

# The Face of the Future?

Palm oil development and the International Finance Corporation



Indonesian villager shot by police in land dispute with oil palm developer 15 Jan. 2011.  
Will the new IFC strategy exacerbate or bring to an end such conflicts?  
Photo: Perkumpulan Hijau - Jambi

Comments by international and Indonesian indigenous peoples, smallholders and non-governmental organisations on the 6<sup>th</sup> January 2011 consultation draft

*'World Bank Group Framework and IFC Strategy for Engagement in the Palm Oil Sector'*



6<sup>th</sup> February 2011



## Comments on World Bank Group Palm Oil Strategy and Framework

*The Face of the Future? Palm Oil Development and the International Finance Corporation.*  
**Comments from international and Indonesian Indigenous Peoples, Smallholders and Non-Governmental organisations on the consultation draft, ‘World Bank Group Framework and IFC Strategy for Engagement in the Palm Oil Sector’,** Bogor, February 2011.

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Cover photograph: Villager shot by BRIMOB (Mobile police brigade) on 15<sup>th</sup> January 2011 in land dispute in Jambi Province with palm oil plantation company - PT Kresna Duta Agroindo - a member of the Sinar Mas Group, Indonesia's largest palm oil conglomerate and member of the Roundtable of Sustainable Palm Oil. There are thousands of such land disputes between oil palm developers and local communities in Indonesia. The recent case poses the question, will this be the future of World Bank Group investment in the sector or does the new policy ensure a new approach? Photo credit: Perkumpulan Hijau – Jambi

## Comments on World Bank Group Palm Oil Strategy and Framework

### **Introduction:**

Since the early 2000s, NGOs in Indonesia and supportive international organisations have been in a sustained correspondence with the International Finance Corporation (IFC) about its support for the palm oil sector in Indonesia. NGOs repeatedly appealed to the IFC not to finance expansion, either directly or indirectly, owing to the serious impacts that this was having on both environment and local people, notably indigenous peoples and smallholders. When further investment went ahead notwithstanding, in 2007 NGOs filed a complaint with IFC's appeals body, the Compliance Advisor Ombudsman (CAO), in which they documented major procedural violations by IFC and serious impacts on the ground, including companies opening up lands and forests without due legal process or impact assessments and the taking of communities' lands without due process or consent.

This led to two major interventions by CAO: first, starting in 2007, sustained efforts were made by the CAO to mediate in land disputes between IFC-financed company, Wilmar International, and impacted communities and second, after a long process, to a CAO audit of IFC staff compliance with IFC Performance Standards and related procedures. The mediation process is ongoing and has led to significant reparations and land restitution to communities in three areas and changes in both the policy and procedures of Wilmar International, although further conflict sites remain to be addressed. The audit, issued in August 2009, upheld NGO's complaints and found that IFC staff had failed to adhere to IFC performance standards and procedures and had allowed financial to override social and environmental concerns.

A weak 'Management Response' to the CAO audit findings by IFC senior staff prompted NGOs to appeal to World Bank Group President, Robert B. Zoellick, to suspend both IFC and all World Bank Group funding for the palm oil sector pending the development of a credible strategy to address the systemic problems in the sector, in consultation with civil society. This was agreed to by the President who accordingly suspended all World Bank funding for the palm oil sector worldwide until a comprehensive strategy was in place to guide future investment in the sector and to ensure 'that the problems identified in the CAO audit are not repeated'.

Since then, led by IFC, there has been a process of public consultations, first over an Issues Paper in March-April 2010, and then over a draft Framework discussed in August-September 2010. Following this consultation, NGOs again wrote to the World Bank President criticising the inadequacies of the draft Framework and calling for the development of a more comprehensive Strategy, as originally promised, in consultation with concerned parties. Mr Zoellick agreed on the need for a revised document and further extended the World Bank Group's funding moratorium. Accordingly, IFC issued a further consultation draft in English on 6<sup>th</sup> January 2011 and in Bahasa Indonesia on 10<sup>th</sup> January 2011, giving until 11<sup>th</sup> February 2011 for the receipt of comments.

This document constitutes a response to this draft Strategy by the signatory organisations. It sets out specific comments on the draft, draws some general conclusions and then makes recommendations about how the document should be revised and the terms under which the IFC and WBG should engage in the sector in the future.

### 1. Specific Comments on overall framework and strategy:

#### *A comprehensive strategy for the whole World Bank Group?*

The new document sets out a more detailed Strategy for the International Finance Corporation and a more rudimentary Framework for the wider World Bank Group. This is somewhat less than we had hoped for and although the current document is a significant improvement on August draft some major loopholes, detailed below, remain.

