IMPACT OF THE ESTABLISHMENT OF THE OIL PALM PLANTATIONS TO SOCIO ECONOMY OF THE VILLAGERS IN KRANGGAS, PANTU, SRI AMAN

Dickens Mambu

Master of Environmental Management
(Development Planning)
2013
IMPACT OF THE ESTABLISHMENT OF THE OIL PALM PLANTATIONS TO SOCIO ECONOMY OF THE VILLAGERS IN KRANGGAS, PANTU, SRI AMAN

DICKENS MAMBU
11031874

FACULTY OF SOCIAL SCIENCES
MASTER OF ENVIRONMENTAL MANAGEMENT
(DEVELOPMENT PLANNING)
2013
UNIVERSITI MALAYSIA SARAWAK

Grade: ____________

Please tick (✓)
Final Year Project Report  ✓  Masters  [ ]  PhD

DECLARATION OF ORIGINAL WORK

This declaration is made on the 19th day of July 2013.

Student's Declaration:

I, Dickens Ak Mambu (11031874) (Faculty of Social Sciences), hereby declare that the work entitled “Impact of the Establishment of the Oil Palm Plantations to Socio Economy of the Villagers in Kranggas, Pantu, Sri Aman” is my original work. I have not copied from any other students' work or from any other sources except where due reference or acknowledgement is made explicitly in the text, nor has any part been written for me by another person.

12 August 2013

Dickens Ak Mambu (11031874)

Supervisor's Declaration:

I, Wong Swee Kiong, hereby certify that the work entitled “Impact of the Establishment of the Oil Palm Plantations to Socio Economy of the Villagers in Kranggas, Pantu, Sri Aman” was prepared by the above named student, and was submitted to the “FACULTY” as a partial fulfillment for the conferment of Master of Environmental Management (Development Planning) and the aforementioned work, to the best of my knowledge, is the said student's work.

Received for examination by: Dr Wong Swee Kiong  

Date: 12/8/2013
I declare that Project/Thesis is classified as (Please tick (✓)):

☐ CONFIDENTIAL  (Contains confidential information under the Official Secret Act 1972)*
☐ RESTRICTED   (Contains restricted information as specified by the organisation where research was done)*
✓ OPEN ACCESS

Validation of Project/Thesis

I therefore duly affirmed with free consent and willingness declare that this said Project/Thesis shall be placed officially in the Centre for Academic Information Services with the abiding interest and rights as follows:

- This Project/Thesis is the sole legal property of Universiti Malaysia Sarawak (UNIMAS).
- The Centre for Academic Information Services has the lawful right to make copies for the purpose of academic and research only and not for other purpose.
- The Centre for Academic Information Services has the lawful right to digitalise the content for the Local Content Database.
- The Centre for Academic Information Services has the lawful right to make copies of the Project/Thesis for academic exchange between Higher Learning Institute.
- No dispute or any claim shall arise from the student himself neither third party on this Project/Thesis once it becomes the sole property of UNIMAS.
- This Project/Thesis or any material, data and information related to it shall not be distributed, published or disclosed to any party by the student except with UNIMAS permission.

Student signature: ____________________________
(12.09.2013)

Supervisor signature: ____________________________
(12.08.2013)

Current Address:
Lot 18, No 33, Taman Kwong Thiong, Jalan Stephen Yong, 93250 Kuching Sarawak.

Notes: * If the Project/Thesis is CONFIDENTIAL or RESTRICTED, please attach together as annexure a letter from the organisation with the period and reasons of confidentiality and restriction.

