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PALM OIL AND CHILDREN IN INDONESIA

EXPLORING THE SECTOR'S IMPACT ON CHILDREN'S RIGHTS

PALM OIL AND CHILDREN IN INDONESIA



Oil palm cultivation has been an important generator of economic growth in Indonesia in recent years, contributing to a reduction of poverty. However, the industry has also been associated with a number of adverse social and environmental impacts.

Children are affected in multiple ways by the palm oil sector – as dependents of workers, members of the community, and at times as workers themselves. Child labour has long been a recognised concern in the industry. However, the impact of the sector on children extends beyond child labour. For instance, limited maternity protections, low breastfeeding rates, lack of childcare opportunities, poor maternal health and nutrition, and difficult access to education for worker’s children may have significant impacts on the health and development of children in palm oil communities.



CHILDREN AS CRITICAL STAKEHOLDERS

The research estimates that as many as 5 million children could be affected by the palm oil sector in Indonesia as dependents of workers.¹ This is in addition to children working in the industry and living in rural communities near oil palm plantations who are also impacted by the sector.

The immense size of the palm oil sector in Indonesia, and the anticipated growth in global demand, highlight the urgent need to ensure that children are taken into consideration as critical stakeholders in the palm oil supply chain.

The research revealed that impacts on children are often overlapping; and connected root causes exist of key child rights challenges in relation to child health, survival, nutrition, education and development. Therefore, without interventions targeting both workers in the sector and families in plantation communities, the potentially adverse impact of the sector on children cannot be fully addressed.

Disclaimer

This document summarises key findings from qualitative research undertaken in 2016. The research was based on a desk study on the impact of the palm oil sector on women and children, followed by interviews with experts and key stakeholders in Indonesia. Consulted stakeholders included plantation executives, managers, trade unions, healthcare workers, teachers, childcare providers, children and their families, civil society organisations, community members, international buyers, government ministries, national human rights institutions, inter-governmental bodies, and multi-stakeholder bodies. The field research focused primarily on large companies and plantations; therefore, the study does not endeavour to examine social impacts and practices across the entire industry, or among smallholders, which make up approximately 40 per cent of the industry in Indonesia.

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IMPACT AREAS ANALYZED FOR PALM OIL STUDY

The research summarised in this report identified **7** impact areas in which the activities of the palm oil sector affect the rights of children.



OVERVIEW OF THE STUDY

The environmental impacts of the palm oil sector have been under heightened scrutiny in recent years. However, there has been a tendency for social impacts to be overlooked, and specifically the impacts of the sector on the wellbeing of children.

In 2016, UNICEF undertook a qualitative study on the impact of Indonesia's palm oil sector on children. In addition to comprehensive desk research, field research was undertaken in Central Kalimantan and North Sumatra. A wide range of stakeholders was engaged, including workers, trade unions, civil society organisations, plantation management and government officials.

The study is exploratory in nature, seeking to provide an understanding of the key areas in which children may be affected by the palm oil industry.

It aims to inform UNICEF's efforts for programming, advocacy, and engagement with government institutions and companies to address children's rights in Indonesia's palm oil sector. The report seeks to provide an understanding of potential impact areas in which children are affected by the palm oil industry, but does not evaluate the situation across the entire industry.

Accordingly, the impact areas identified relate to both direct and indirect impacts, ranging from child labour, conditions for working parents, and business activities that affect children in communities.

OVERVIEW OF THE PALM OIL SECTOR

Increasing global demand for palm oil has contributed to its emergence as the most widely produced vegetable oil in the world. Palm oil is used in an estimated 50 per cent of all consumer goods used by consumers around the world on a daily basis. Together with Malaysia, Indonesia accounts for 85 per cent of total global production. While palm oil exports declined in 2015, global demand for the commodity is expected to grow by 32% to 60 million tons by 2020.



In Indonesia, private companies account for approximately half of the palm oil sector, while a small portion is made up of state-owned plantations. Increasingly, smallholders - those farming on less than 25 hectares - are driving significant growth of the sector. Approximately 42 per cent of the oil palm in Indonesia is managed by independent or 'tied' smallholders, who are obligated to sell their crop to palm oil companies.

The palm oil industry is labour-intensive. In Indonesia, the sector engages an estimated 4 million people,² **roughly half of which are believed to be women.** A majority of the workforce engaged in palm oil production in Indonesia is made up of internal or 'trans-migrants' from other Indonesian provinces.

