



Improving Social economic impact of palm oil production for local communities, indigenous and poor people in indonesia

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Film on Community Experience

[HTTP://WWW.YOUTUBE.COM/WATCH?V=PWVGsJ8ZF80](http://www.youtube.com/watch?v=PWVGsJ8ZF80)

Biofuel and Palm Oil

Context: Indonesia



- **74% food ; 10% for biofuel**
- **Indonesia: largest palm oil producers; >28 millions ton (2013); 3.4 millions tons for biofuel**
- **2020 ambition: doubling production**
- **How: expansion (Kalimantan & Papua)**

CPO Main Producers and Exporters

Country	Production (1,000 t)	Global Share	Mature area (1,000 ha)	Annual Growth	Export (1,000 t)	Global Share
Indonesia	28,500	51%	6,900	6.7%	20,600	47%
Malaysia	19,400	34%	4,450	2.6%	18,700	43%
Thailand	1,720	3%	680	5.1%	350	1%
Colombia	1,040	2%	310	7.8%	185	0 %
Nigeria	960	2%	470	3.1%	20	0%
Ecuador	565	1%	220	4.5%	250	1%
Papua New Guinea	545	1%	146	2.7%	555	1%
Others	3,583	6%	1,671	4.7%	3,010	7%
Total	56,313		14,847	4.9%	43,670	

Who Benefits?

- some communities enjoy better income and infrastructure
- Investors and companies
- local elites
- skilled workers
- indigenous groups tend to loose out

Land Conversion & Deforestation

- 2006 -2010: 2.37 million increase
- 2/3 from conversion from rainforests
- reduction of rainforest 29% in 2005 – 2030 in West Kalimantan, Papua and West Papua
- Smaller, unregistered farms incl. in national parks



Conflict

- 4,000 conflicts
- violence & criminalisation
- complexity of land policies and legislation
- lack of transparency, unequal negotiation power; unfair land deals
- communities unaware of implications of agreement with companies
- influx of migrant workers
- Absence or unfunctioning grievance procedures



Water: Pollution and Access

- Diverting river >> flooding
- Reducing water resources
- Closing access to river, closing access to livelihoods
- Polluting water used for drinking and agriculture

“Wells have dried up; whereas before we could get water by digging 1 meter, now we need to dig over 10 meters. Floods also impact those with land around the river.”

(a village elder in Riau)

Food Security & Livelihoods

- Loss of income sources
- Loss of autonomy and increased vulnerability
- Villagers became labourers
- Debt trap
- Loss of traditional medicine
- Less access to energy

“Before the company arrived to our village, I was much happier. I didn’t need to worry about getting food on the table for my husband and my children.” (a villager in Riau)

Environment and climate

- Loss of biodiversity
- The IPCC estimates:
Agriculture and deforestation
= 25% global emissions.
- From 2000 to 2010:
Indonesia released 2 – 9 %
world's tropical land-use
carbon emissions
- The 2013 fires in Riau:
emitted 36 million and 49
million tons of CO₂ = annual
emission of 10.3 million cars >
cars in LA+NY+Chicago



Indigenous Communities

- Change livelihoods, cannot depend on the forest anymore
- Driving communities off land
- Break cultural link



Women

- lack of participation in land deals
- often unpaid work
- hazardous work: fertilizer
- increased burden in providing water, washing , food and medicine
- vulnerable to sexual violence



Labour

- Widespread unacceptable or poor labor conditions
- long working hours, underpayment, discrimination, forced labor and child labor, dangerous working conditions
- lack of the provision of basic services
- Women, children and migrant workers vulnerable
- Insufficient income



Food Price Volatility

- **UN High Level Panel of Experts (2013):** “Everything else being equal, the introduction of a rigid biofuel demand does affect food commodity prices,” and that “in the last few years (since 2004) of short-term commodity food price increase, biofuels did play an important role”.
- **A study on the International Food Policy, carried out between 2000-2007,** showed that an increase in biofuel demand increases 30% of the weighted average price of grain.
- **According to the FAO (2008*b*),** rapid growth of biofuel production has the potential to undermine both household food security and national level food self-sufficiency through its impact on food prices.

Impact on the Poor

- poorest families spend $\frac{3}{4}$ income on food
- Impact on the price and availability of cooking oil against CPO's
- Women in particular bear the brunt of higher prices
- Eat last and least



What's next?

- Challenge: meeting future demand
- better practices, efficient and sustainable replanting
- Free prior and informed decision making
- fair, transparent and efficient supply relationships
- Grievance mechanism
- Climate friendly practices
- improving the availability of quality basic services
- respecting human, cultural and religious rights

FAIR company-community partnership



Freedom of Choice

1. Company and communities promote free, prior and informed decision making, including women, minorities and workers (e.g. on land acquisition, partnership agreements, contracts, financial arrangements).

2. Community members, including women and minorities, are free to choose how they manage land ownership and for what purpose they use this land.

3. Companies and communities pursue long-term partnerships based upon symmetrical power relationships and a healthy interdependency (including the promotion of community and smallholder organizations).

Accountability

4. Companies and communities ensure internal alignment on the intent of the partnership and respect the commitments they have made.

5. Companies and smallholders enter into fair and transparent agreements and respect defined conditions on pricing, quality norms, delivery, payments and loan reimbursement.

6. Mechanisms to submit grievances and solve disputes are accessible and functioning, also for women and minorities.

Improvement

7. Companies and communities pursue shared value creation, enabling smallholders - both men and women - earn a decent living and to invest in the improvement and continuity of their farms.

8. Companies and communities collaborate to close yield gaps by increased resource use efficiency (water, nutrients, chemicals and energy).

9. Companies and communities improve resilience to shocks linked to prices, pests and climate.

10. Companies and communities apply climate friendly practices and protect biodiversity.

11. Companies and communities invest in community infrastructure (e.g. health, education, water and roads).

Respect for Rights

12. Companies and communities respect land and other resource use rights, including those of women and indigenous peoples and do not negatively affect local food security.

13. Companies and communities respect labor rights, human rights and indigenous peoples rights.

14. Companies and communities promote equality between men and women.

Community Empowerment

- **improve awareness and understanding on rights**
- **improve participation of women in local decision making and awareness of women's rights**
- **local monitoring of violation of rights**
- **community mapping of traditional territories**
- **improve knowledge and technical skills to run highly productive palm oil plantation**
- **coaching on financial management appropriate for the business and households**

Policies and Legislation

- **The Indonesian government should recognize the customary rights of Indigenous Peoples and implement legal and judicial reforms accordingly.**
- **The Indonesian authorities should avoid expanding the palm oil development on Indigenous Peoples territories without their free prior and informed consent.**



Thank you