[The instrument is duly prepared by The Centre for Academic Information Services]
Abstract

This study is conducted to evaluate the socioeconomic impact of the land development by the Land Custody and Development Authority (LCDA) for oil palm plantation on the participating communities in Kranggas, Pantu District, Sri Aman. The plantation company, namely Winsome Pelita Patu (Kranggas Estate) Sdn Bhd, is a state government selected investor responsible to develop oil palm plantation in the study area. This project is a Joint Venture project between the investor, Land Custody and Development Authority (LCDA) as a state managing agent and the landowners. In order to obtain feedback from the community on the impact of oil palm development project to the community in the area, the heads of the households of all the 39 bileks in the three longhouses (Rh Tana, Rh Mordi and Rh Jeni) in Kranggas had been interviewed face-to-face by using the structured questionnaire. The findings of the study show that there was a significant positive change of the livelihood of the community in Kranggas after the establishment of the oil palm plantation in the area. These changes include increase in households’ income, improved opportunity for the community due to the improved facilities provided in the area such as the construction of roads that has connected Kranggas to the Serian–Sri Aman main road which has enabled villagers to better access to health and educational services. Overall, the findings of the study show that the socio-economy of the community in Kranggas, Pantu, Sri Aman has improved after the establishment of oil palm plantation in the area. It is therefore suggested that this successful model would be adopted in other areas to improve the standard of living of the people particularly those in other rural areas.
Abstrak

Acknowledgement

To God Our Lord, Gratitude for the blessing and guidance that you always give to us.

I would like to say Thank You,

To Mr. Mambu Gari and Mdm. Mary Liu that always support me throughout my education years since my primary age;

To my wife Monica Mone Lubong, your love and patience motivate me all the way to finish the study;

To my mentor and supervisor Dr Wong Swee Kiong, your advice, supervision and teaching will always be remembered;

And finally to the SLUSE lecturers, colleagues, UNIMAS staff that have assisted me throughout my study in the Master Programme, thank you for your support.
Table of Contents
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>i</td>
</tr>
<tr>
<td>ABSTRAK</td>
<td>ii</td>
</tr>
<tr>
<td>ACKNOWLEDGMENT</td>
<td>iii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>vii</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>ix</td>
</tr>
</tbody>
</table>