Workers migrate to work in the sector as a way of earning higher incomes to remit to their families at home. In this way, involvement in the sector provides women in particular with important sources of income, allowing them to support their families and potentially rise out of poverty.

Accordingly, palm oil has become a cornerstone of economic development and poverty alleviation

strategies.³ At the same time, however, the positive impacts of the industry on development and poverty risk being undermined by a range of negative impacts on the health, welfare and development of children and communities.

Typically, plantation workers and their families live and work in remote areas, often in employer-provided housing, in complexes that tend to be closed off from outside communities. Although the industry is credited with improving rural infrastructure, children living in remote, rural communities in and around palm oil plantations often have limited access to basic services such as education and healthcare. In addition, they are at risk of suffering adverse impacts in relation to environmental pollution. As a result of these factors, health and nutrition outcomes for children of palm oil workers are often poor.

Children of plantation workers are also particularly vulnerable to child protection issues, such as trafficking and child labour, due to poverty, poor access to services, remoteness and social exclusion. Indigenous children in particular are at risk of loss of cultural identity, traditional livelihoods and food security.



Root causes underlying potential impacts on children

The impact areas identified in this report share a number of structural and normative root causes. For example, low wages for working parents directly and indirectly underpin many of the challenges highlighted in several impact areas, such as health and nutrition (Impact Area 3), access to education (Impact Area 5) and child labour (Impact Area 7). Similarly, poor maternity protections are closely related to women's breastfeeding practices (Impact Area 1) and childcare needs (Impact Area 2).

Other root causes identified include gaps in national laws and policies relative to international standards; weak enforcement, monitoring and oversight vis-à-vis compliance with national laws; increasing casualization and precarious working conditions in the labour force; and remote, rural location of the palm oil industry, which carries a number of challenges in relation to basic service infrastructure (e.g. education and health).

Many challenges also stem from the colonial legacy of the industry. For instance, state and privately-owned plantations in Indonesia have operated since the 1860s. During these times, plantations were responsible for providing workers with all basic necessities and social services out of necessity, including housing, schools and healthcare. Many of these amenities continue to be provided by plantations today, and are sometimes used as a justification for low wages.

IMPACT 1

MATERNITY PROTECTION AND BREASTFEEDING



According to UNICEF and the World Health Organization (WHO), children should be exclusively breastfed for the first six months, and complementarily breastfed until two years. In the absence of optimal breastfeeding, children face a higher risk of malnutrition and illness. The impact of low breastfeeding rates on new born children is particularly severe. Infants who are not breastfed exclusively until six months are 14 times more likely to die in the early months of life than those that are exclusively breastfed for the first six months.⁴ Non-breastfed infants are also more susceptible to diarrhoea and pneumonia, the two leading causes of infant death, and are at greater risk of being malnourished and micronutrient deficient.

Without a minimum of six months of paid maternity leave, mothers are less likely to exclusively breastfeed their babies for this period of time. This can have severe consequences for the health of their infants.

Maternity protection therefore has a direct impact on the wellbeing of workers' children. Paid parental leave, special protection for pregnant and nursing women, and prevention of discrimination on the basis of family status (pregnancy and motherhood) are important measures to both protect child health and to provide better working conditions for mothers.

Maternity benefits inadequate

In Indonesia, plantation workers employed on a permanent basis are entitled to three months of paid maternity leave at their ordinary rate of pay.

However, in the palm oil sector maternity benefits are not always provided in accordance with the law, particularly when women are unaware of their entitlements and how to claim them. Where women count disproportionately among casual workers, their temporary status may prevent them from accessing statutory benefits, including maternity leave.

Moreover, maternity leave is not long enough to allow workers to exclusively breastfeed their infants for the first six months after birth. As a result, many women stop breastfeeding their babies earlier than recommended to facilitate their return to work.

Lack of paid time off for pre- and post-natal care

Pre- and post-natal care is typically available to both permanent and casual workers in plantation clinics. However, the quality of care varies significantly between plantations. Pre- and post-natal care offered at government clinics is typically only available during working hours. Women therefore struggle to attend such appointments without paid time off.

Lack of time to attend pre- and post-natal health check-ups can have serious consequences for maternal and child health, particularly given the high prevalence of anaemia (37 per cent in Indonesia) among pregnant women (see Impact Area 3). For pregnant and nursing workers, excessive hours, arduous work, and exposure to hazardous chemicals further contribute to poor pre- and post-natal health.

