

# “Plasma” survey

July 2021

## Introduction

The Gecko Project, Mongabay and the BBC are carrying out a research project examining problems in the provision of palm oil smallholdings by private plantation companies in Indonesia. In the interest of developing as comprehensive an understanding of this as possible, we are writing to leading palm oil producers to request information related to their provision of smallholdings.

We have sought to ensure our questions are as concise and targeted as possible. We appreciate they may be extensive, but believe this is necessary to establish a full and accurate picture of the situation. We are conscious that you may be unable to provide answers to all questions, but request that where that is the case you provide an explanation as to why.

If you would like to provide us with any further information that is not covered by the survey, please do so. We would also welcome the opportunity to interview members of your staff who can comment with authority on the issues raised.

## Deadline

We respectfully request answers to the questions by **12th August 2021**.

## Definitions

Our questions focus on plantations that your company provides for communities **in Indonesia**. These are described variously in different regulations and under different schemes, including but not limited to: kebun masyarakat, KKPA, PIR, PIR-Trans, inti-plasma, pola kemitraan, pola satu atap, pola patungan, pola satu manajemen, and pola saham.

For the purposes of this survey, we are using the term “plasma” to refer collectively to all of these schemes. We use the term to refer to any plantations developed by your company but managed by smallholders who are contractually obliged to supply their produce only to your company’s mill, as well as “kemitraan” schemes in which your company manages the plantation and makes regular direct payments to local landowners. It does not include plantations developed and managed by independent smallholders who sell FFB to your company.

## Questions

### Plasma area

1) Please provide a breakdown of the area of plasma (in hectares) provided by each of your plantation subsidiaries (i.e. PTs managing a single concession), including those which have provided no plasma. Please note that we have researched the publicly available information your company provides about the provision of plasma, via annual reports and other sources. The questions we ask here are therefore intentionally more specific and detailed. Please include in your answer, for each subsidiary:

- a) The year the IUP was issued;
- b) The location of the plantation (to Kecamatan level);
- c) The planted area of the main estate;
- d) The planted area of the plasma area(s);
- e) The year planting began for the main estate;
- f) The year planting began for plasma;
- g) The number of individuals included in the plasma scheme;
- h) The scheme under which it was provided:
  - PIR schemes (including PIR-Trans);
  - KKPA;
  - Revitalisation schemes (including Revitalisasi Perkebunan, PSR, KPEN-RP);
  - Partnership schemes in which your company manages the land, and scheme members receive profit-sharing payments. This includes schemes known as 'pola kemitraan', 'pola satu atap', 'pola satu manajemen' and 'pola saham';
  - Other (please provide details).

2) Minister of Agriculture Regulation No. 26/Permentan/OT.140/2/2007 (Article 11) states: *"Perusahaan perkebunan yang memiliki IUP atau IUP-B, wajib membangun kebun untuk masyarakat sekitar paling rendah seluas 20% (dua puluh per seratus) dari total luas areal kebun yang diusahakan oleh perusahaan."*

How does your company calculate this 20% figure? When calculating this figure, what is the total area from which the 20% is calculated? For example: 20% of the Izin Lokasi; equivalent to 20% of the Izin Lokasi or HGU, but located outside it; or another area.

3) Are there subsidiaries in which you recognise that you are legally obligated to provide plasma but have yet to do so? If so, can you please list these by name?

4) If you answered question 3 in the affirmative, can you provide specific and/or generalised observations on the obstacles (legal, political, social, operational, or other) that you have faced in providing plasma?

### Plasma financing, operation and income

5) How do you communicate to communities the costs of establishing plasma plantations, loan arrangements, ongoing overheads and projected revenues, prior to them consenting to the plasma scheme?

6) Do you have a Standard Operating Procedure or documented policy for determining and agreeing, with plasma scheme members and/or cooperatives, how plasma plantations will be financed and operated? If so, can you please share this?

7) Do you have a standardised contract that is used to govern your agreements with plasma scheme members and/or cooperatives, that is signed by both parties? If so, please can you share this?

8) Do you have a standardised credit agreement and/or standardised feasibility study that is used to govern the terms of loans to finance the development and maintenance of plasma plantations? If so, please can you share this?

9) What role do plasma scheme members and plasma cooperatives play in negotiating and agreeing loans for the financing of plasma schemes developed by your company?

10) On average, after how many years does a plasma plantation produce sufficient revenue to provide dividend payments to plasma scheme members?

11) As a proportion of total plantation revenues, what income (excluding “*dana talangan*”) do plasma scheme members typically receive in each year of the life cycle of the average plantation?

12) Minister of Agriculture Regulation number 98/Permantan/OT.140/9/2013 (Article 23) states: *“Untuk memperoleh IUP-B sebagaimana dimaksud dalam Pasal 8, Perusahaan Perkebunan mengajukan permohonan secara tertulis dan bermeterai cukup kepada gubernur atau bupati/walikota, dilengkapi persyaratan sebagai ...Pernyataan kesanggupan memfasilitasi pembangunan kebun masyarakat sekitar sesuai rencana kerja dan rencana pembiayaan.”*

Can you provide us with the financing plans for each of your subsidiaries subject to this requirement?

13) For each of your palm oil plantation company subsidiaries, can you provide:

- The cost (per hectare) of establishing plasma plantations, as estimated before development began.
- The costs of maintaining plasma plantations, over the plantation’s first production cycle, as estimated before development began.
- Projected revenues over the first production cycle of the plasma plantation, as estimated before development began.

14) Are any of your subsidiaries currently paying “bailouts” for living costs, also known as “*dana talangan*” or “*talangan biaya tunjangan hidup*”, to plasma scheme members? If so, which subsidiaries are doing this?

15) Can you provide a list of banks that have provided credit for plasma schemes developed by your company? If your company provides plasma through kemitraan/satu atap schemes, please specify which banks provide credit for these schemes specifically.

16) Do you have a Standard Operating Procedure or documented policy that guides how you communicate information about revenues, loan status and deductions, to plasma scheme members during the lifetime of the plasma scheme? If so, can you please provide it?

### **Grievance process**

17) Does your company have a Standard Operating Procedure or other form of documented policy for responding to grievances related to plasma? If so, can you share it?

18) How many grievances have you registered from communities relating to plasma?

19) How many grievances have, in your view, been resolved to the satisfaction of the complainant?

20) Please add any other observations or comments you'd like to make.