## CHAPTER 1: INTRODUCTION

1.1 INTRODUCTION

1.2 PROBLEM STATEMENT

1.3 OBJECTIVES OF STUDY

1.4 SIGNIFICANCE OF THE STUDY

1.5 LIMITATIONS OF STUDY

## CHAPTER 2: BACKGROUND OF THE STUDY

2.1 BRIEF INTRODUCTION OF SARAWAK

2.2 LAND DEVELOPMENT IN SARAWAK

2.3 NCR LAND DEVELOPMENT IN SARAWAK

2.4 BACKGROUND OF THE PROJECT

2.5 KRANGGAS NCR LAND DEVELOPMENT PROCESS AND LANDOWNERS PARTICIPATION

## CHAPTER 3: LITERATURE REVIEW

3.1 INTRODUCTION

3.2 RURAL DEVELOPMENT INITIATIVE

3.3 NCR LAND DEVELOPMENT MODEL BY LCDA

3.4 LAND ISSUE IN LCDA NCR LAND DEVELOPMENT

3.5 PROFILE OF PARTICIPANTS

3.6 INCOME AND ECONOMIC STATUS

3.7 QUALITY OF LIFE

3.8 CHANGES OF DEVELOPMENT

3.9 SOCIAL IMPLICATIONS

## CHAPTER 4: METHODOLOGY

4.1 INTRODUCTION

4.2 THE STUDY AREA

4.3 POPULATION OF STUDY

4.4 UNIT OF ANALYSIS

4.5 RESEARCH DESIGN

4.5.1 RESEARCH APPROACH

4.5.2 STRUCTURED QUESTIONNAIRES

4.5.3 STRUCTURED INTERVIEWS
CHAPTER 5: RESULTS AND DISCUSSION

5.1 INTRODUCTION 33
5.2 RESULTS AND DISCUSSION FOR DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS 34
5.3 RESULT AND DISCUSSION FOR DEMOGRAPHIC CHARACTERISTICS OF HOUSEHOLD MEMBERS 38
5.4 ECONOMIC IMPACT OF THE ESTABLISHMENT OF OIL PALM PLANTATION IN KRANGGAS 46
  5.4.1 IMPACT ON INCOME AND EXPENDITURE 46
5.5 OWNERSHIP OF HOUSEHOLD ITEMS BEFORE AND AFTER THE ESTABLISHMENT OF THE OIL PALM PLANTATION 52
5.6 SPILLOVER EFFECT DUE TO THE ESTABLISHMENT OF OIL PALM PLANTATION IN KRANGGAS 55
5.7 PERCEPTION ON IMPACT OF LCDA’S DEVELOPMENT PROGRAMME 62
  5.7.1 ECONOMIC OPPORTUNITIES 63
  5.7.2 LANDOWNERS PARTICIPATION 64
  5.7.3 EMPLOYMENT OPPORTUNITIES 64
  5.7.4 IMPROVEMENT OF FACILITIES AND AMENNITIES 64

CHAPTER 6: CONCLUSIONS

6.1 IMPROVEMENT IN EDUCATIONAL STATUS OF THE COMMUNITY 66
6.2 ESTABLISHMENT OF FACILITIES 66
  6.2.1 ROADS CONSTRUCTION 66
  6.2.2 BETTER ACCESS FOR GOVERNMENT AGENCIES 67
  6.2.3 WATER SUPPLY AND ELECTRICITY 67
6.3 WAGES PAID BY JOINT VENTURE COMPANY (JVC) FOR WORK IN THE PLANTATION 68
6.4 INCOME LEVEL AND POVERTY 69
6.5 REGULAR COMMUNICATION AND DIALOGUE BETWEEN PARTICIPANTS AND LCDA MANAGEMENT 69
6.6 MONITORING THE IMPACT OF THE DEVELOPMENT PROGRAMME 69
6.7 RECOMMENDATION 70
  6.7.1 LANDOWNERS PARTICIPATION 70
  6.7.2 LAND ISSUES 71
  6.7.3 GOOD PUBLIC RELATIONS 71
6.8 CONCLUSION 72

REFERENCES 73
<table>
<thead>
<tr>
<th>APPENDICES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>APPENDIX 1</td>
<td>PICTURES OF KRANGGAS, PANTU AREA</td>
</tr>
<tr>
<td>APPENDIX 2</td>
<td>LIST OF INCENTIVE RECEIVERS IN KRANGGAS</td>
</tr>
<tr>
<td></td>
<td>NCR OIL PALM PLANTATION PROJECT</td>
</tr>
<tr>
<td>APPENDIX 3</td>
<td>QUESTIONNAIRE</td>
</tr>
<tr>
<td></td>
<td>77</td>
</tr>
<tr>
<td></td>
<td>84</td>
</tr>
<tr>
<td></td>
<td>89</td>
</tr>
</tbody>
</table>
List of Tables