Protection for pregnant and nursing workers

A lack of sufficient protection for pregnant and nursing workers is a key concern in the palm oil sector. Casual workers reported being dismissed upon disclosing pregnancies. The risk of losing income compels many to hide their pregnancies for as long as possible – often well into the second trimester. As a result, pregnant workers often go without special health and safety precautions to protect foetal health, such as reduced hours, non-arduous work and non-exposure to hazardous chemicals (See Impact Area 3).

Low breastfeeding rates on plantations

In Indonesia, only 42 per cent of infants are exclusively breastfed until six months, and 55 per cent are breastfed until age two.⁵ However, there is evidence that breastfeeding rates are lower among women working in the palm oil sector, who frequently stop breastfeeding or mix feed after returning to work. Nursing mothers often return to their previous activities after maternity leave, such as pesticide spraying, which can have severe impact on infant health. As a result, many women interviewed for the study reported that they stopped breastfeeding after returning to work, and spend 25% or more of their monthly salaries on formula milk.

A key driver of poor breastfeeding practices is a lack of awareness. Information about optimal breastfeeding practices is often not provided by plantation-based health clinics, and workers often lack knowledge of the importance of breastfeeding to child health.

While under Indonesian labour law, nursing mothers are entitled to breastfeeding breaks, the feasibility of taking nursing breaks was identified as a key challenge for workers. Work stations on the plantation rotate and can be located far from childcare facilities (e.g. crèches). Workers typically have limited time and access to transport to breastfeed. In addition, expressing and storing breast milk is not widely practiced, and crèches often lack refrigerators and other facilities for this purpose.



IMPACT 2

CHILDCARE



Good quality childcare is essential to ensure that workers' children grow up in safe, healthy and nurturing environments. It is also critical to assisting mothers to return to employment after maternity leave, giving them the security that their child is protected and has access to early childhood education. Plantation-based crèches can also help working mothers to breastfeed during working hours (See Impact Area 1).

On the other hand, a lack of affordable, good quality childcare can mean that children are deprived of early childhood education, may be likely to accompany parents to work, where their health and safety could be at danger, or may be left unattended at home and at risk of neglect. Lack of childcare can also motivate adolescents to drop out of school to care for their younger siblings.

Unlike Malaysia, Indonesia has no requirement for plantations to provide nurseries for workers' children under a certain age. Nevertheless, the majority of plantations visited for this study provided childcare facilities. Historically, childcare facilities have been provided out of necessity, due to limited social infrastructure in remote areas.

However, care provided in the plantation context is often basic. This is despite the fact that early childhood education has been shown to yield benefits in academic achievement; behaviour; educational progression and attainment; delinquency and crime; and labour market success. Nevertheless, less than half of pre-school aged children in Indonesia are enrolled in pre-primary school (44.6 per cent of boys and 46.5 per cent of girls).⁶ Access to early childhood education is also twice as high for urban children than for rural children.⁷

In plantations visited during the research, crèches tended to be used by working parents who, living and working in remote areas, lack alternatives. Internal migrants – who constitute a significant proportion of the workforce in Indonesia – often do not have family in the area who can be relied upon to care for children. For internal migrants, the poor quality of childcare facilities at some plantations may motivate them to leave their children in their home provinces. In these cases, parents may only be able to visit their children once per year, threatening parent-child bonds. Children 'left behind' are also at risk of abuse and neglect due to lack of parental oversight and care.

The impact of long working hour

Moreover, long working hours often limit the amount of time parents can spend with their children. In the absence of adequate childcare facilities, long working hours can interfere with parent-child bonds and result in impaired development and child neglect, whereby children are left unattended during the day while parents work in the plantations.

IMPACT 3

HEALTH AND NUTRITION



Poor maternal and child nutrition

There is a critical link between maternal and child health, which often remains overlooked in the workplace. A mother's nutritional status and level of health affect her ability not only to perform in the workplace, but also to bear and raise a healthy child. For example, maternal undernutrition and anaemia contribute to up to 50 per cent of childhood stunting, as undernourished women give birth to low-weight babies who will not reach their full growth potential.



