mass Guidance program, the Rice Research Institute(IRRI)invented new break through in technology in the form of new high yielding seed responsive to fertilizer, they were IR5 and IR8 (*PB5 and PB8*).

A number of achievements have encouraged the improvement of rice productivity in 1969-1993, by more than 250% and so with the other agricultural commodities. (Table-12) This achievement has brought Indonesia to be a self-sufficient country in 1984 which was previously known as the world biggest Importing Country.

Besides the positive impact stated, the government had to bear high cost to the above the success of rice intensification program due to the import of the most of production in chemical fertilizer and pesticides. The use of fertilizer package has changed the framers to rely on the package and the consumption of the fertilizer is decreasing from time to time.

At the same time this tendency caused decreasing damage of environment and the pest resistance to pesticides. Some unexpected pest attack broke out in many places and the land quality is decreasing due to continuous utilization.

From the farmer's sides who implemented intensification program, and had to pay for agro input attainment while the subsidy of credit for farmers was not given evenly to use for farmers, resulted in higher benefits to rich farmers. The accumulated improvement of intensification program has intensively created new rich farmers in villages in their efforts to extend the land authorizations. This condition give more conflicts to dull farmers who had less than 0.5 hectares, the alternative for them was cultivating the land with what they had or selling the land to rich farmers.

During 1973 –1993 the number of rich farmers was relatively constant in 11.5-11.9% from the total farmer households, but the total percentage of areas they possess was improving from 47.1% to 50.2%. Meaning that there was improvement of average width areas they authorize. The average of landownership of the farmers in the ownership deviance is 2.00 – 4.99 hectares,

and so with the farmers own more than 5.0 hectares, the average of ownership increased by 11.90 hectares from 9.45 previously.

Table-11. Production of agricultural of 1969-2002 commodity

Commodity	1969 (000 ton)	1993 (000 ton)	Increase (%)
Rice	12.249	30.741	251
Corn	2.292	6.764	295
Maize	10.917	15.280	140
Soy bean	389	1.476	379
Peanut	267	674	252
Beef	309	1.130	366
egg	36,3	535	1.466
milk	28,9	382	1.322

#### IV. THE AGENDA OF AGRARIAN REFORM AND VILLAGE DEVELOPMENT IN INDONESIA

National development in Indonesia is decided by the government and aimed at the work creating for poverty alleviation as the strong fundament to improve standard of living of the community to create social evenhandedness. The principles of social evenhandedness developed through a process for fulfillment to people's basic rights as guaranteed in the constitution. The policy on National Development envisaged in the National Intermediate Development Plan (2004-2009) designed referring to the long term vision of the Indonesian country (20 year – term), that is:

***“The Establishment of modern Indonesian indomitable, peaceful, just and democratic, and prosperous, idolizing human dignity , independency and unity based on the Five Basic Principles and Indonesian constitution of 1945 “***

Referring to that statement the government proclaim a program related to agrarian reform, agricultural revitalization, village revitalization including village infrastructure development.

In the document of “Membangun Indonesia yang aman, adil dan sejahtera” (“DEVELOPING INDONESIA TO BE SECURE, EQUITABLE AND PROSPEROUS”) written by Susilo Bambang Yudhoyono and Muhamad Yusuf

Kalla as the candidates President and Vice President (at that time) envisaged agenda and economic program for welfare proposed some policies related to:

- a. Improving and creating working opportunity
- b. Improving quality and quantity of infrastructure and social including agricultural infrastructure, village infrastructure relation of villages-and cities in East Indonesia,
- c. Agricultural and village Revitalization and improving the welfare and living quality of farmers and farmer household.
- d. Developing various village economy activities by encouraging village industrialization
- e. Poverty alleviation
- f. Improving people's access to qualified education
- g. Improvement of people access to qualified health services
- h. Diminishing various imbalance
- i. Improving natural resources management and conservation of environment quality.
- j. Implementing of Agrarian reform

In order to create synergic development on agriculture, fishery and forestry sectors in Indonesia, in June 2005 the President of the Republic of Indonesia issued the Revitalization Program for Agriculture, Fishery and Forestry (RPPK). The revitalization aimed at improving welfare for most of poor community and put strong fundament for economic development. Related to agrarian aspect in RPPK program the government plans to emerge eternal agricultural land covering 15 million hectares through out Indonesia. To realize the plan a strong foundation of similar program for agrarian reform is crucially needed.

In the framework of agricultural revitalization, the development of agricultural land could be taken up through:

- a. Agrarian reform to improve farmer access to land and water and improve the ratio of land width per capita.
- b. Controlling agricultural land conversion and spare for eternal agriculture land around 15 million hectares

- c. Facilitating land use including opening new land
- d. Creating conducive situation for village agro industry as the work provider and opportunity to increase income and welfare of farmer households

For that reason one of strategies to agricultural development is development of village agro-industry. The development of village agro-industry is a strategic choice in generating and increasing income and at the same time in opening working opportunity.