Table 4.1 Population and Number of Household for Kranggas Longhouses 27
Table 4.2 Likert's Scale Adopted in the Questionnaires for Section B to Section F 30
Table 5.1 Distribution of Respondents by Settlement and Gender 35
Table 5.2 Distributions of Respondents by Settlement, Gender and Age Category (%) 36
Table 5.3 Distributions of Respondents by Settlement and Educational Level 37
Table 5.4 Distribution of Respondent by Settlement and Employment Sector 38
Table 5.5 Distribution of Household Members by Settlement and Ethnicity 39
Table 5.6 Distributions of Household Members by Settlement, Gender and Age Category 41
Table 5.7 Distribution of Household Members by Settlement and Educational Level 42
Table 5.8 Distribution of Household Members by Marital Status 43
Table 5.9 Overall Distribution of Household Members by Settlement and Economic Sector 43
Table 5.10 Out-Migrants by Age Group and Gender 45
Table 5.11 Distribution of Out-Migrants by Settlement and Educational Attainment 45
Table 5.12 Overall Distribution of Out-Migrants by Settlement and Employment Sector 46
Table 5.13 Distribution of Out-Migrants by Settlement and Reasons 46
Table 5.14a Distribution of Respondents' Incomes by Settlement and Category Before the Establishment of the Oil Palm Plantation 48
Table 5.14b Distribution of Respondents' Incomes by Settlement and Category After the Establishment of the Oil Palm Plantation 48
Table 5.15a Distribution of Respondents' Household Incomes by Settlement and Category Before the Establishment of the Oil Palm Plantation 49
Table 5.15b Distribution of Respondents' Household Incomes by Settlement and Category After the Establishment of the Oil Palm Plantation 50
<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.16a</td>
<td>Distribution of Household Members' Income by Settlement and Category Before the Establishment of the Oil Palm Plantation</td>
<td>51</td>
</tr>
<tr>
<td>5.16b</td>
<td>Distribution of Household Members' Income by Settlement and Category After the Establishment of the Oil Palm Plantation</td>
<td>51</td>
</tr>
<tr>
<td>5.17</td>
<td>Distribution of the Quarterly Incentive Payment After the Establishment of Oil Palm Plantation in Kranggas</td>
<td>52</td>
</tr>
<tr>
<td>5.18</td>
<td>Comparison of Ownership of Household Items During Pre-Development and After the Establishment of the Oil Palm Plantation in Kranggas Area</td>
<td>53</td>
</tr>
<tr>
<td>5.19</td>
<td>Distribution of Respondents According to Land Utilization</td>
<td>57</td>
</tr>
<tr>
<td>5.20</td>
<td>Livestock Rearing</td>
<td>57</td>
</tr>
<tr>
<td>5.21</td>
<td>Summary of Basic Facilities and Amenities</td>
<td>58</td>
</tr>
<tr>
<td>5.22</td>
<td>Environment Cleanliness</td>
<td>61</td>
</tr>
<tr>
<td>5.23</td>
<td>Forest and River Products</td>
<td>62</td>
</tr>
<tr>
<td>5.24</td>
<td>General Perception on the Oil Palm Development Scheme (in %)</td>
<td>63</td>
</tr>
</tbody>
</table>
List of Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 2.1</td>
<td>LCDA Oil Palm Project in Sarawak</td>
<td>12</td>
</tr>
<tr>
<td>Figure 2.2</td>
<td>LCDA Oil Palm Project in Sarawak Southern Region</td>
<td>13</td>
</tr>
<tr>
<td>Figure 2.3</td>
<td>Oil Palm Plantation in Kranggas, Pantu, Sri Aman</td>
<td>14</td>
</tr>
<tr>
<td>Figure 5.1</td>
<td>Age-Gender Population Pyramid</td>
<td>40</td>
</tr>
</tbody>
</table>
Chapter 1

INTRODUCTION
Poverty Eradication Programme is one of the Malaysian Government efforts to eradicate poverty. It is based on the New Economic Policy (NEP), which was launched during the Second Malaysia Plan (2MP) in 1971. One of the strategies identified under the programme to alleviate poverty is through the development of Native Customary Rights (NCR) land by using the joint venture concept of development. In line with the national policy of land development, the State Government of Sarawak encourages the development of plantation agriculture with the view to develop idle or underutilized land, especially the Native Customary Rights (NCR) lands. By transforming these lands into profitable plantations, the government aims to increase the income and standards of living of the rural landowners. Large-scale land development, apart from increasing the contribution of agricultural sector to the State's economy, is aimed at bringing about the following benefits (MLD, 1997):

i. Provision of basic infrastructure and social amenities to rural communities;
ii. Expansion of agricultural employment opportunities;
iii. Gradual reduction of areas normally utilised for shifting cultivation; and
iv. Better standards of living for the rural population.