CHILDREN UNDER FIVE YEARS



These percentages are higher among children in rural areas and in lower wealth quintiles.⁸

Poor nutrition on plantations is fuelled by a number of factors. Plantations provide monthly rice rations, and workers in pesticide spraying (typically female casual workers) receive monthly milk rations. Access to fruits and vegetables is often limited, however, especially in remote areas where poor road access prevents vendors from reaching communities. While few plantations prohibit workers from keeping gardens, in practice few workers use land for gardening.

Instead, parents, who work long hours, tend to prefer the convenience and low cost of instant noodles and other processed foods. Generally, there is a lack of knowledge among working mothers of key nutrition challenges. For instance, in Indonesia according to official data, although 81 per cent of pregnant women received or purchased iron tablets in 2010, only 18 per cent consumed the tablets as recommended.⁹

Exposure to chemicals and consequences for children



Exposure to toxic chemicals is likely to be the single greatest health risk to pregnant and nursing workers in the palm oil sector. In many estates, female casual workers are responsible for the spraying of pesticides and fertilizers, and handle highly toxic agrochemicals on a daily basis.¹⁰ However, pesticide sprayers are not always well-trained, and the mishandling of chemicals has been linked to grave health concerns.

Exposure to toxic chemicals not only affects the health of pregnant and nursing workers, but can also have irremediable impacts on foetal and child health. Adverse child health effects of exposure to pesticides include cancer, poor neurological development, birth defects, low birth weight and infant death.¹¹ Women exposed to hazardous chemicals also experience poisoning, blistered skin, eye infection or irritation, loss of eyesight, headaches, and vertigo.¹²

Despite the high level of risk, most women sprayers interviewed for the study did not wear protective masks. Even where provided, women preferred not to wear masks due to difficulty breathing. This indicates a lack of awareness of the toxicity, with potentially severe impacts on their and their children's health.

Access to healthcare



Although plantations typically provide medical facilities, the quality of care is not always guaranteed. In best-case scenarios, trained personnel and well-stocked pharmacies are available on-site and free of charge. More commonly, however, workers cited a lack of qualified doctors and midwives.



In cases where workers lack good quality plantation-based healthcare, poor road conditions and limited availability of emergency transport often undermined their ability to obtain medical attention at clinics and hospitals outside of plantations.

Forest burning and air pollution



Burning forests is a common, albeit illegal, means of clearing land and forests for agricultural use. Forest burning still occurs on an annual basis, and is used on a particularly wide scale in Indonesia. During high burning periods, the air quality can be severely compromised by toxic smoke called 'haze'. The haze caused by burning affects very large areas, causing air quality to exceed 'hazardous' thresholds.¹³

Children's exposure to haze is of particular concern due to their underdeveloped immune systems. The younger the child, the greater the impact of haze is on health. Research has linked such forms of air pollution to respiratory diseases; mortality of young children; asthma; lung damage; low birth weight; miscarriage; and impaired cognitive development. Haze-related illness also impedes children from attending school and can result in the temporary closure of schools.¹⁴



IMPACT OF LOSS OF TRADITIONAL LIVELIHOODS ON NUTRITION

Land cleared for palm oil expansion is mostly tropical forest and peat lands, sometimes relied on by indigenous communities for their traditional livelihoods. Dramatic changes in forests and ecosystems have had major consequences on food security for indigenous communities.

In indigenous communities affected by palm oil expansion, there has been a shift from traditional diets, which are high in protein from game meat and fish, to those reliant on less nutritious foods, such as rice and instant noodles.

Generally, under-nourished children are much more susceptible to morbidity and mortality than those with balanced diets. While this factor alone raises serious concerns, additional implications for indigenous children result from the loss of access to medicinal plants and associated ancestral knowledge.

GOOD PRACTICES

A company with operations in Central Kalimantan provides after-working-hour health services at the plantation site. This allows workers to benefit from the services without taking leave. The after-hour consultations are particularly important for pregnant and lactating women and their infants. They include maternity services and essential health care, including immunization, nutrition counseling and healthy and hygienic lifestyle promotion.

A company operating in Kalimantan applies a regional policy to regulate working conditions for pregnant and nursing workers. Pregnant and nursing workers will be rotated to other low-risk work to avoid the potential negative effects of the chemical substance to the workers and their infants.

