



**Date: 26 October 2018**

## **IOI GROUP**

### **IOI PELITA LAND DISPUTE RESOLUTION PROCESS**

#### **IOI and Grassroots Joint Statement**

##### **Background and History**

The IOI Pelita land dispute in Sarawak involves RSPO founding member IOI Group for whom this is a legacy issue which was inherited in 2006 through the purchase of Rinwood Oil Palm Plantation' shares in their joint venture with Pelita (Sarawak State Land Custody and Development Authority).

In 2010 a complaint was submitted against IOI Pelita Plantation by Grassroots on behalf of the communities of Long Teran Kanan. In 2013 the case was handed over to the RSPO Dispute Settlement Facility for further action in moving the resolution process forward; however, no significant progress was achieved. In 2015 stakeholders attempted to resolve the case through a state-led approach using a mediated settlement, but did not succeed. The lack of a robust Free, Prior and Informed Consent process as well as insufficient consultations with the affected communities derailed this initiative. It was at that time when the scope of settlement got expanded to include another 5 villages, in addition to the original 2 in the legal claim, bringing the number of communities participating in the conflict resolution to 7. In 2016 the case reverted to the Complaints Panel (CP) for resolution.

In 2017 a renewed effort was made to resolve the conflict as stakeholders and IOI started exploring a potential to jointly arrive at a sustainable and agreeable set of actions. Subsequently, IOI and Grassroots went on several joint visits to the affected communities to gather input which would help inform the drafting of the Resolution Plan. A new resolution plan was crafted incorporating Grassroots' recommendations to reflect the aspirations of the communities, FPIC and RSPO standards. The CP provided IOI with detailed and comprehensive comments and these too were addressed and incorporated in the Resolution Plan.

##### **Resolution Plan**

The Resolution Plan was submitted to the RSPO CP for approval at the end of June 2018. The Plan follows a 3-stage approach: 1) building communities' capacity, awareness and governance, 2) claims identification and validation, mainly through participatory mapping, and 3) negotiations for fair and lasting resolution of the conflict. The process is designed to conform to RSPO's Principles & Criteria (P&C) requirements, particularly on implementing Free, Prior and Informed Consent (FPIC) methodology. It has integrated the views of communities articulated in Grassroots' previous recommendations.

This Plan received the CP's conditional endorsement at the end of June 2018. It was subsequently presented to all affected communities during a 7-day long visit on June 30 – July 6, 2018. The main purpose of this "socialization" exercise was to explain the Resolution Plan and to seek communities' consent for its implementation. Grassroots,

Pelita and an RSPO representative participated alongside IOI's team in this socialization program. A non-binding consent from communities' appointed leaders is a necessary prerequisite for the CP's final endorsement of the Plan.

### **Parties involved in implementation**

#### Grassroots

After sustained engagement and dialogue with IOI, Grassroots decided, in the best interests of resolving this case, it was crucial it played an active role driving the process by providing advice and inputs to IOI's planning and implementation. Circumstances and evolution of the case necessitates a different role to ensure the final goals are achieved. In July 2018, Grassroots entered into a contractual relationship with IOI to advice its team on the implementation of the Plan. This move was seen as the most efficient and effective for including the perspective of the complainants and affected communities.

#### Civil Society

The assistance of Sarawak civil society (JOAS and SADIA, both having knowledge of the conflict) to provide technical and other support to communities began in August 2018. It is envisaged communities will be able to call on expert advice on negotiating a settlement, documenting their claims and establishing their cases through a comprehensive program implemented by NGOs.

#### Lead Facilitator

In August 2018, a neutral, highly knowledgeable facilitator was engaged to assist the process by guiding the community-IOI interaction and negotiations. The facilitator has previously reviewed the case and has a strong understanding of the issues and context, which is an important advantage for anyone performing this role.

#### Government Authorities

Since the case involves overlapping land claims by the communities, native customary rights and the State's rights as a landowner, IOI team has been intensively engaging the relevant state and local authorities to make sure they are part of the resolution process from the very beginning.

#### RSPO

The implementation of the Resolution Plan will be monitored by the RSPO's Investigation Monitoring Unit.

## **Free, Prior and Informed Consent (FPIC) based approach**

To further assist the understanding and implications of the Resolution Plan, IOI conducted another socialization workshop on August 11, 2018. Community leaders were invited to that workshop with the aim to improve their understanding of the Plan and its ramifications. Local civil society and the facilitator, all very familiar with the IOI Pelita case, participated in this workshop and explained their role in the dispute resolution process. Grassroots representative was also present.

As of October 1, 2018, 6 of 9 communities confirmed their consent for the implementation of the Plan.

IOI's stakeholder engagement team and IOI Pelita's community liaison officer have been engaging with the communities and other local stakeholders on a regular basis. The goal is to ensure communities are continuously updated on progress of the resolution process and able to provide their inputs or raise questions.

Work on identifying outstanding claims from previous compensation exercise began in 2<sup>nd</sup> Quarter of 2018 with a series of individual land plots surveys conducted together with the community members to verify the exact location and size of these plots.

## **Challenges facing implementation**

With support from local NGOs data will be gathered to understand the full extent of issues that need attention as part of the resolution process. Direct consultation and ground-truthing with identified groups or individuals will lead to the "mapping" of claims. The limited number and size of the local NGOs, contrasting with the large number of dispersed and not easily accessible communities (9 groups), poses a challenge to the process which relies on intensive engagement with the affected communities to ensure alignment with RSPO requirements for a fair approach that includes FPIC.

Government support will be of critical importance, especially at the 3<sup>rd</sup> stage of the resolution process when the community claims and concerns will be addressed and a fair settlement will be sought. At various levels the State government has offered its support for the Plan. However, at the end, all stakeholders, local authorities in particular, will have to display an open-minded stance on the complex native customary land issues in order to be able to finally, after 21 years, resolve the dispute and set a good precedence for the many similar cases facing local communities across Sarawak.

It is expected that at each stage of the Resolution Plan implementation, there will be some obstacles and IOI and Grassroots will have to be persistent and resourceful to overcome them. A good example of such difficulties is the fact that the Resolution Plan which was developed specifically to safeguard communities' interests, has still not received a consent from 3 communities. For the communities this process is new and the degree of distrust is still significant. As a result, some of the communities are extremely cautious in consenting to any formal process - especially when giving consent in writing. Therefore, they feel the need for their trusted political leaders (advisors) to endorse the Resolution Plan before they give their own consent. The IOI team is currently trying to assist the communities with this request, mainly by engaging their political leaders and explaining the Resolution Plan to them. Another permanent challenge is the remoteness of some of the affected communities and lack of adequate communication infrastructure in that area, including internet, telephone lines, and mobile communication coverage.

It will be vitally important for IOI and its partners to tackle these issues and challenges in order to ensure compliance with the FPIC principles, fair process, transparency, and to lay a strong foundation for the settlement process.



*IOI and Grassroots at the launch of the Resolution Plan Socialization Program*

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