Of particular concern to us is the lack of clarity about how the World Bank and IFC will improve their coordination. Figures 2, 3 and 4 on pages 42, 43 and 47, all show weak linkage and coordination between World Bank and IFC. The document does not make clear what the IFC will do if countries with problematic legal and policy frameworks do not request assistance from the World Bank to help reform such frameworks, will the IFC then 'got it alone'?. For example the non-binding Best Practice Note set out in Annex VII states on page 65 that: 'all projects will be subject to joint WBG and IFC early assessment', yet elsewhere in the document it makes clear that WB involvement will be 'subject to a government's willingness to engage..' (page 25).

The strategy and framework needs to be much clearer about how the WBG collectively will decide how to engage in the sector in problematic countries, what mechanisms will be used to ensure coordination between the World Bank and IFC and the criteria the WBG will use to decide whether or not to engage. We return to this point in section 2 when we look in more detail at the specific situation of Indonesia, where the serious problems are which triggered the whole complaint, audit and ensuing strategy review.

#### *Safeguards and categorization*

In terms of World Bank and IFC procedures, a critical element is the early categorization of proposed investments, as only projects categorised as A and B trigger the effective application of the safeguard policies. We have been insisting on high risk categorization since initiating our complaint. Yet, 4 years later, the current draft is still equivocal about this matter. On page 44 it states: 'projects in the palm oil value chain are **likely** to be categorized as either category A or category B' (emphasis added), a sentence repeated verbatim on page 45. On page 80 the draft again uses the phrase 'likely' with relation to investment in vertically integrated projects such as Wilmar.

This language is unacceptably vague. Under what circumstances would investments not be so classified? We strongly recommend that all investments in the palm oil sector be **routinely** classed as Category A and all projects with Financial Intermediaries that have involvement in the palm oil sector be routinely classed as B.

#### *Land tenure:*

It is a major deficiency of the new Strategy that it still does not unambiguously provide additional safeguards to ensure respect for the land rights of affected communities beyond what is already in the Performance Standards (PS 5 and PS 7). This is despite the fact that, as noted in the document itself on page 56, 'land tenure issues should be addressed at the outset of the projects. In some countries land tenure issues resulted in disputes which affected project implementation...' On page 58 it is suggested that to address such matters 'local laws' need to be observed. Yet as our detailed studies have amply demonstrated it is exactly because local laws do not protect the land rights of affected communities that land grabbing is so prevalent in the sector.

## Comments on World Bank Group Palm Oil Strategy and Framework

Without clearer provisions to ensure land security for communities prior to WBG investments, the current Strategy is a formula for further disputes and conflicts of the kind that triggered the initial complaint to the CAO.

### *Environmental safeguards:*

The new draft invokes the concept of High Conservation Values in line with the standards of the Roundtable on Sustainable Palm Oil (page 45). However, the strategy does not then make clear how protection and or enhancement of High Conservation Values will be effected as the current Performance Standards do not use this concept.

This is a serious omission, suggesting that the aspect has been insufficiently thought through by IFC staff. If staff are being encouraged or required to apply the HCV approach then much clearer guidance and requirements need to be spelled out.

### *Smallholders*

The proposed shift of investments towards smallholders is welcome (eg page 65 Criterion 1) but the analysis of the currently problematic situation of smallholders, trapped in monopsonistic relations with mills, is weak. Page 26, for example, only talks of the positive opportunities and does not point out the unfair systems which currently prevail. Likewise while benefit sharing is mentioned, the requirements for ensuring good benefit sharing are not made clear such as fair pricing, transparent remuneration and credit arrangements.

We believe that investments in palm oil out-growers or smallholders should not be used as an excuse to re-engage in the palm oil sector without the appropriate due diligence and clearer requirements need to be spelled out to ensure successful outcomes for farmers.

### *Indigenous Peoples*

The Best Practice Note (BPN) and the text in general are somewhat weak in addressing the concerns of indigenous peoples. This is notable, for example, where the BPN on page 65 points out the importance of securing land rights for smallholders (Criterion 2) but makes no mention of the land rights of displaced communities such as indigenous peoples.<sup>1</sup>

It is our reading of the current draft that resettlement and land grabbing are not ruled out. Whereas on page 45, emphasis is made of 'Free, Prior and Informed Consultation, resulting in broad community support based on good faith negotiations (page 45), on page 80 it is noted that land acquisition and involuntary settlement require compliance with PS5, and PS7 for Indigenous Peoples, but as we have pointed out in previous submissions PS 5 does not rule out – although it discourages – compulsory expropriations. Likewise while indigenous peoples' lands and territories need to be taken into account in PS7, the take-over of these lands is not ruled out (and see FPIC discussion below). The emphasis in PS7 is on mitigation of impacts rather than securing of rights.