IMPACT 4

WATER, SANITATION AND HYGIENE



Diarrhoea is one of the most common illnesses affecting children in palm oil plantations. According to UNICEF, in Indonesia, 58 per cent of all diarrhoeal diseases are caused by poor access to safe water, sanitation and hygiene (WASH), which is a chief contributor to the 370 deaths of children under five per day in Indonesia.¹⁵ Ill health caused by poor water quality and inadequate sanitation can also negatively impact on school attendance (Impact Area 5), particularly for menstruating girls.

Water on plantations may not always be fit for drinking. Many workers interviewed for the report boiled water before drinking, or used their income to purchase drinking water. According to them, running water is not available in all homes and water supply may be sporadic. In cases where water supply is restricted, families may use water sparingly which affects regular hand-washing and sanitation.

Although latrines are often available in workers' homes, they are, in many cases, in disrepair and may not be promptly fixed. Latrines are usually not available in the fields during the working day, prompting workers and families to practice open defecation. In total, an estimated 51 million people in Indonesia practice open defecation, the second highest number of all countries.¹⁶ The health consequences of poor waste management and open defecation are felt in many communities, and can also impact children living downstream from plantations.¹⁷

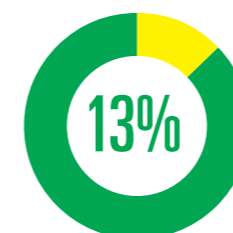
Hand washing practices among plantations workers are also often suboptimal. Hand washing practices can be poor on plantations for a number of reasons, including lack of awareness of the importance of hand washing for disease prevention; lack of available soap in employer-provided facilities; the high cost of soap relative to workers' salaries; or limited supply of water at work or in the home.

Pollution of water sources

Palm oil plantations have a considerable impact on water quality due to leaching of pesticides and agrochemicals; palm oil mill effluent discharge; and hydrocarbon contamination in rivers. Communities affected by water pollution lose access to important sources of drinking water. Drinking and swimming in polluted water can cause a range of adverse health impacts to which children may be more vulnerable. Pollution from pesticides and agrochemicals can also kill fish and staple crops, impacting food security.¹⁸ There have been reports of birth defects, and other related problems associated with pollution caused by palm oil activities.¹⁹



MORE THAN
51 MILLION
PEOPLE
IN INDONESIA
PRACTICE OPEN DEFECATION
UNICEF/WHO JMP 2015



13%
of Indonesians have no access to an improved water source
UNICEF/WHO JMP 2015

Adequate housing

Large plantations often provide housing; however, casual or contract workers (those hired on a temporary basis or through third party recruiters) are not always provided with housing. Typical housing benefits provided to workers include free or subsidized utilities, such as electricity and water. Plantations are responsible for maintaining workers' housing. However, there is considerable disparity in the quality and condition of housing. In some plantations, housing maintenance is a concern, and workers' houses are in poor repair.

IMPACT 5

EDUCATION



The palm oil sector's role in securing access to primary education has been notable. While there is no legal obligation to provide primary schools, plantations often offer this service for children of employees out of necessity. In this regard, plantations fill a critical service gap for children in rural areas who face greater difficulty in accessing education.

However, the quality of primary education provided by plantation schools is often below public standards. For example, teachers may not be well trained and are often paid low wages. Plantations cited a difficulty in attracting good quality teachers due to their remote location. In some cases, labourers with limited education are seconded to serve as teachers.²⁰

Secondary education



Plantations often provide transport for workers' children attending secondary schools. Although there is a lack of data, this service may contribute to higher rates of children of plantation workers attending secondary education as compared with their rural counterparts in Indonesia.



1 IN 5 RURAL CHILDREN ATTENDING PRIMARY SCHOOL DOES NOT MOVE ON TO JUNIOR SECONDARY

However, low-income families in Indonesia face challenges in keeping their children in school due to high direct and indirect costs, which in turn contribute to significant dropout rates. As a result of such challenges, UNICEF statistics show that nearly 1 in 5 rural children attending primary school does not move on to junior secondary, in contrast to 1 in 10 urban children.

Children of Indonesian migrant workers in Malaysia

Children of Indonesian migrant workers on Malaysian plantations face particular challenges accessing education, as non-nationals are prevented from accessing public education. While alternative learning centres funded by plantations and run by NGOs have been established, the quality of the education offered is variable and the opportunities to study beyond the primary level remain limited.

IMPACT 6

CHILD PROTECTION



As a result of poverty, poor access to government schemes, remoteness and social exclusion, children of palm oil plantation workers are particularly vulnerable to child protection concerns.

