

**POSITION PAPER**  
**Papua and North Maluku Civil Society Groups**  
**“Certification System Is Not Only About Sustainable Palm Oil Label”**

PALM OIL INDUSTRY have entered Papua and North Maluku since 1982 and its expansion is ongoing to date. Similar like other areas in Indonesia, palm oil industry in Papua and North Maluku are not free from various unsustainable practices, prone to land grabbing, rights violations both to the workers and to surrounding communities, and social and cultural changes. Pressure on fundamental changes or palm oil governance reform have emerged, on both law enforcement and formulation of more strict regulations.

Policy from the Indonesian Government regarding sustainable and governance reform started since the initiation of Indonesian Sustainable Palm Oil (ISPO) in 2011. Revision of ISPO started in 2015 with various reports and researches that exposed palm oil supply chain in Indonesia. It does not solve environment problems and have caused many stakeholders ask Indonesia as the biggest crude palm oil (CPO) producer to pay attention on the ecological aspect. Since ISPO applied in March 2011 until February 2016, there are 225 ISPO certificates issued, with total area of 1.4 million hectares (same status per February 2017), and certified CPO reaches 5.9 million tons per year. Issuance of ISPO certificate have increased significantly during one year period from February 2016 to 2017 with 290% increase from the average percentage of annual ISPO certificate issuance since 2011.

In general, palm oil plantation conflicts in Indonesia caused by the incompliance of FPIC principle in land clearing or all investment plan. What happened is the land owners are not involved in the contract development and all matters related to their livelihood, such as no appropriate socialization process took place. The management approached them with empty promises on wealth and fraudulence in socialization process. Even worse, in the land acquisition process, separatist issue used to manipulate the situation. It enables the company to ‘secure’ the area and invite security officers that can guarantee their investment. In many cases, there are many repressive practices with weapons pointed to the communities in Papua and North Maluku.

Not only in Papua, palm oil industry also targeting small islands in North Maluku. Many findings that local communities who live in coastal and around forest concession areas lost their livelihood, such as nutmeg and cloves plantation as the main commodities. The village communities who work as subsistence farmers also lost their access to farm and use raw materials from the released forest areas. The ecological impact from development in this spatial aspect really affect the fishery sector or the livelihood of coastal communities and lead to coral reef degradation due to land clearing areas near the coastal ecosystem. Therefore, it is must be considered and need to be accommodated in the draft of Presidential Decree related to ISPO.

However, ISPO have not resulted on significant changes. The rates of ISPO certificate issuance is not in line with the real improvement on palm oil industry governance with main problems such as:

- 1) Legality related to Business Use Permit (HGU)/ Plantation Business Permit (IUP) in the forest area in relation to Provincial Spatial Plan (RTRWP)
  - 2) Issuance of permits through non-procedural practices (such as corruption and gratification)
  - 3) Permit on Hazardous and Toxic Waste (B3)
  - 4) Planting in river border
  - 5) Implementation of regulation on important ecosystem protection
  - 6) Protection of High Conservation Value (HCV) and High Carbon Stock (HCS) areas
  - 7) Unfair partnership, the bargaining position of indigenous community as partner is weak compared to palm oil industry
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- 8) Failure on fulfillment of indigenous communities rights and prosperity
- 9) Rampant tenure conflict in palm oil industry
- 10) Effectiveness of moratorium on primary forest and peatland permits
- 11) Issues on transparency of loss and benefit from the palm oil industry
- 12) Palm oil plantation development have triggered harassment and violence cases.

Issuance of ISPO certification is not followed by governance reform. The Government of Indonesia then responded through statement from the President of Indonesia in April 14, 2016 on commitment to implement palm oil moratorium (KSP, 2016). It is expected that the momentum could be an opportunity for Indonesian to improve palm oil industry with prioritizing sustainable and empowerment aspect, beneficial and profitable for the farmers and palm oil workers, and more competitive.

In June 2016, Coordinating Ministry of Economy established ISPO Strengthening Team through Coordinating Ministry of Economy Secretary Decree Number 54 Year 2016 on Team for ISPO Certification System Strengthening with main activity to develop ISPO system that is more credible. The main objective of the team establishment is to improve certification and standardization system of sustainable palm oil industry in Indonesia. Until December 2016, ISPO Strengthening Team have conducted series of limited discussions with stakeholders to promote and formulate the focuses of ISPO rearrangement. Since May 2017, ISPO Strengthening Team have started series of public consultation in five areas. The first public consultation in Sumatera, secondly in Kalimantan, third in Sulawesi, and forth in Papua and North Maluku.

Considering the process of ISPO rearrangement and Presidential Regulation on Indonesia Sustainable Palm Oil Plantation, we representatives of Civil Society Organizations and Palm Oil Farmers in Papua and North Maluku underline these written recommendations as follows:

### **1. *Solving fundamental problems in palm oil sector***

Unresolved cases of land grabbing and violation of indigenous communities' rights from the expansion of big scale palm oil plantation remains a fundamental problem to date. Issuance of ISPO certification still cannot resolve the problem.