Reliance on the PS will not be enough to secure peoples' customary land rights against the land grabbing associated with this fast expanding sector. The reality is that de facto and de jure weak rights seriously disadvantage customary owners in the negotiations with commercial entities especially

<sup>1</sup> The Indonesian translation of the draft renders Indigenous Peoples *masyarakat asli* whereas a more appropriate translation, used by the RSPO and indigenous peoples themselves, and more consistent with national laws and the constitution is *masyarakat adat*.

## Comments on World Bank Group Palm Oil Strategy and Framework

where State agencies are reluctant to protect such rights and favour commercial operators taking over indigenous peoples' lands.

Yet, beyond the PS we can find nothing in the draft that will secure indigenous peoples customary rights in land. Neither the Risk Screening and Assessment Tool, nor the Country Situation Analysis proposals, nor yet the Best Practice Note make sorting out land issues, so that customary rights are first recognised, a requirement of lending. This is a formula for further land grabbing and land conflict.

If the IFC/WBG cannot make it a requirement in its oil palm strategy and framework that countries must amend their legal and regulatory frameworks to secure customary rights and include investment due diligence requirements to check that this is done in practice, then there can be no future for the WBG in the palm oil sector.

### *Other vulnerable groups*

It is likewise disappointing to note that whereas gender issues are noted as an important issue to be addressed again no concrete provisions are made to ensure improved due diligence. The gender dimension is wholly missing from the Risk Screening and Assessment Tool (Annex XII pages 76ff). Likewise strong provisions are needed to secure the rights and interests of migrant labour as neither the new BPN nor the current PS yet address this matter adequately.

### *Making Free, Prior and Informed Consent mandatory*

Respect for the right to Free, Prior and Informed Consent is required by international human rights law, re-affirmed in UN Declaration on the Rights of Indigenous Peoples. FPIC is also requirement of the Roundtable on Sustainable Palm Oil certification system which is endorsed by the strategy and of which IFC is a prominent member. Indigenous peoples and NGOs are not alone in insisting on the need to respect this right, as the UK Government has also made clear.

The RSPO likewise makes respect for customary rights and just land acquisition mandatory requirements. The IFC Strategy thus makes weaker provisions both respect to land rights and consent processes than the certification system that it endorses. This inconsistency needs to be resolved and IFC align itself with the higher standard in line with international law.<sup>2</sup>

### *Other serious omissions:*

A number of other issues raised in our previous submissions appear not to have been addressed in the draft strategy and framework:

- The draft does not address the issue of Food Security
- The importance of improved systems of land use planning is not well addressed
- There are no provisions requiring the resolution of existing land conflicts

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<sup>2</sup> The key differences between Free, Prior and Informed Consent and the World Bank's preferred formulation of Free, Prior and Informed Consultation leading to Broad Community Support is that while process for FPIC is defined by the peoples concerned, BCS is defined by some other institution. While FPIC is given (or withheld) by the peoples concerned, BCS is judged to exist by some other institution. While FPIC is consciously and actively given, and affirmed, BCS may be judged to exist without the people concerned even knowing that their support is being sought or judged. Practical experience shows that BCS is more open to abusive interpretation by outside parties than FPIC.

## Comments on World Bank Group Palm Oil Strategy and Framework

- There are no additional provisions by which WBG staff are held accountable for any failures to adhere to the IFC's Performance Standards and World Bank Operational Policies or relevant national laws and regulations.

### *Supply chain challenges:*

One of the more disappointing weaknesses of the strategy is its failure to address the issue of due diligence in the supply chain. One of the more important conclusions of the complaint and audit was that it established that the IFC's Performance Standards apply upstream to the production of the commodity that a downstream investment may be dealing with. As has been made clear in discussions between the complainants, Wilmar International and the CAO, the company only sources 30% of its oil from its own subsidiaries while 70% of the oil it trades is produced by others. In the past three years, we have repeatedly queried IFC about how it will apply due diligence to ensure that its requirements will be applied palm oil from the wider supply chain.

However, whereas on page 31 it is noted that 'other mechanisms are needed to track certified sustainable palm oil through the supply chain', the only requirements regarding the supply chain that we can identify (outlined on page 46) while call for examination of supply chain (outlined on page 46) only requires a review in terms of environmental factors (PS 6) and not of social issues such as land grabbing, denial of customary rights and presence of land conflicts. Nor does the strategy make clear what staff are expected to do if they find that a proportion of the traded palm oil being handled by prospective clients comes from uncertified sources

Our research suggests that, despite palm oil being a commodity traded as a derivative in the international futures markets, European buyers are able to identify the source of their products – something that is also required to comply with food quality and health requirements. The challenge for IFC and buyers is to develop a due diligence system that can rapidly ascertain if such oils are being produced in an acceptable manner. The apparent failure of IFC to make further progress in applying due diligence to the supply chains raises a question about the seriousness of the new strategy.

