

PROCEDURE FOR COMPANY CERTIFICATION

Expectations for the Palm Sector in Colombia



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Summary

Colombia faces great challenges for its palm oil to obtain full compliance of the certification of the RSPO's Principles and Criteria (P&C). But it can be achieved if we work eagerly to overcome them, especially those related to social, working and land issues. The weaknesses, strengths, threats and opportunities of the Colombian palm sector are shown below.



Introduction

Oxfam International works with the private sector, because it believes it is part of the solution and not merely part of the problem, as it has been accused of on some occasions. It participates in the RSPO and has been a member of its Board of Directors and many other working groups created with a view to contributing to the development of a system that might be able to meet the different challenges by the palm industry.

From our point of view, the three interest groups revolve around the communities that are facing changes in the use of land: for the small producers to have fair negotiations and the labor force to have decent work.

My presentation is based on the experiences we have had throughout the years in the Asian south-east –particularly in Indonesia– and in some still incipient evaluations we have regarding palm oil in Colombia, which we have compared to other Colombian exportation products, as well as to biofuel certification and production schemes in Latin America.

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If things are done properly, the palm oil may contribute to something wonderful in Colombia. The producers and Fedepalma members may distinguish themselves if they help to make palm oil an exportation product contributing to achieving economic development, to the substitution of illicit crops, the generation of employment and post-conflict security and finally, to alleviating many of the country's problems.

Nevertheless, world experience shows that at times things have not been done correctly, and it is there where the crop begins to be linked to human rights violations, the exploitation of small palm growers, the food crisis, mistreatment of the environment, corruption and all those things with which in some places palm oil is identified with.

In the Colombian case there is a factor which distances them from one of those accusations and it is the fact that we do not have orangutans or Sumatran tigers, because in countries such as Indonesia the palm growers are being accused of destroying wildlife.

Palm oil producers in Asia assure us that this statement is not true, that such crimes are being carried out by others. Well, it is up to them to effectively show that they are not taking part in the destruction of these endangered species. This can be achieved if they are certified by the RSPO as fulfilling the organization's P&C and, although it may seem unfair, the palm growers are the ones who have to prove that they are doing nothing wrong in these cases.

Can Colombia Be Certified?

The main aim of this presentation is to try to see if Colombian palm oil certification is possible and, should it not be, what would have to be done to make it so.

In that sense, it must be said that there needs to be a 'National Interpretation' to consult or resolve the problems that put it at risk and that might be applicable, so that Colombian palm growers can be differentiated from those who may not be acting so correctly in the country. It is therefore worth asking a few questions to begin with:

Are the small farmers fairly treated? Do they have the freedom or power to negotiate with the plant to which they deliver their fruit?

The answer to these questions would have to take into account whether there is a balance of power between the small farmers and the plants which benefit, because otherwise exploitation might arise.

As for the specific Colombian case, we are interested in Productive Alliances and Productive Alliances, models that have been developed in recent years and have nice-sounding names. There are likely good examples of their well-balanced, fair and successful working. So, this could be included in the 'National Interpretation', because it would show that it was well-meaning and works properly not only on paper, but in practice as well.

The idea behind this is that those who have in the past been victims, may benefit from these models which have already been approved and, through an audit, the small farmers can give their perception and corroborate their acceptance.

In Indonesia there are models with similar challenges. The Government has developed very interesting schemes with a plantation as the core and the small farmers around it. This also looks nice on paper, but when it comes to proving if these work properly in practice, there have been disappointments. But it is the vast majority which must show that they are not part of those exceptions.

Vengeta Rao referred to the certification and said that the certification system for the verification unit is the plant and its supply base. This gives certain importance for the plant to measure the performance level, both of



the plant as well as the main plantation, which involves a shared responsibility as well as technical capacity in order to construct.

Food Safety

It would seem to be that there is still no awareness of this problem, but food safety is a frequently-posed issue at debates on palm oil and other exportable products.

I was pleased to hear that in the 'Conpes' published on this topic it was highlighted. Nevertheless, the negative side of this document is that in comparison with the one that contains the guidelines for the energy sector, the one related to the food safety has few details regarding the activities and duties that the different Ministries must undertake.

The Colombian palm growers must understand that their challenges are different from those in Malaysia and Indonesia, because it would appear that most expansions here, especially regarding existent production, are aimed at producing biofuel and not to increasing supply directed at the food sector. We would have to analyze what must be done in a country such as Colombia.

Labor

The relevant criteria for RSPO labor, freedom of association and fair wages end up being extremely challenging topics in this country, where union leaders are murdered.

Another of the challenges is related to the economic aspect. Taking into account the fact that the cost of palm oil production in Colombia is much higher than in any other country, we have to balance the economic level of production by paying the workforce fairly and by allowing them to negotiate that set of working conditions.

At Oxfam International we are interested in finding out about the Associated Work Cooperatives, a specific model for Colombia, which again, proposes the challenge of proving whether or not they work in practice.

I understand that research was carried out to show in practice the functioning of this model in the sugar cane plantation was developed, but it would seem

that its conclusions were not very positive. It would be interesting to repeat this exercise in the palm-growing sector, not only to define whether it functions quite as badly as it did for the sugar sector, but to see if it works in the way that it is presented on paper.

On the other hand, there is the topic of forced labor, which is not clearly mentioned in the RSPO rule, because it is not considered so relevant, and which I believe should be introduced in a future up-dating. What follows is probably an extreme case, as seen in some plantations in Malaysia, and this is that the workforce is not paid in money, but instead receive 'vouchers' to spend at the company shop. This reminds me of a verse of a song:

*"If you load 16 tons, what do you get?
Another day gone by submerged in debt.
Saint Peter, do not call me, because I cannot go.
I owe my soul to the company shop".*

The Land

Land is perhaps, the most sensitive issue; it is a challenge to prove legal property or legal right over the use of land. In the palm sector we have seen some quite challenging examples both in Indonesia and Malaysia.