Low coverage of birth registration

Indonesia has one of the lowest coverage rates of birth registration in the East Asia and the Pacific Region. Only 58 per cent of children under five years old from rural areas are registered, compared to 76 per cent in urban areas. Children from the lowest income quintile (41%) are less likely to have their birth registered compared with children from the richest quintile (88%).²¹

Children without documentation cannot access basic services, such as health and education, rendering them at a higher risk of child labour, trafficking and other forms of abuse and exploitation.

The National Socio-economic Survey (SUSENAS) of 2011 identified four main causes of low registration rates in Indonesia, namely:

1. high costs of registration;
2. the lack of community awareness and understanding of the importance of registering births;
3. complex procedures; and
4. lack of access to services usually located at the district level.²²

GOOD PRACTICES

A company operating in North Sumatera offers scholarships for children who score 85% or higher at the end of each semester, starting from elementary school level. Despite the fact that education is free at that level, parents can use the scholarship money to buy school uniforms and to cover any other school-related expenses. The number of scholarships is unlimited. Even if all children were to score 85% or higher, all of them would benefit from the support. Children from this plantation can also attend the company's university at a 50% discount. The intervention has shown a number of positive effects. The average marriage age among children from this plantation is above 18 years, which means most girls would not marry before having finished high school.

A company operating in Kalimantan is collaborating with a local NGO and a university to develop an education program that aims to improve the teacher/students ratio. Teachers are also provided with training from the university to enhance their teaching skills and a scholarship, which allow them to pursue Bachelor and Masters degree as well as research studies. The company also provides scholarships and life-skill training to students.

Less than **67%** of children under 5 are **registered** at birth



Given the particular acuteness of low birth registration rates in rural areas, the palm oil sector can play a vital role to support birth registration. Key forms of support from companies could include transportation to birth registration centres, the provision of paid leave for the purpose of registering each child, and/or the provision of assistance to workers who have difficulties understanding birth registration requirements.



CHILD LABOUR AND YOUNG WORKERS



IN INDONESIA, ILO AND UNICEF STATISTICS INDICATE THAT **OVER 5% OF CHILDREN AGED 5-17 ARE IN CHILD LABOUR OF THESE, OVER 60% ARE ENGAGED IN AGRICULTURE**²⁴

There are limited available statistics on the prevalence of child labour in the palm oil sector in Indonesia. However, according to numerous reports by media and non-governmental organizations (NGOs), child labour – including in its worst forms – is prevalent in the sector, particularly among smallholder estates that may supply to larger companies. The US Department of Labour includes palm oil from Indonesia in its annual list of goods produced with child labour.²³

Typically, large plantations do not hire children openly or directly. Instead, children are assisting family members to meet harvesting quotas. Most workers interviewed for the study claimed that child labour within the plantation itself was rare. If any children were to be found alongside their parents, their role was described as simply ‘helping’ after school.

Root causes of child labour in the palm oil sector

Child labour in the palm oil sector is primarily driven by poverty and lack of educational opportunities, whereby children are compelled to work to help family members earn sufficient income. Some workers suggested that quotas associated to the piece-rate system of payment can serve as an indirect driver of child labour. This was particularly so in instances where quotas were too high to be achieved by an individual worker.

Harvesters’ income is dependent on performance and quotas. Workers are typically paid by activity and weight or fresh fruit bunches harvested. As a result, their pay fluctuates depending on crop yields. Meeting quotas can be feasible for workers during high yielding periods. However, workers may struggle to meet quotas during low yielding cycles. To earn enough, workers may work long hours and may also recruit the unpaid assistance of family members (including children) to meet their quotas (called *kernet* workers).

Legal minimum wages insufficient

Minimum wages tend to be standard pay for unskilled labour in the palm oil sector.²⁵ In principle, the minimum wage should be set at a level that meets the basic needs of individual workers and an average number of dependents, according to International Labour Organization (ILO) standards. However, in practice, there are significant gaps in Indonesia between minimum wages and living expenses, particularly for workers with children. For instance, legal minimum wages in Indonesia are set based on costs for individuals, not considering family and child expenses.

