



Sawit Watch Annual Report 2019



2019 Conditions

The area of oil palm plantations in Indonesia has now reached 22.2 million hectares (Sawit Watch, 2018). The palm oil industry has made a major contribution in increasing the country's foreign exchange. In 2018, the export value of Indonesian palm oil (CPO) reached 34 million tons or worth a figure of Rp. 270 trillion. The countries for export destinations include India, the European Union, China, Pakistan, Bangladesh, and other countries.

However, behind the glossy palm oil industry business, it turns out that Indonesia's palm oil production is still very low and there are still many cases of unresolved agrarian conflicts. The average national palm oil productivity in 2018 was only 3.64 tons/ha. This figure is obtained from the average production of smallholder oil palm plantations of 3.08 tons/ha, large state oil palm plantations of 3.68 tons/ha and large private oil palm plantations of 4.08 tons/ha.

Sawit Watch found as many as 822 agrarian conflicts that occurred in oil palm plantations. Agrarian conflicts in oil palm plantations have many typologies including land conflicts, partnership conflicts and labor conflicts.



A Year of Presidential Implementation of Moratorium and Evaluation of Oil Palm Plantations



September 2019, exactly one year after the issuance of Presidential Instruction (Inpres) No. 8 of 2018 concerning The Postponement and Evaluation of Oil Palm Plantation Permits and Increasing the Productivity of Oil Palm Plantations. Through this policy, the government tries to do several things such as improving the governance of sustainable oil palm plantations, providing legal certainty, maintaining and protecting environmental sustainability, including reducing Greenhouse Gas (GHG) emissions, as well as to increase the development of oil palm smallholders and increase the productivity of oil palm plantations. The moratorium and evaluation of oil palm plantations is a good momentum to improve the governance of oil palm plantations in Indonesia.

A Year of Presidential Implementation of Moratorium and Evaluation of Oil Palm Plantations



Sawit Watch together with civil society coalitions at both the national and local levels have issued a monitoring report on the implementation of this Presidential Instruction, both at the central and local government levels. There are several findings in the implementation of Presidential Instruction No. 8 of 2018 in the past year, including:

1. The work on the implementation of the Presidential Instruction in the first semester is still in the nature of preparation and coordination, there are no significant achievements. No overlapping cases of public concern have been resolved through this Presidential Instruction. Of the 25 provinces and 247 regencies/cities that have oil palm plantations, the majority have not responded to this Presidential Instruction (19 provinces, and 238 regencies/cities). The release of forest areas for oil palm plantations, namely PT HIP (Hardaya Inti Plantations) in Buol, Central Sulawesi in November 2018 through the Decree of the Minister of Environment and Forestry is indicated to 'turn his back' on the Presidential Instruction. On the other hand, there are several provincial and district governments that have a strong commitment to implement this Presidential Instruction, including Aceh Province, Kabupaten Buol (Sulawesi Tengah), Kabupaten Aceh Utara, Kabupaten Sanggau (Kalimantan Barat) dan Kabupaten Gorontalo, which is indicated by the birth of local policies (regional regulations or instructions of regional heads).

A Year of Presidential Implementation of Moratorium and Evaluation of Oil Palm Plantations

2. The implementation strategy of the Presidential Moratorium is carried out by the Coordinating Ministry for the Economy by establishing seven priority provinces for the palm oil moratorium, namely Jambi, Riau, South Sumatra, North Sumatra, West Kalimantan, Central Kalimantan, and East Kalimantan provinces based on the existing oil palm plantation area. Unfortunately, the provinces of Papua and West Papua, and some other provinces, with the most forest cover in oil palm plantation areas, it is not included in this list of priority provinces even though the potential for natural forests that can be saved is very wide.

3. Several Regency/Mayoral and Provincial Governments have a strong commitment to implement the Presidential Moratorium. The thing that is an obstacle is the absence of such a policy as juklak and juknis or road map in the implementation of the moratorium. And there is no regional budget or central assistance that can be used to implement the presidential decree.



A Year of Presidential Implementation of Moratorium and Evaluation of Oil Palm Plantations

4. The productivity of oil palm farmers is still very low at 12 tons/ha/year from the target of 36 tons/ha/year. One of the programs identified as one of the current productivity improvement is the PSR (community oil palm replanting program) program with the benefit of BPDP-KS funds which until mid-2019, the realization of the People's Palm Oil Replanting (PSR) program is below 10% of the target of around 200 thousand hectares. The monitoring results of the Civil Society Alliance, the Ministry of Agriculture have not contributed significantly, because the Palm Oil Moratorium Work Team has no official information regarding the results of verification and evaluation of Plantation Business Permits (IUP), Plantation Business Registration Certificates, and facilitation of community plantation construction of at least 20% by IUP owners from the regions.