The State Government of Sarawak has identified agriculture as one of the key economic growth areas for Sarawak in the 1990s to the year 2020. Although the manufacturing sector is poised for a large increase in its contribution to the Gross Domestic Product (GDP), agriculture will remain an important sector. Indeed, agriculture has lately been dubbed as the Third Engine of Growth for Malaysia. This is even more so for Sarawak, primarily because of the availability of key resources such as a massive land use, and the historical trend of economic development in Sarawak, which has hitherto depended on agriculture to a significant extent.
For the agricultural sector to achieve the envisioned growth of about 8% up to the year 2020, the agricultural sector must be commercialized. In this context, plantation development would definitely become the engine of growth for the agricultural sector and the participation of the private sector is deemed crucial because of the large capital involved. The plantation sub-sector is expected to generate an annual GDP growth of about 9.4% up to the year 2020 (MPOB, 2012).

The dominant plantation crop in Sarawak is oil palm, which has been providing the main thrust for large-scale land development efforts in the last few decades. The oil palm industry in Sarawak is undergoing phenomenal growth. This is due to the facts that oil palm is a highly productive oil crop and that oil palm fetches relatively high remunerative prices in the global market. As a result, more land is being opened up for oil palm plantations every year. Sarawak is aiming to be the new leader in palm oil production in the country within the next 10 years. By year 2015, the state hopes to have 1.5 million hectares of oil palm. As at the end of 2012, the total area planted with oil palm in the state was reported by the Malaysian Palm Oil Board (2012) to be 1,076,238 ha. The present oil palm project by Winsome Pelita Pantu (Kranggas Estate) will help the state to achieve her target in developing two million hectares of oil palm by the year 2020.

The past shifting cultivation activities carried out by the people in Sarawak have significantly disturbed the biophysical environment of the area. The traditional shifting cultivation practices are very unproductive, being subsistence in nature and at times, the yields are not even enough for the farmers’ own needs. In addition, the land would lie idle under the bush fallow system for a long period of time (8-15 years depending on land-use pressure) after every 1-2 crops. Such under-utilized and unproductive lands hold great potential if they were developed in a cohesive and integrated manner. This is what the proposed oil palm project aims to achieve; it is trying to bring the shifting cultivation lands into the main stream of land development, thereby maximizing the utilization of good agricultural lands in the state, and optimizing their economic productivity.

In view of the fact that few economic crops are adapted to the Sarawak’s climatic conditions and are suitable for large-scale planting, the venture into oil palm is well conceived (MPOB, 2012).
Oil palm is a proven more efficient crop in Sarawak. As an oil crop, it commands a yield far superior than those of its competitors. Based on a conservative Fresh Fruit Bunch (FFB) yield of 20 metric tons (MT) per hectare per year and oil extraction rate (OER) of 20%, one hectare of oil palm is capable of producing 4 MT of crude palm oil (CPO) and 0.8 MT of palm kernel oil annually. As the most efficient oil crop, it gives a yield of almost 10 times higher than that of soybean, 7 times over sunflower seed and 6 times over rapeseed, on per hectare per year basis (MPOB, 2012).

1.2 Problem Statement

The manner in which a plantation enters a geographical area is important for our understanding of its impact on the participants. In most cases, its introduction to an area was characterized by planning not so much by the affected landowners but by those who work as political functionaries and their allies in government and are found normally outside the confines of the targeted geographical area. In this case, plantation is a deliberate human intervention on a pre-existing, albeit traditional, economic system. Such manner of entry would, as a matter of course, have myriad consequences or impacts. These range from planned and high profile activities, such as the construction of infrastructure as roads, electricity and water supplies, which amenities-hungry participants would eagerly welcome to consequences which have received less attention.

For instance, there is the changed nature of the landscape where the forests or jungle, having been cut and burnt to make way for serrated terraces which are then planted with clones of oil palm. In their turn, they are fertilized and their surroundings sprayed with herbicides. The stark reality of plantation-making is that under the canopy of mono-culture, the ground is now devoid of traditional edibles (engkayu in Iban) and of culturally useful products such as various timber and rattans thus forcing the inhabitants to buy what they used to make themselves. As for water, the participants ought to source for a new supply outside the plantations’ perimeter for the water within it is not drinkable owing to the introduction of herbicides, fertilizers and other chemicals which might cause human ill-health. Another impact is the changed livelihood environment, which means that the inhabitants and their extended families, whether or not they were
participants, have to adapt to a whole range of new ways of living and this can range from the need to acquire new skills (a mechanic, for instance) or profession (a guard) for some.