The goal to achieve in the village development through development of agro-industry is to improve welfare in villages through coordination of improving added-value and competitiveness of agricultural products. In order to achieve the goal of developing village agro-industry directed to:

- a. Development of cluster industry, that is processing industry integrated with various areas of raw material and supporting instruments ;
- b. Develop processing industry household and small scale supported with processing industry in larger scale and ;
- c. Develop processing industry with high competitiveness to increase export and fulfill domestic demand.

#### **4.1. The agenda of Agricultural development**

Referring to Indonesian vision, vision of Agricultural development in Indonesia of 2005-2009 period that is:

***"The Establishment of indomitable (strong) agriculture to stable food security, increasing the added-value as well as competitiveness of agricultural products and improvement to farmers' prosperity"***.

The indomitable agriculture and agro-industrial is a form of agriculture with following characteristics:

1. Knowledge is the main foundation in decision making, strengthening intuition, habits and tradition
2. Technology advancement is the main instrument in resources application

3. Market mechanism is the main instrument in good and services transaction
4. Efficiency and productivity are the main basis in resource allocation
5. Quality and superiority are the resource, orientation and goal
6. Professionalism is and outstanding characteristics

The Department of Agriculture has decided 3 agriculture development program for 2005-2009 namely:

**1. Food Security Development Program:**

Food security program aimed at facilitation to guarantee the community access to food, through food availability, food and consumption distribution, food diversification and food security (healthy food and religiously accepted). Through the Food Security Council, in line with its function to have coordination with related institutions and issue the policy on rice operation for the poor. To guarantee food availability, marketing agriculture product and comprehensive policy to encourage conducive food security, the government has made policies related to world trading (WTO,APEC, AFTA). It is with that reason that Indonesia together with G33 proposed for Special Product in through the framework of Special Safeguard Measure (SSM) to guarantee the fair trading and the guarantee to food security, poverty alleviation and village development in developing countries.

**2. Agribusiness Development Program:**

The development of this program meant to provide facilitation to:

- a. Development of agricultural practices to be productive and efficient resulting with various agricultural products with added - value and high competitive in domestic and international markets.
- b. The improved contribution from agricultural sector and national economy, especially through higher foreign exchange and the growth of gross domestic product

**3. Farmer welfare development program:**

The program intended to give welfare to poor community especially farmers. The program facilitates the improvement of income through empowerment, improving access to agricultural resources, institutional development and protection to poor community.

#### **4.2. The Agenda of Agrarian Reform**

In agrarian scope of discipline Indonesia has formulated its vision as “Land cultivated for peoples” prosperity at the most to set justness and sustainable community, nationality and state affairs systems of the Republic of Indonesia. Based on the above vision the government has developed and revised the policy to agrarian.

To start with procedures to guarantee that agriculture could contribute the most part for people’s prosperity, the organized structure of land authority and land ownership, in justness, less land conflicts and conflicts related to land. The government has designed agenda priority on-going, and continuing agenda in the future as follows:

1. Building community trust to National Land Affair Agency;
2. Developing services and land registration and land certificates throughout Indonesia;
3. Assurance to people’s right to land (land tenure shift);
4. Resolution to agrarian conflict in the natural disaster and conflict areas ;
5. Taking care of land conflict, in Indonesia in a systematic way;
6. Developing National Land Information System (SIMTANAS), and land document security system in Indonesia;
7. Taking care of Collusion. Corruption and Nepotism, improving participation and community empowerment;
8. Develop database on land ownership and land authority in a big scale;
9. Consistently implementing the regulations on land matters ;
10. Develop and revise the politic, law and policy on land matters.

### **4.3. Linkages between Agricultural Development and Agrarian Reform**

The linkage between land affairs and agrarian reform among others are;

- a. Enlarging agricultural area within the areas of food crop , horticulture, plantation and a nimal husbandry;
- b. Controlling shift acceleration of land conversion;
- c. Cultivating abandoned land;
- d. Making efforts to conservation and land rehabilitation;
- e. Strengthening rights to land;
- f. Developing water resources for irrigation;
- g. Optimizing the irrigation water;
- h. Conserving water;
- i. empowering the organization managing water;
- j. improving the coordination among organizations of water management
- k. improving agricultural human resource quality managing the land and water.

## **V. CONCLUSION**

Agrarian reform and rural development has been a big deal, needs commitment from many related parties and institution in each country, as well as commitment support from many countries in unifying action to achieve agrarian reform and rural development goal and village development. The implementation of agrarian reform and rural development needs the same comprehension, understanding, and action of all related parties. Cooperation among all stakeholders, including Non Governmental Organization will determine the successful accomplishment of agrarian reform and rural development implementation.