5. There is an initial identification about oil palm plantations in forest areas as mentioned below:

Region	Overlapping Area (Ha)	Information
Papua	1.813.893 hectares	-
East Kalimantan	107.789 hectares	-
East Kalimantan	-	PT. Rezeki Kencana
South Sumatera	6.000 hectares	6 companies
Central Kalimantan	125.000 hectares	6 companies



Forest and land fires 2019 / Landscape Approach



In 2019, Sawit Watch found that no fewer than 19 RSPO member companies and subsidiaries in Sumatra and Kalimantan had burned their concessions. In fact, some of these companies are located in peat areas. Some of the companies that were found burned include PT. BGR, PT. DIL, PT. AMR, PT. MBJ, PT. SMS, PT. TS, PT. MAR, PT. JV, PT. AM, PT. GBSM, PT. MJSK, PT. GAL, PT. DWK, PT. TJA, and PT. CREDITS. The company is a subsidiary of the BAM, SA, GAR, WIL, PAS, TAP, KLK, GEN, EG, IOI, and AUS groups that have been registered as rsपो members.

Fires in peat areas are more difficult to extinguish so that smoke disasters last longer. The company's concessions in peat areas will also almost certainly burn every year. Peat ecosystems are unique ecosystems. Each land entity within a peat ecosystem is united by mutually affecting water flows, so it is called peat hydrological unity (KHG). Therefore, peatland protection and management should be based on the KHG landscape. Land use changes, especially in peat domes, will have a major impact on the surrounding area that is still in one KHG.

Forest and land fires 2019 / Landscape Approach



In the case of forest and land fires today, a plural of fires are found on the edge of concessions. Especially on peatlands with concessions located in the area of peat domes. This then became the company's claim that the fire originated outside the concession land. We need to examine further whether it is true that the cause of the fire is not the company that has the concession. We need to see if the water arrangements that companies do are to monopolize the existing water supply only for their concessions, so that the land outside the concession becomes dry and eventually burns. Water management within the company's concession area may be a solution for the company itself, but it is a disaster for the community because the managed area becomes dry.

Labor : Vulnerable Employment Status, The Main Menu of Oil Palm Plantations in Indonesia



Sawit Watch noted that oil palm plantation workers were imported mainly from NTT, Sulawesi, Nias, East Java, Central Java, and others where recruitment fees were determined as costs that would later be recognized as debts and deducted from salaries, did not have work contract documents and were promised work facilities that in fact never existed. The high work target accompanied by wage-cutting fines requires workers to include children and wives to work, workers must buy work tools and protective equipment, work in a wage system that forces workers to work more than working hours. Most female workers have the status of freelance day laborers (BHL) without an official employment agreement, work at lower wages than permanent laborers, an exploitative work system, without protection of occupational safety and health and without the protection of health insurance.

Some oil palm plantation companies define harvesting work as the only core job and therefore their workers have the status of permanent laborers. Meanwhile, other jobs outside the harvest are seasonal jobs and therefore the workers have a non-permanent status. This pattern of labor relations further becomes the main factor influencing the work system, payroll, supervision, wages and access to welfare. The work of the care department such as spraying, fertilizing, cleaning the acreage, citing berondolan, transporting fruit is not seen as a core occupation and therefore the laborers who work are of non-permanent status and are even employed through third parties.

Labor : Vulnerable Employment Status, The Main Menu of Oil Palm Plantations in Indonesia

The majority of workers who work in the care department are women. They work in vulnerable work situations. Female workers in oil palm plantations get a portion of work that is considered seasonal work such as maintenance, fertilization, spraying, moronding and others. Women are also systematically limited their working days to 20 days a month, this is to get around government rules that require companies to pay workers who work 21 days in a row with the local minimum wage and appoint them to permanent workers. Sawit Watch's findings, for example, in PT. Agro Kati Lama, South Sumatra), where around 1,200 female workers have the status of Freelance Day Laborers. The same thing is found in the oil palm plantation of another Sipef subsidiary in Bengkulu, namely PT Agro Muko. In North Kalimantan, the precariat's working relationship was found in PT Sentosa Sukses Utama, a subsidiary of Wings Group. In North Sumatra, PT SMART Padang Halaban employs workers in the care department with a freelance daily status.

Women are the most disadvantaged by vulnerable labor relations status. They worked in the care department for many years and were never made permanent laborers. The health risks faced by female workers are very high because they come into direct contact with chemicals every day. The right to menstrual leave, maternity leave, routine health checks and proper MCK and lactation facilities have also never been provided by the company. Wage discrimination is experienced by female workers. The majority of female workers have the status of Freelance Day Laborers with a maximum working period of 20 days a month. With this condition, it is ensured that female workers receive wages below the minimum wage provisions.