### *Reparations*

We welcome the emphasis given in the draft strategy to 'rehabilitating problem areas'. We note however that such a commitment to new investments in problem areas is not the same thing as making reparations for the problems caused by past investments, which is what indigenous peoples and smallholders, and supportive NGOs, have been insisting on in inputs to the consultative process in 2009-2010

Indeed we are concerned that far from offering to make such reparations, instead IFC has sought to insulate itself from claims by recently disinvesting from controversial operations in Indonesia (see p. 57) which have been the subject of scrutiny by the complainants and the CAO audit.

### *Climate change*

The July-August draft framework document had omitted entirely the need to address climate change even though the impacts of palm oil expansion in exacerbating green house gas emissions was recognised by WBG. It is an improvement in the current document that the strategy now makes clear that the IFC will not support any palm oil plantations that would convert highcarbon-value peatlands or primary tropical forests (page 46). The strategy also seems to suggest that any projects with a

## Comments on World Bank Group Palm Oil Strategy and Framework

100,000 tonnes CO<sub>2</sub>e annual emissions ceiling would require mitigation plans (page 46) but are not ruled out.

However, it needs to be noted that both so-called ‘secondary’ and ‘degraded’ forests also have high GHG emissions potential and these also need to be ruled out. Indicators should be introduced to apply to existing plantations and mills, suppliers and supply chains, and the investments of financial intermediaries. This would also bring IFC into line with RSPO.<sup>3</sup>

### *Reliance on Certification*

The draft strategy and framework commit the IFC to working closely with the RSPO (pages 41-42) and requires client companies to get certified. However, we feel much more still needs to be done to ensure that IFC requirement for certification are consistent. We note for example that (page 31) the draft invokes the Sustainable Agriculture Standard of the Rainforest Alliance’s Sustainable Agriculture Network (SAN) which is very different from RSPO P&C and not well suited to SE Asian realities. In particular the SAN standard does not address issues of land acquisition, has no requirements for FPIC, and does not make clear how to address customary rights when these are not effectively recognised in laws. We are very concerned that staff may choose weak standards of certification to allow lending to deficient companies or in countries with deficient legal frameworks.

In the case of the World Bank and IFC forest policies basic criteria were explicitly set out of the minimum requirements of any certification system that staff could rely on. This also needs to be done for palm oil standards.

### *Monitoring*

In previous submission we have explicitly asked for clarity on how the WBG plans to monitor and assess effective implementation of the new strategy once and if it is adopted. However, whereas Annex VIII address this question in effect it just restates IFC procedures and does not clarify what baselines, benchmarks and indicators will be used to assess progress.

### *Public participation in strategy implementation*

The document recognises the value of civil society in ‘providing local knowledge’ and ‘holding government and other actors accountable to national and international standards’ and therefore commits the WBG to a multi-stakeholder effort to implement the Framework (page 25).

However, when it comes to actual implementation no provision is made to ensure these valued inputs can be made. Our experience in Indonesia convinces us that for there to be real progress, provisions must be made for meaningful civil society participation in monitoring and evaluation, dispute settlement and conflict resolution.

### *Implications for wider World Bank Group investments in Agribusiness*

We have been given to understand that the draft palm oil strategy is being seen by some in the World Bank Group as a trial run for a wider IFC/WBG Agriculture Strategy, which staff expect to roll out once the palm oil strategy and framework gets agreed. This makes it even more imperative that the palm oil strategy is done right.

<sup>3</sup> See RSPO resolution at the RT8/GA7 and **RSPO Position statement: Non-primary forests can include High Conservation Values** at <http://rspo.org/?q=content/rspo-position-statement-non-primary-forests-can-include-high-conservation-values>

### 2. Reforming national frameworks

The controversy about World Bank investment in palm oil has focused on the two main palm oil producing countries, Malaysia and Indonesia, where about half of the US\$2 billion that the World Bank Group has so far invested in the palm oil sector has been targeted. Serious social and environmental problems have been documented in both these countries which are a result not just of weak operating procedures by investors and clients but inhere in the inadequate laws and policies in these countries which allow or even oblige palm oil expansion in violation of the Performance Standards and Operational Policies of IFC and World Bank and the Principles and Criteria of the RSPO.

It is an advance on previous framework document, that the current draft does recognise that one of the four pillars for successful palm oil development is ‘an enabling policy and regulatory environment’ and that it is difficult to get good development when this is weak especially with regard to ‘land acquisition, land tenure and forest governance, and the rights of workers, communities, and Indigenous Peoples...’ (pages 25-26).