Government agencies which operate plantations, such as Land Custody and Development Authority (LCDA), also operate along similar lines. They bring change and commercial practices as to how plantations operate and they supposedly act with the interests of the shareholders in mind. In the case of LCDA, the shareholders are the agency itself and the landowning participants. LCDA’s commitment to the latter group can be seen from that additional purpose (other than financial returns in the form of “dividends”) that it has undertaken, and this has been vaguely labeled as “social obligations”, which seems to be that LCDA’s, at the request of the participants, have considerable leeway in providing social services for the participants.

However, what have been the impacts of establishment of the plantations on the participants? Over five years of the establishment of oil palm plantation, did the reality seem to be much different? Have the people or participants become marginalized and disempowered and their land degraded? Has there been a dramatic environmental change? Why and how the participants, for whose benefits the plantations were said to have been introduced in the first place, ended as a marginalized group in LCDA’s operations in the Kranggas estates in Pantu, is an area of discussion worth examining. In order to make it more manageable, however, it is necessary to limit the impact study here to the matter of their socio-economic activities and environmental changes.

How well the participants adapt to this new commercial intrusion and opportunities depends on a number of factors that range from personal preparedness such as the suitability of their training and the size of the capital to invest in opportunities which the plantation might offer. It also depends on the size of their land devoted to LCDA in which for those who have volunteered larger pieces would receive larger “dividends”. However, if anecdotal accounts are to be believed, some will flourish but a few will find it hard to adapt to the new ways and would take refuge in the old life-style of slash and burn agriculture.
Successful rural development, of which land development is an important aspect, is extremely vital for the people, especially the Dayaks, who inhabit much of the state’s hinterland. For the rural dwellers who are the guardians of their lands, the choice between selecting a plantation agent (in this case LCDA) to work their land means that the once landowners are no longer share-croppers or even absentee landowners. The rewards (or promises) could be plenty and they range not only from opportunities of employment, but also the more lucrative contract works, prospects of regular “dividends” and spillover effects, such as the establishment of formal (businesses in transportations) and informal trading (e.g. selling of vegetables in the markets).

This study shall also provide an understanding of how forms of rural development will contribute to their betterment or decline. It will as well enable scholars to illuminate factors critical to an understanding of the forces at work in the planning and execution of policies affecting rural-based societies.

1.3 Objectives of Study

The general objective of this study is to undertake a socio-economic impact of LCDA’s land development on the participating communities in Kranggas, Pantu District, Sri Aman. Based on the general objective of the present study, the specific objectives of the study are as follows:-

(i) To find out the demographic characteristics of the selected households in the Kranggas Estate affected by the scheme;

(ii) To examine and compare income of the participants before and after their involvement in LCDA’s oil palm plantation scheme

(iii) To assess whether the participating households currently enjoy through accessibility to facilities and amenities after the establishment of oil palm plantations in the area.

(iv) To examine satisfaction level of the respondents to the establishment of the oil palm plantation in Kranggas.
1.4 Significance of the Study

Land Custody and Development Authority (LCDA) is moving more towards conventional plantation management on both state and NCR lands. This leaves LCDA (which is the focus of this study) as a very important state’s agency established primarily to develop NCR land for the “benefits of the owners”. It started its “land development project primarily in the longer-settled and more densely populated southern region of Sarawak, with oil palm the dominant crop” (McCarthy & Cramb, 2008). LCDA’s activities are not purely commercial in nature. Initially it was more on the “socio-economic” in nature and it targeted poorer areas in the state where the need for rural development was quite urgent. It is in fact in-line with Sarawak Land Rehabilitation and Consolidation Authority (SALCRA)’s development scheme which started from mid 1970s with its first project at Lubuk Antu in the Sri Aman Division, and by late 1980s, it had spread its plantation to Serian in Samarahan Division and Bau in Kuching Division.

