

THE COST OF CONFLICT IN INDONESIA'S OIL PALM



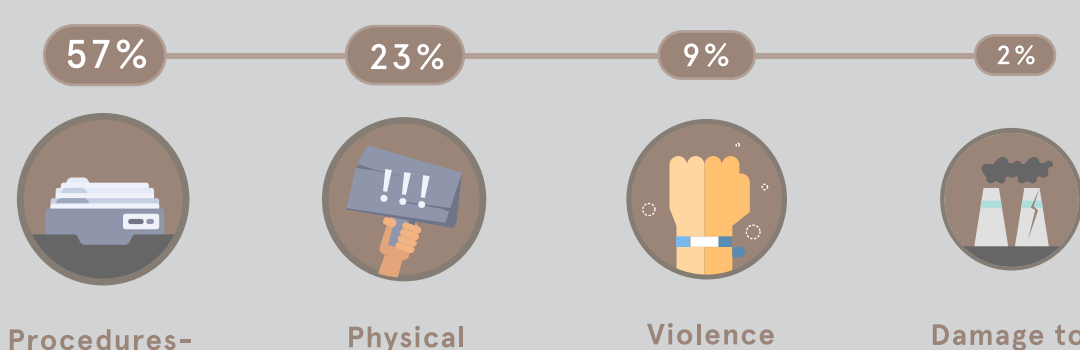
Contributing to nearly USD 17 billion of export revenue in 2015, palm oil is an important economic sector in Indonesia. In recent years, palm oil production has drawn public attention as its expansion has resulted in deforestation and land conflicts with local communities and indigenous people. In response to these concerns key industry players now have pledged to have a deforestation-free conflict-free supply chain.

4000 land conflicts are linked to the Indonesian palm oil industry. These conflicts impact the bottom line of the palm oil company.

DRIVERS



MANIFESTATIONS



*data above are from West, Central, and East Kalimantan

PARTIES INVOLVED



THE COSTS

TANGIBLE (USD 70,000 – 2,500,000)

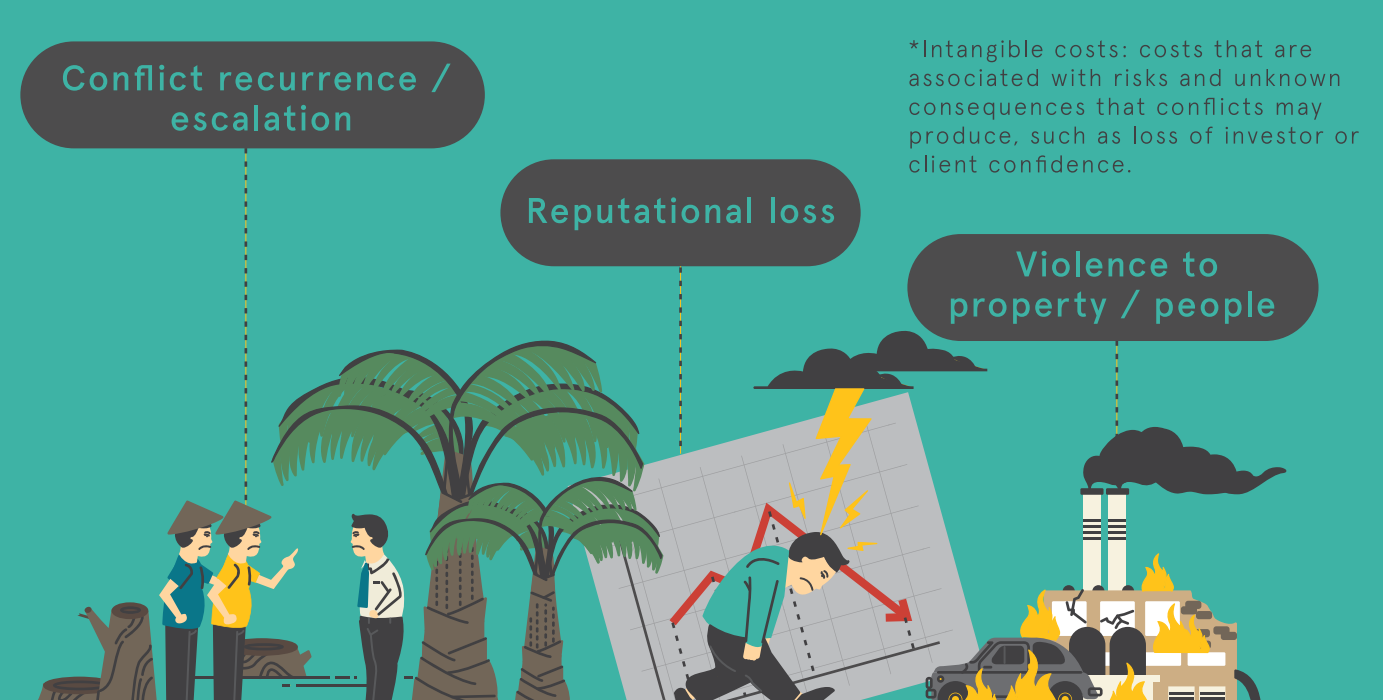
50% to 80%
of plantation operational costs

Financial expenditures and the opportunity cost of those expenditures, includes:



INTANGIBLE (USD 600,000 – 9,000,000)

Expenditures associated with the risk of:



RECOMMENDATIONS

1. Improve company policy and management procedures, including employee incentives and key performance indicators
2. Build capacity of local stakeholders to act as intermediaries
3. Expand the knowledge base on the causes, progression and implications of social conflict
4. Develop best practices for conflict prevention, mitigation and resolution
5. Pilot conflict prevention and mitigation at the jurisdictional level