The steps that the draft proposes to rectify weaknesses in enabling policy and regulatory frameworks include a more agile Country Situation Analysis (page 32) that screens countries to assess such frameworks. These Country Situation Analysis will review ‘regulatory / policy factors, if any, that may limit the ability of projects in the sector to contribute to sustainable development’ (page 43). In addition for its own investments IFC will apply a new Risk Screening and Assessment Tool while the World Bank will also look to apply its proposed new Strategic Environmental Social Assessment policy. On page 42, figure 2 makes clear that the draft strategy and framework expects that it will be the World Bank that will engage with the Government to reform legal and regulatory framework, while the IFC will deals with the private sector.

What will this approach mean concretely for future WBG investments in Malaysia and Indonesia? Will legal and policy frameworks be reformed by the World Bank before the IFC makes further investments? What happens when if these governments decide not to invite the World Bank to assist them with reforms? These are the questions we have had at the forefront of our minds in reviewing the draft and which we have sought to highlight in our frontispiece to remind readers of the thousands of land conflicts over oil palm that pervade the region.

We are not reassured.

The draft text makes no mention whatsoever about how it will address the situation in Malaysia even though Malaysia accounts for some 40% of globally traded palm oil and the problems in the system of production there must be addressed if the WBG is to have any credible approach to the supply chain.

With respect to Indonesia, the IFC does propose additional analysis and it is expanding its advisory services there (pages 39-40) but just whether and how the IFC will address the problematic frameworks in the country remains unclear. On page 43 the draft does note that ‘IFC **may** decide, based on this early assessment, not to proceed with the financing of a project until identified regulatory/policy limitations are being worked on or have been addressed’ (emphasis added), but the

## Comments on World Bank Group Palm Oil Strategy and Framework

text does not make clear what the grounds are that staff will use to decide whether or not to go ahead. If the World Bank is not invited in, will the IFC go it alone or not? The draft is moot.

In our previous submissions and supportive research we have detailed how the current legal and policy framework in Indonesia:

- Does not secure customary rights in land
- Fails to recognise the wider rights of indigenous peoples
- Allows the exercise of the power of eminent domain so lands can be expropriated against the will of current owners (base on both customary and positive law)
- Does not have either the procedures or the resources to resolve the over 3,100 land conflicts that the government admits exist between palm oil developers and communities
- Does not protect high conservation value set asides in licensed areas
- Permits (and even encourages) exploitative relations between nucleus estates and mills and smallholders
- Allows the persistence of slavery-like conditions among the labour force and indebted smallholders
- Results in serious exploitation of children and gender biased practices including prostitution and sexual harrassment
- Undermines community food security and rights to food and food sovereignty
- Results in communities being denied access to potable water and bathing areas

### 3. Conclusions and recommendations:

As civil society groups that have pursued this engagement with the IFC on its palm oil investments and policy for over half a decade, we thus have very mixed emotions about the results so far. On the one hand, we note that the new draft constitutes an improvement on the previous document. On the other hand, we note that very serious loopholes in both the Strategy and Framework remain. It is still unclear how either the IFC or the World Bank can invest in oil palm and adhere to their standards while the legal frameworks in the two major palm oil producing countries, Malaysia and Indonesia, provide an inimical policy environment that fail to secure local community, indigenous peoples, smallholder and workers' rights. The document still fails to clarify how it will engage in **these countries** to address this fundamental contradiction.

The next step in the evolution of the World Bank Group's palm oil strategy seems to be to engage at the national level through the kind of multi-stakeholder process that the draft recognises is required. Where local or national governments accede to such a multi-stakeholder reform process, detailed consultations should then be undertaken to review national and local laws and policies and recommend reforms. **Where governments refuse to open up to such a process then the World Bank and IFC should continue their funding moratorium for investment in the palm oil sector in those countries.** The alternative - further inadequately framed investments, inevitable problems and conflicts, further complaints to the CAO and Inspection Panel and ensuing investigations - will waste both civil society and World Bank Group staff's efforts and more seriously will bring further harm to impacted communities.

This statement has been prepared and endorsed by:

1. Forest Peoples Programme
2. Sawit Watch
3. Lembaga Gemawan
4. Padi Indonesia
5. Institut Manua Punjung
6. Serikat Petani Kelapa Sawit, Sanggau
7. Down to Earth
8. CAPP
9. Suku Anak Dalam 113 (SAD)
10. Serikat Tani Serumpun Damai (STSD)
11. Serekat Hijau Indonesia

## **PADJAJARAN BOGOR RESOLUTION**

### **FACE OF THE FUTURE Oil Palm Plantations in Indonesia**

#### ***1. Introduction***

On 1-2 February 2011, civil society groups met in Padjajaran, Bogor, to discuss the draft World Bank Framework and International Finance Corporation Strategy for engagement in the palm oil sector. The meeting was attended by representatives of communities affected by palm oil companies funded by the IFC, and civil society organisations (CSOs) who have been closely monitoring issues and cases of clients of the World Bank and International Finance Corporation in the palm oil sector in Indonesia.

