



# Forest Peoples Programme

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## World Bank palm oil strategy is reckless, say NGOs

In advance of a major international meeting about World Bank investments in palm oil, a consortium of indigenous peoples', oil palm smallholders', and non-governmental organisations is demanding the World Bank maintains its current freeze on funding the sector until it has a credible strategy to address the sector's manifold problems.

*The World Bank Group says it is 'aware of negative environmental and social impacts, including deforestation, biodiversity loss, greenhouse gas emissions, land use conflicts and questions over land tenure and human rights',<sup>1</sup> points out Norman Jiwan, a Dayak from West Borneo and department head in the Indonesian oil palm monitoring NGO, SawitWatch, but the 'framework' document they have produced looks like business as usual to us. No new standards, nothing about how they address the deficient legal frameworks in Indonesia and Malaysia, and no measures at all to curb global warming.*

In a carefully worded statement submitted to the World Bank<sup>2</sup> prior to a public consultation in Frankfurt, the consortium insists that reforms must come first before global investment restarts.

*Existing smallholder schemes in Indonesia deprive people of land and burden us with debts, says Cion Alexander, representing the independent national Oil Palm Smallholders Union (Serikat Petani Kelapa Sawit). The World Bank says it wants to help smallholders, but it needs to sort out our problems instead of investing in expansion. The draft document says nothing about how the Bank will address our concerns in Indonesia.*

Environmental and human rights groups in Europe are likewise frustrated, as Knud Vöcking of Urgewald notes:

*The World Bank's consultation held in Amsterdam in June received solid proposals from Urgewald and other NGOs on how to improve the Bank's social and environmental performance in lending for oil palm development, including the need to uphold the right of indigenous peoples to free, prior and informed consent (FPIC) and to withhold Bank finance in areas with unresolved land conflicts. We are dissatisfied that the authors of the Bank's framework have left our core inputs on rights and accountability to one side.*

<sup>1</sup> Draft framework page 3.

<sup>2</sup> Comments from Indigenous Peoples, Smallholders and NGOs on the consultation draft 'The World Bank Group's Framework for Engagement in the Palm Oil Sector':  
[http://www.forestpeoples.org/documents/prv\\_sector/oil\\_palm/comments\\_on\\_draftWBG\\_oil\\_palm\\_framework\\_MC\\_aug10\\_eng.pdf](http://www.forestpeoples.org/documents/prv_sector/oil_palm/comments_on_draftWBG_oil_palm_framework_MC_aug10_eng.pdf)

Tom Griffiths of the Forest Peoples Programme (FPP) comments:

*The World Bank's own audit recommended a major overhaul of its procedures for identifying and addressing social and environmental risks. This reform proposal was backed by the World Bank President Robert Zoellick himself in a letter to NGOs in August 2009. Despite this, the Bank's draft framework document fails to address the risks. It seems that Bank staff are reckless.*

The consortium has called on the World Bank Group to rethink its draft strategy and then engage in further discussions with affected peoples. Meanwhile, they have called for the current suspension of World Bank funding to be maintained.

Ends.

**Contact information for interviews in Frankfurt:**

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**Please find copies of the NGOs' detailed comments at:**

English version:

[http://www.forestpeoples.org/documents/prv\\_sector/oil\\_palm/comments\\_on\\_draftWBG\\_oil\\_palm\\_framework\\_MC\\_aug10\\_eng.pdf](http://www.forestpeoples.org/documents/prv_sector/oil_palm/comments_on_draftWBG_oil_palm_framework_MC_aug10_eng.pdf)

Bahasa Indonesia version:

[http://www.forestpeoples.org/documents/prv\\_sector/oil\\_palm/comments\\_on\\_draftWBG\\_oil\\_palm\\_framework\\_MC\\_aug10\\_bahasa.pdf](http://www.forestpeoples.org/documents/prv_sector/oil_palm/comments_on_draftWBG_oil_palm_framework_MC_aug10_bahasa.pdf)

**Background**

The consultation comes after World Bank Group (WBG) President Robert Zoellick froze all WBG funding worldwide for the palm oil sector pending approval of a revised strategy.<sup>3</sup> He made this commitment in response to critical complaints by Indonesian NGOs and indigenous peoples' organisations and international NGOs,<sup>4</sup> which triggered a damning audit report by the IFC's own Compliance Advisory Ombudsman.<sup>5</sup> Vindicating NGO concerns, the audit found that indeed in providing financial assistance to the world's largest palm oil trading company, the Wilmar Group, IFC staff had violated due diligence procedures and allowed financial considerations to override social and environmental concerns.

In earlier rounds of consultation on the draft strategy the same NGOs, joined by over one hundred others world-wide, had submitted detailed recommendations on the issues that the World Bank strategy should address.<sup>6</sup>

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<sup>3</sup> Letter from Robert Zoellick to Marcus Colchester, 28 August 2009:

[http://www.forestpeoples.org/documents/ifi\\_igo/ifc\\_wb\\_letter\\_pressrelease\\_sep09.pdf](http://www.forestpeoples.org/documents/ifi_igo/ifc_wb_letter_pressrelease_sep09.pdf); Letter from Robert Zoellick to Jennifer Kalafut, 25 November 2009:

[http://www.forestpeoples.org/documents/ifi\\_igo/ifc\\_wb\\_palm\\_oil\\_let\\_nov09\\_eng.pdf](http://www.forestpeoples.org/documents/ifi_igo/ifc_wb_palm_oil_let_nov09_eng.pdf)

<sup>4</sup> Complaint submission: [http://www.forestpeoples.org/documents/ifi\\_igo/ifc\\_wilmar\\_fpp\\_let\\_jul07\\_eng.pdf](http://www.forestpeoples.org/documents/ifi_igo/ifc_wilmar_fpp_let_jul07_eng.pdf)

<sup>5</sup> Audit report: [http://www.forestpeoples.org/documents/ifi\\_igo/ifc\\_wilmar\\_cao\\_audit\\_report\\_jun09\\_eng.pdf](http://www.forestpeoples.org/documents/ifi_igo/ifc_wilmar_cao_audit_report_jun09_eng.pdf)

<sup>6</sup> NGO Joint Statement, May 2010:

[http://www.forestpeoples.org/documents/ifi\\_igo/ifc\\_wbg\\_ngo\\_palm\\_oil\\_may2010\\_eng.pdf](http://www.forestpeoples.org/documents/ifi_igo/ifc_wbg_ngo_palm_oil_may2010_eng.pdf)