RT RSPO 17: What's new?



The RT RSPO 17/GA 16 meeting resulted in several decisions including, that every RSPO member who is registered as a 'grower' and 'processor and trader' as of 6 November 2019 with peat areas under its management or with peatland ownership is requested to complete and submit an RSPO Peat Inventory form no later than 31 March 2020 and 31 May 2020 for peat areas that have not been certified.

The resolution for the adoption of the RSPO Independent Smallholder Standard 2019 for Sustainable Palm Oil Production by Independent Smallholders was also approved in the vote. This standard is implemented in accordance with the core of the RSPO 2018 principles and criteria. Standards for independent smallholders also apply NDPE, no deforestation, new plantings on peatlands, and exploitation.

Rspo policies related to forest and land fires were implemented in PnC 2018: fire prevention. These policies include:

1. There is no use of fire for pest control except in exceptional circumstances, i.e. where there are no other effective methods, and with the prior approval of government authorities.
2. The certification unit does not use 'open flame' for waste disposal
3. The soil for new planting or replanting is not prepared by burning
4. The certification unit establishes fire prevention and control measures for areas directly managed by the certification unit.
5. The certification unit engages with adjacent stakeholders on fire prevention and control measures

Recommendations

Effectiveness of the Moratorium

Sawit Watch together with the Civil Society Coalition consider that the palm oil moratorium has not been effective. Therefore, the government is asked to do several things, including:

1. Request the president to instruct the relevant ministries/agencies to immediately create a one-stop roadmap for the implementation of the palm oil moratorium. This is necessary to streamline the palm oil moratorium process so that there is no overlapping of bureaucratic and budgetary rules. In addition, a roadmap also needs to be carried out to increase the productivity of smallholder oil palm plantations.
2. Request the relevant ministries to immediately follow up on regions (provinces/regencies) that have committed to support the implementation of the palm oil moratorium. This support can be in the form of facilitating technical rules in the field and budgetary support.
3. Request the relevant ministries to engage across stakeholders for the implementation and supervision of the palm oil moratorium, such as civil society organizations and interfaith organizations. The involvement of religious organizations is important because it can be a link between the government and the community to support the palm oil moratorium process. The involvement of local/indigenous communities is also very important in monitoring the palm oil moratorium in order to prevent environmental destruction.



Recommendations

Effectiveness of the Moratorium

4. Request the relevant ministries to increase transparency and public access regarding land use data and permits of oil palm plantation companies. The disclosure of oil palm plantation (HGU) data is important to show who is responsible for the burned areas and efforts for law enforcement.

5. Provinces and districts that have a small total area of oil palm plantations need to be a priority for the implementation of the palm oil moratorium presidential decree. In addition, of course, these areas have forests whose cover is still good.



Recommendations

Landscape Approach: Minimizing forest and land fires

Regarding forest and land fires that occur almost every year, Sawit Watch recommends a landscape approach as a common solution for each entity in the same landscape. This is expected to be a solution for peatland management as well as land fire prevention. This is because peatlands are hydrologically bound in a peat hydrological unit (khg). If repairs/preventions are only carried out partially at one point, the fire may only change locations but still occur within the units.

Landscape Approach is an approach that applies several principles, including adaptive management and continuous learning, building solutions together, multi-scale, multi-functional, consisting of various stakeholders, transparency, clarity of access (rights and responsibilities), participatory, system resilience to threats, and capacity building from stakeholders. The essence of the landscape approach is integration and adaptation to find solutions together.



Recommendations

Protection of Oil Palm Plantation Workers

Law No. 13/2003 on Manpower is more appropriately implemented in the manufacturing sector, because it uses criteria that match the working conditions in the industry, for example: working hours, workload (3,000 calories / day), work equipment, and the availability of technology. The Manpower Law cannot accommodate differences in labor conditions, especially between workers in the manufacturing sector and workers in the oil palm plantation sector.

At the end of 2019, the government stated that it would revise the Omnibus Law on Job Creation. The government considers that the Manpower Law is not adaptive to investor demand. Sawit Watch stated that the Omnibus Law is feared to ignore the normative rights of workers.

As one of the important industries that has made a major contribution to the state, the government should issue a policy of protection of oil palm plantation workers that contains labor protection in terms of wages, health protection, labor engagement and other normative rights. The policy is seen as a serious effort by Indonesia to ensure that workers' rights are respected, protected, and fulfilled instead of issuing policies that solely facilitate investment.





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