### **2. *Moratorium of permits for big scale plantation, followed by rehabilitation of impacted areas, resolution on borders, and increasing productivity of existing plantations***

Implementation of moratorium is not effective in Papua and North Maluku and it does not function as opportunity to resolve remaining problems. The palm oil expansion is also continued. Through ISPO strengthening, the government must give legal guarantee for palm oil plantation practices that are not 'land-greedy'

### **3. *Preparing preconditions***

We found the facts that even the companies that have gained ISPO still involve in social conflict with the communities and destroying ecological order. Therefore, preconditions need to be considered and accommodated so the ISPO rearrangement can be effective. We insist:

- Identification of clear and concrete problems at the grassroots level must be the fundamental for the whole ISPO system rearrangement;
  - Resolution of overlapping of areas and plantation before ISPO is fully implemented both for independent farmers and Business Use Permit Holders
  - Review on issued ISPO certificates so it is not become a part of acceleration of Business Use Permit issuance. There is a tendency that ISPO is used as
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diversion from the existing legal procedure, as if when the ISPO certificate have been issued, then the Business Use Permits could be issued faster;

- Synchronization of policy on land management in the context of Provincial Spatial Plan and Forestry Areas with the data on released areas and participative mapping;
- Evaluation of issued ISPO certificates. This is needed to ensure there is no ISPO-certified company that still have the old problems (clean and clear);
- Ensure ISPO policies at the grassroots level do not become separator between company and its workers through improvement on the socialization and assistance methods.

#### **4. Full improvement on ISPO criteria as a certification system**

All steps from ISPO rearrangement must conducted through inclusive, participative, systematic, and transparent processes. This means processes of public consultation and formulation of ISPO standard **must be conducted not just for the sake of formality**, and therefore there must be continuous communication and interactions. Therefore, there are opportunities and requirement to consider inputs from various stakeholders. The rearrangement processes must be able to identify shortcomings from the ISPO implementation. Moreover, the consultation processes must be completed with professional documentation in order to ensure information dissemination, promoting information disclosure, and not just become socialization events.

#### **5. As a system, ISPO must:**

- Have components of assessor and certificate issuer that are independent and accredited
- Have grievance mechanism with clear procedure, scheduled resolution period, routine evaluation, and open for routine system improvement based on routine evaluation results;
- Ensured by the government as the regulator to be implemented in accordance with the system preconditions and principles;
- Enforce law and violations must be followed up;
- Open for participation by the indigenous communities, farmers, village communities, and plantation workers. Sustainable palm oil is not just for the sake of certification of plantation products; and
- Have external monitoring that are independent, transparent, and accountable.

#### **6. Improvement on legal basis for the farmers**

Legal basis for the farmers is critical due to the burden borne by farmers and their weak position compared to the company. It is to ensure they have the capacity and facility to adopt and comply with the ISPO system.

With the weak position of the farmers, we demand for improvement on legal basis for the farmers, specifically for the production processes, as follows:

- Assistance for farmers by the company related to productivity and strengthening the institutions conducted by the partner company.
  - Assistance for farmers related to Good Agriculture Practice (GAP) must be conducted and well-planned by the partner company; and
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- In order to protect and empower farmers, the government must protect the price of fresh fruit bunches, transparency on funding access directly to the cooperative or farmers, and ensuring fair and respect-to-human-rights partnership.

## **7. Tighten ISPO Criteria and Principle**

In conclusion, we believe that ISPO as a certification system must have these nine principles:

- Legality;
- Plantation management;
- Protection from the natural forest and peatland utilization;
- Protection of environment through responsible plantation practices;
- Responsibility to the workers;
- Empowerment of small farmers, local and indigenous communities;
- Sustainable business expansion;
- Traceability and transparency
- Recognition of human rights including indigenous peoples rights

Presidential Decree on ISPO must fully recognized and protect basic rights of workers and indigenous communities as *ulayat* owners, including promoting freedom of assembly and association. Moreover, ISPO rearrangement must include the government's responsibilities to enforce the law on workers right violation cases and conduct routine monitoring and evaluation.

## **8. ISPO must open for participation from the indigenous peoples, farmers, village communities, plantation workers, and can accommodate the rights of women and children.**

## **9. ISPO standard must be better from other plantation standards and not only based on the existing international norms, but also national and local regulations.**

ISPO need to emphasize on the legal compliance as an effort so that ISPO system become one instrument that refers to existing policies and regulations.

## **10. Institution of ISPO Certification must be more responsible, open, and transparent, so that sustainable plantation products are more concrete.**

The State must promote strategy for ISPO implementation to empower farmers and strengthen smallholdings plantations.

In order to implement those principles, we believe that ISPO must be fully revised in order to be a transparent and reliable system. The newly improved ISPO system need monitoring and evaluation machine that are competent and impartial so that capable to track any ISPO violations in details and comprehensive. Moreover, ISPO system also need to be completed with complaint procedure that can be accessed easily, and mechanism of sanctions to give deterrent effect for the ISPO violators.

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## **Papua and North Maluku**

### **Civil Society Representative Groups**

1. JASOIL Tanah Papua
  2. DPD GSBI (Groups of Indonesia Workers Union) West Papua
  3. YALI Papua
  4. AMAN Sorong
  5. Perkumpulan Binmadag Hom Teluk Bintuni - Tanah Papua
  6. Lingkar Belajar
  7. SPKC OSA
  8. Timnawai Community
  9. Perkumpulan Akawuon
  10. LBH Jayapura
  11. LMA Ksanaimos
  12. PBHKP Sorong
  13. KPKC GKI Sinode
  14. DAP Papua
  15. Belantara Papua
  16. JPIK West Papua
  17. JPIK North Maluku
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