The meeting created the following resolution based on the experiences of affected communities and CSOs involved in conflicts due to investments of the World Bank Group and International Finance Corporation in the palm oil sector, which led to our joint complaint in 2007. Despite the time-consuming efforts to develop the Framework and Strategy, the below-signed community representatives and CSOs conclude that the IFC and World Bank process has made little progress.

In the 1980's, the World Bank Group funded state-owned oil palm plantations in Paser District, East Kalimantan, and Sanggau and Landak Districts in West Kalimantan. These projects, known as Nucleus and Estates Smallholdings (PIR-Bun) were implemented by PT Perkebunan Nusantara group VI and VII (today known as PT. Perkebunan Nusantara XIII). The establishment of these plantations caused, and continues to cause serious hardships and suffering for indigenous peoples who were displaced by the plantations. The draft Framework and Strategy will do nothing to resolve the conflicts which these investments created or provide restitution to the affected communities. Sawit Watch estimates that the total area of Indonesia's oil palm plantations has reached 9.4 million hectares, including plantations owned by the company groups that have received finance from the World Bank Group, among others the Wilmar and Perkebunan Nusantara groups. Crude Palm Oil suppliers to these IFC and World Bank clients include Astra Group, PT. Duta Palma, PT Inti Benua Perkasa, Sinar Mas group, Kantor Pemasaran Bersama PTPN, PT. Musi Mas, PT. Permata Hijau Sawit Group, Salim Group, Cargill, and PT. Sipef.

#### ***2. Historical Impacts of the IFC and WBG in the palm oil sector in Indonesia:***

The IFC's consultation documents released in 2010 noted that World Bank Group investments in the palm oil sector in Indonesia over the last 40 years totalled some US\$500 million. This shows that the World Bank Group played a leading role in the creation and expansion of the palm oil sector in Indonesia. Those investments supported companies and projects that have had sustained negative impacts on indigenous peoples, local communities, smallholders and labourers, including the appropriation of lands and deprivation of rights of indigenous peoples, the creation of social conflicts, criminalisation of customary forest users, loss of subsistence livelihoods, and poverty for many smallholders and labourers, women and children. The Bank's investments were also associated with serious environmental degradation, deforestation, deterioration of water resources.

World Bank Group financing of public and private oil palm plantations have caused or exacerbated social, economic, cultural, environmental and political problems:

1. Over the previous decades, the World Bank and the International Finance Corporation have pushed for Indonesian laws and regulations that favour capital investments for large-scale industries but failed to secure adequate protection for the peoples, biodiversity and natural resources in Indonesia affected by the expanding palm oil sector.
2. Investments of the World Bank and IFC in the palm oil sector are one of the factors behind the ongoing massive destruction of natural resources in Indonesia. WALHI reports that over the last decade the annual rate of deforestation has been around 1.8 million hectares. Oil palm plantation expansion is one of the main factors driving deforestation, with more than half a million hectares added annually, much of which displaces forests and community gardens.
3. Investments have led to increasing conflicts between indigenous communities, smallholders and labourers with oil palm plantation companies and governments. Horizontal conflicts between smallholders, labourers and indigenous peoples have also been exacerbated by the rapid expansion of the palm oil sector. Sawit Watch tracked some 660 social conflicts associated with oil palm plantations in 2010 and has already seen an increase in violent and repressive conflicts in early 2011.
4. Criminalisation of smallholders, labourers and indigenous peoples by State security forces and mercenaries paid by oil palm plantation companies. Serikat Petani Kelapa Sawit (Oil Palm Farmers Union) reported that in 2010 more than 120 small farmers were subject to criminal prosecution by oil palm companies and twenty people were killed by state and private security forces defending oil palm plantation interests.
5. Abuses and violations of human rights by oil palm companies funded by the World Bank and International Finance Corporation in Jambi, West Kalimantan, East Kalimantan, Riau, and Central Kalimantan. The police shooting of six poor farmers in Jambi involved in a land dispute with an oil palm company on January 15 shows that human rights violations associated with the palm oil sector in Indonesia are still common. The National Commission on Human Rights Commission (KOMNAS HAM) has compiled information on 4,500 human rights violations, of which almost half pertain oil palm plantations. A report on West Kalimantan listed 83 complaints of human rights violations in oil palm plantations in 2008 and 73 cases in 2009.