In Colombia it is also like this, because the law protects the land, particularly those belonging to the Indigenous and African-Colombian communities, which leads us to the principle of growth with previous, free and informed consent which if done correctly, will avoid subsequent problems. And this must not only be borne in mind for this kind of communities, but also for the local communities, which have on occasion been ignored in the Asian south-east.

In Colombia there are communities that have problems of displacement (sometimes forced) and, though in Indonesia and Malaysia there is also migrating labor, the challenges are fewer. In Indonesia there are five hundred land-conflict cases going through the courts; in Malaysia (at Sarawak) it is said that there are between 50 and 100 cases relating to these land conflicts in the courts.

What is needed is to have a fair conflict-solution mechanism in place, which would allow us to move

forward, because there are conflicts the world over, and if systems are developed which work to solve them, it will be possible to improve.

As for the land issue, there has always been a debate on whether the problems are the responsibility of the private or the public sector. It is difficult reach an agreement, because there is, for example, the local government part, the obtaining of permissions, the territorial ordering systems, etc. Planning is never anywhere near perfect enough to cover all the social and environmental elements required, but with government participation, as seen throughout the world, land has become a political topic.

I know, for instance, that in Colombia the coffee expansion caused land conflicts. An important challenge is that this should not happen again with the palm-oil expansion. When I analyze such difficult and sensitive issues, I think that the palm sector is like a prism, in other words, like a piece of glass through which a beam of light is sent and different colours are produced. In the sector, just as in that prism, there are problems that can be seen, coming out to the light in different forms, in different colours. And the light is already there, the light originates in the historic moment, before palm oil plantations were established; but the moment of establishment makes them become the perspective or the vision you perceive, with different shapes and colors, depending on the problem.

Further Challenges

There are other sensitive topics that may arise in Colombia and have not been clearly set out in the Asian context. It is worth remembering that the RSPO Criteria were basically developed with that continent and not Latin America in mind, since it produces more than 85% of palm oil.

Money laundering. As regards money laundering, I was told by a friend that, although a difficult topic, it is not a major problem, because it is easy to measure, in that the companies can prove that they have been financed through bank credits. This then can be fed with the Transparency Criteria 1.2, or with the economic Viability 3.1 as against the other financiers that are part of the audit.

Security. In different sectors there is also a challenge regarding security, in so much as we are beginning to pay for our own and that may bring with it human rights problems. This is not currently specified in the P & C, but number 6.10, which is related to the company's relationship with their suppliers and other contractors, gives us a glimpse of it.

Biofuel. It has to be taken into account that the RSPO's P & C have not been developed for biofuel, but for palm oil production. The possibility to expand them so that they may have such scope must be analyzed, as well as building verification and certification mechanisms around them.

The green seal. I have heard that in Colombia the use of the green seal for palm oil is being discussed. With this in mind, it might be worth noting that governmental use of the green seal in Malaysia would seem not to have been widely accepted amongst the big producers, due to the fact that an instrument of this kind developed nationally has less credibility than the one which is being developed by multiple actors.

Communication. By the way, the multiple actors' approach is extremely important in setting out a 'National Interpretation'. For example, in Papua New Guinea it was a great challenge to get social groups interested in taking part in the process. I want to encourage you to carry on trying to make people motivated and to discuss the social issues. "If the mountain won't come to Mohammed, Mohammed will go to the mountain".

The same requisite for actors' participation is also relevant during the audit and even more so in the 6.2 Criteria, which is related to communication (with those affected). If the company does not have communication with those involved, it will be very difficult to fulfill the Criteria. It is true that some people have doubts or fears about the possible consequences of expressing a concern. But in practical terms, we have to establish protection mechanisms for these people to overcome such conditions. In this regard, Government participation in the process is crucial.

Commitment. I also heard, very pleased, the Colombian Environment, Housing and Territorial Development Minister who was very pleased and who reminded me about the bacon and eggs. The pig and the hen served in a breakfast. Of these two animals, the pig is involved and the hen is committed.



The Environment Ministry must be wholly involved in this, but the one who is really going to suffer is the Agricultural and Rural Development Ministry, because it must face the sustainability of its sector. I hope that future activities in Colombia may also commit and involve other ministries.

Confidence. There are different values of confidence in the RSPO certification process. The integrity of the certification entities or the certification systems is something that must be contemplated. Because the systems may cover many issues, but always leave things out, this carries the risk of finding problems that may undermine the process' total transparency. Therefore, the message must be convincing.

Can It Be done?

Going back to the starting point: Is it possible to certify Colombian palm oil? Is this certification possible to achieve?

I find strengths, weaknesses, opportunities and threats, which I mention as follows:

Strengths:

- *Fedepalma's* leadership in Colombia.
- The proximity of the palm trade to the Government, because it has shown through its hard work and conviction for the sector to be sustainable. It has demonstrated capacity and has committed to achieve it.

Weaknesses:

- An extremely challenging context (in topics such as working, social issues, land...).
- Lack of confidence of some of the participants' agents.

Opportunities:

- To have the chance to do this properly and in a responsible way regarding the expansions.
- To learn from the RSPO experience.

Threats:

- As for the social issues, the threat is that the group seems to be too close to political matters and political issues. In this sense, we must work to build society confidence.
- Adverse signs from the palm growers who are uncommitted. In the sector there is this kind of producer, who cannot be avoided, but who must not be ignored either, because it is harmful and affects its credibility.
- I believe that Colombian palm oil could be certified. We have to work to achieve this, because the impact would definitely be extremely positive, and this would contribute significantly to building a better country.