The Government has always maintained that opening up native land for oil palm projects will bring plenty of jobs for the community and help to improve their standard of living. At the same time, the participating landowners are also involved in other agricultural activities and that they have to spread their scarce labour resources over these activities, for example, shifting cultivation. In addition to low wages, the workers also disliked the monotonous and regimented nature of plantation work (Cramb, 2010). Of all the monetary benefits which landowners can receive by joining the plantation, it is uncertain on how much they received the benefit from the project by contributing their lands. Joint Venture Companies (JVC) always mentioned about the benefits that the landowners can get in the form of bonuses and dividends and some of it has not materialized yet. In some cases, there were grievances that they were cheated. Hence, the detail study is highly needed to be conducted to verify the real scenario on the ground to avoid the unnecessary argument.

The selection of plantation approach to agriculture although new, was a choice which originated not so much with landowners, but with government planners in Kuching and the politicians who were their leaders. There were inputs from other sources. One of these was the federal government and the fact that it was the federal authorities who embraced commercialism in the
first place was a pivotal point as far as state planners and politicians were concerned. After both levels of government had agreed at this point, what was left was to "consult" the landowners. They had the proposal explained to them before LCDA moved in.

The expectation among the willing participants were high and their acceptance of the scheme was based on a number of factors, ranging from the prospects of handsome and consistent profits, contract works, job opportunities, issuance of land titles and opportunities for economic improvement, such as entrepreneurial activities, for those who were convinced that LCDA was worthwhile. As in the Environment Impact Assessment (EIA) report for Kranggas oil palm project, the project proponent mentioned about the benefits of oil palm plantations to landowners. Besides improving the socio-economic standard of the people, the implementation of the project would result in employment opportunities and potentials for stable income (Ecosol Consultancy, 2006). After establishment and during the implementation period of the oil palm project in Kranggas, it is important to carry out a monitoring and ongoing study to find out how much the changes as promised had been attained to ensure that the developers are in compliance with the requirements imposed by the government agencies.

This study is thus significant to highlight the policy makers, government agencies and landowners their role in the development process. The policy makers must take into account the benefits, pros and contras of the project to the locals. Besides that, the government agency in implementing the development project must inform the landowners in the transparent ways so that the landowners understand the risk that they are willing to take. Moreover, the landowners in the development project must be wise in welcoming any development project in their area. By evaluating the socio-economic impacts of the establishment of oil palm project in Kranggas, all parties are hoped to be able to make better decision whether or not to further expand the project area. On the other hand, the implementing agencies would be able to know the effectiveness of their development project implemented and thus could take appropriate measures to enhance the positive impact of the project. The participating landowners would also be able to decide whether to continue participating or stop participating in the introduced development project. This is crucially important to have win-win situation attained for any development project being
carried out in the country so that no resources are wasted without yielding any impressive positive impact.

1.5 Limitations of the Study

The limitations of this study are that it is limited to the Kranggas area that may form a small representation of the study. The field conditions are not uniform and the palm age varies from one village to another. Therefore the perception expected from the respondents would vary too. Those participants who are working with the public and private sectors may not be easily accessible because they are working in other parts of Sarawak or Malaysia. Furthermore, postal questionnaire is unlikely to be used because of the differences in educational backgrounds of the participants. Other limitations would be there have not been many studies on LCDA project pertaining to the socio-economic impact from the project in which the result of this study can be compared with. Despite these limitations, the findings from this study will certainly shed some light especially with regards to the extent of the economic impact of LCDA’s operations in Kranggas Pantu, Sri Aman.
Chapter 2

BACKGROUND OF THE STUDY