### **3. The Resolution Points:**

This resolution reinforces our request to the World Bank and the International Finance Corporation to stop providing credit, loans, grants and guarantees to any companies involved in expansion of oil palm plantations before all outstanding land disputes associated with these companies are resolved. The below-signed society organisations and communities affected by oil palm plantations in Indonesia demand that the World Bank Group:

1. Stop providing financing to companies involved in the expansion of oil palm plantations displacing forests, peatlands, customary forests, local food farmlands, sacred sites, and other areas local communities oppose such developments.
2. Immediately withdraw existing financing for companies involved in oil palm plantation operations that are unwilling to resolve existing conflicts with indigenous peoples, local communities, smallholders and labourers in a fair and transparent manner.
3. Urgently assist companies and governments that received World Bank Group support in the past to resolve old and ongoing conflicts with indigenous peoples, local

communities, smallholders and labourers by adhering to and respecting international human rights standards as stipulated in the Universal Declaration of Human Rights, the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), ILO 169, relevant ratified conventions including the Elimination of Racial Discrimination (CERD), Discrimination against Women (CEDAW), Biological Diversity (CBD), and Treaty Body agreements applicable to local situations in Indonesia.

4. Take responsibility for the negative social and economic impacts that resulted from its financing of oil palm plantation companies over the last four decades, by providing reparation to local communities and indigenous peoples who suffered as a result of those investments.
5. Delay providing finance, investments and guarantees to the palm oil sector in Indonesia until the Indonesian Government has revised national laws and regulations to respect the rights of indigenous peoples to manage and control their customary lands and to give or withhold their free, prior and informed consent to planned developments that may affect them. The Indonesian Government should also establish and implement economic and social safeguards for local communities and vulnerable groups such as women and children before the World Bank Group provides financing again to the palm oil sector.

This resolution is a joint position statement of the Indonesian signatories and supporting CSOs in responding to the currently released draft World Bank Group Framework and International Finance Corporation Strategy for Engagement in the Palm Oil Sector. We will continue to demand that the World Bank and the International Finance Corporation take responsibility for all outstanding cases of conflict and impoverishment triggered by its policies and investments in the palm oil sector in Indonesia.

**Bogor, 2<sup>nd</sup> February 2011**

**Signatory to the Bogor Resolution**

### Individuals and organisations sign on/endorsements:

1. Ayus, Desa Keadu, Kecamatan Balai, Kabupaten Sanggau, Kalimantan Barat
2. Surjani Alloy, Pontianak, Kalimantan Barat
3. Rufinus, Sanggau, Kalimantan Barat
4. Syahrul M. Bekoso, Paser Belengkong, Kalimantan Timur
5. Alma Adventa, Manchester, UK
6. Abdul Halim, individu, Jakarta
7. Feri Irawan, Perkumpulan Hijau, Jambi
8. Kasmadi Kasyim, individu, Jambi
9. EVERGREEN Indonesia, Palu, Sulawesi Tengah
10. Ade Fadli, individu, Kalimantan Timur
11. Karlo Nainggolan, Bogor, Jawa Barat
12. Ahmad Surambo, Jakarta
13. Sinta Dewi, Jakarta
14. LPS Air Pontianak, Kalimantan Barat
15. Jari Indonesia Orwil Borneo Barat, Pontianak, Kalimantan Barat
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17. MULIADI, Yayasan Petak Danum, Kalimantan Tengah
18. Moncos, Kecamatan Gunung Timang, Kabupaten Barito Utara, Kalimantan Tengah
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20. Yayasan Titian, Pontianak, Kalimantan Barat
21. Yuyun Kurniawan, Individu, Pontianak, Kalimantan Barat
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23. Riak Bumi, Kalimantan Barat
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27. Lanting Borneo, Kalimantan Barat
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30. Sumi Rae, Individu
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32. Yayasan Dian Tama, Pontianak, Kalimantan Barat
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38. Anita Thresia, Pontianak, Kalimantan Barat
39. Safrudin, Save Our Borneo, Kalimantan Tengah
40. Yan Yan Handiyana, Jakarta
41. Pastor Kanis, Sekatak, Keuskupan Tanjung Selor, Kabupaten Bulungan, Kalimantan Timur
42. Berry Nahdian Furqan, Direktur Eksekutif, WALHI Esekutif Nasional
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44. Andi Kiki, Palangkaraya, Kalimantan Tengah
45. Solidaritas Perempuan, Palu, Sulawesi Tengah
46. Sandra Moniaga, Jakarta
47. Norman Jiwan, Bogor, Jawa Barat
48. Ahmad SJA, Padi Indonesia, Kalimantan Timur
49. Rahma R. Talui, Solidaritas Perempuan Kendari
50. Sulhani, Solidaritas Perempuan Kendari
51. Forum Pemerhati Masalah Perempuan Sulsel
52. Yayasan Bontolangkasa

## Comments on World Bank Group Palm Oil Strategy and Framework

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57. Jefri Gideon Saragih, Bogor, Jawa Barat
58. Emmy Sahertian, SNUP-Solidaritas Nasional untuk Papua
59. Nia Sjarifudin, Aliansi Nasional Bhinneka Tungga Ika (ANBTI)
60. Satriadi, Palangka Raya, Kalimantan Tengah
61. Perkumpulan Nurani Perempuan, Kalimantan Timur
62. Herkulana Rini, SPKS Sanggau, Kalimantan Barat
63. Joko Arif, Jakarta
64. Ashley Schaeffer, individual, California, USA
65. Rainforest Action Network (RAN), California, USA
66. Blasius Hendi Candra, SH, Direktur Eksekutif WALHI Kalimantan Barat, Pontianak
67. Mansuetus Darto, Ketua Forum Nasional Serikat Petani Kelapa Sawit (SPKS)
68. Jazuri, Sekretaris Jendral SPKS Tanjabar, Jambi
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70. Nursianus, Sekretaris Jendral SPKS Sanggau, Kalimantan Barat
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72. Swisto Win, Departemen Pendidikan SPKS Sekadau, Kalimantan Barat
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74. M Nasir Sihotang, Sekretaris Jendral, SPKS Rohul, Riau
75. Suprpto HS, SPKS Paser, Kalimantan Timur
76. Yuslim, Sekretaris Jendral, SPKS Kuansing, Riau
77. Yardi, Dewan Pimpinan, SPKS Kuansing, Riau
78. Jailani, SPKS Sekadau, Kalimantan Barat
79. Slamet, SPKS Sekadau, Kalimantan Barat
80. The Borneo Project, USA
81. A. Bayer, Jalai, Ketapang, Kalimantan Barat
82. Mitra LH Kalteng, Kota Palangka Raya, Kalimantan Tengah
83. Almizan, Kabupaten Sambas, Kalimantan Barat
84. Bambang Antariksa, Individu, NAD
85. John Bamba, Direktur Institut Dayakology, Pontianak, Kalimantan Barat
86. Yayasan Tanah Merdeka Palu, Sulawesi Tengah
87. Puspa Dewy, Women and Natural Resources Division, Women's Solidarity for Human Right (Solidaritas Perempuan)
88. Atrifinal Lubis, Bogor
89. Mageswari Sangaralingam, Research Officer, Consumers' Association of Penang, Malaysia
90. Theivanai Amarthalingam, Legal Advisor, Consumers' Association of Penang (CAP) & Sahabat Alam Malaysia (Friends of the Earth Malaysia (SAM))
91. The Corner House UK
92. Edisutrisno, Bogor, Jawa Barat
93. Wahyu Wagiman, Jakarta
94. Andi Mutaqin, Jakarta
95. Sulistiono, SH, Depok, Jawa Barat
96. Serapinus On, Kembayan, Kabupaten Sanggau, Kalimantan Barat
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102. Arie Rompas, WALHI Kalimantan Tengah
103. Ardin Tahir, Palu, Sulawesi Tengah
104. Supapan, Bogor, Jawa Barat

## Comments on World Bank Group Palm Oil Strategy and Framework

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107. Sony Yusup, Bogor, Jawa Barat
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112. Ahmad Zazali, Scale Up, Indonesia
113. Both ENDS, the Netherlands
114. Marianne Klutel, Watch Indonesia, Germany
115. Lembaga Bela Banua Talino (LBBT)
116. Koalisi untuk Advokasi Laut Aceh (Jaringan KuALA), Aceh
117. Yayasan SETARA Jambi
118. Geert Ritsema, International affairs coordinator, Milieudefensie/Friends of the Earth Netherlands
119. Titi Soentoro, Manila
120. Biofuelwatch
121. Oxfam
122. debtWATCH Indonesia
123. Forest Peoples Programme
124. Sawit Watch
125. Lembaga Gemawan
126. Padi Indonesia
127. Institut Manua Punjung
128. Serikat Petani Kelapa Sawit, Sanggau
129. Down to Earth
130. CAPP
131. Suku Anak Dalam 113 (SAD)
132. Serikat Tani Serumpun Damai (STSD)
133. Serekat Hijau Indonesia
134. Bustar Maitar, Greenpeace Southeast Asia
135. Nordin, Save Our Borneo
136. Kusnadi Wirasaputra, Bogor, Jawa Barat
137. Rudy Lumuru, Individual, Bogor, Jawa Barat
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139. Betty Tio Minar, Bogor, Jawa Barat
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142. Rivani Noor, CAPP
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145. Salim Piate, Suku Anak Dalam (SAD)
146. Andi Inda Fatinaware, Bogor, Jawa Barat
147. Eep Saipulah, Bogor, Jawa Barat