At the same time, research for this report suggest that in plantations paying above minimum wages and providing adequate services for their workers, parents were more likely to be able to afford nutritious food and send their children to school. On the other hand, workers with unstable employment relationships and earning low wages often indicated that sustaining their families was a challenge, taking a toll on their health, social relationships and the quality of care they could provide to their children.²⁶

Challenges in labour law enforcement and oversight also contribute to child labour in the palm oil sector. In Indonesia, there is limited oversight by labour authorities due to limited enforcement capacity and the remote location of many plantations.



CROSSCUTTING IMPACTS OF LOW WAGES ON CHILDREN

Parental income impacts children’s health, education, development and wellbeing. Parents earning wages below the cost of living are less likely to be able to provide their children with adequate nutrition, decent housing, and other basic necessities. Low wages can also influence parents’ decision to keep their children in school, and may increase the need for child labour where necessary to supplement family incomes.

Working parents need to earn living wages to afford basic necessities for their families, and avoid situations of working poverty. A lack of discretionary income also limits workers’ ability to save for financial shocks and emergencies, putting children at greater risk of insecurity during crises and natural disasters.



OPPORTUNITIES FOR ACTION

Rapid expansion of the palm oil sector has been a significant driver of economic growth in Indonesia. While the economic benefits have been widely assessed against environmental impacts, the effects of palm oil expansion on children's rights has yet to be comprehensively documented. The exploratory research in this document aims to highlight some of the ways in which children are affected as critical stakeholders.

Improving conditions for children impacted by the palm oil sector requires multifaceted, collective action to address activities on plantations and in surrounding communities. This includes efforts by government, industry associations, plantation, mill, refinery and factory owners, certification bodies, multi-stakeholder initiatives, and international organisations to address impacts and root causes.

The findings of this study point to the need for sustainable development in the rapidly expanding palm oil sector. The global Agenda 2030 provides a framework for the development of a sustainable palm oil sector in Indonesia, and many of the Sustainable Development Goals (SDGs) directly relate to the impact areas identified through this study. When it comes to working towards the achievement of the SDGs, the Government of Indonesia has already taken on a leadership role by incorporating many of the SDGs into its Mid-Term Development Plan RPJMN 2015 – 2019, thus providing the basis for action.

PALM OIL AND THE SUSTAINABLE DEVELOPMENT GOALS

In Indonesia, millions of people's livelihoods depend on palm oil. Taking action within the critical areas identified in this study can help advance directly the following SDGs for workers and their families:



The study findings provide a baseline for concrete follow up action including:

Gathering further evidence

Further research, particularly quantitative surveys, will be critical to building an evidence base for plantation- and community-based programmes, in addition to recommendations for industry and government action. Research should, for example:

- Measure the prevailing knowledge, attitudes and practices among working parents to understand and address, e.g., barriers to breastfeeding and obstacles to accessing education and healthcare.
- More fully assess child protection risks in plantation communities, e.g. in relation to birth registration, trafficking, child marriage, immigration status and child labour.
- Identify the gaps between policy and practice and how to support plantation management to strengthen compliance.

Raising awareness and building capacity among plantations

A critical first step to building adequate responses to the identified impact areas is to improve plantations' understanding of the impact of practices and activities on workers' children, and children in surrounding communities:

- Build greater capacity among plantation management to understand and address the impact of policies and practices on the children of their employees.
- Develop and test plantation- and community-based solutions that will measurably improve the working and living conditions, i.e., improving childcare; providing clean drinking water and sanitary toilets; and health and nutrition support.
- Develop and promote case studies that showcase the business case for practices that respect and support children's rights.
- Collaborate with industry associations to promote best practices and family-friendly solutions across the industry.

Promoting responsible business practices

In order to leverage the influence of international palm oil buyers on plantation practices, integration of children's rights into sustainable sourcing policies and certification schemes is essential:

- Integrate children's rights into sustainability frameworks, certification schemes and purchasing and ethical supply chain policies.
- Incorporate children's rights in certification criteria, supplier codes of conduct, due diligence, risk assessments, training and capacity building, and sustainability reporting.
- Align sourcing practices with sustainability objectives to ensure that activities do not contribute to practices that impact children.
- Use leverage and influence to support multi-stakeholder, industry and government efforts to invest in sustainable change for children.

Improving government policy

Reviewing gaps in government policies and legislation, and aligning the regulatory framework with international good practice, can help improve the situation for working parents and their children.

- Analyse gaps between national laws and international standards. Evaluate the impact of gaps on young workers, workers' children and children in affected communities.
- Improve compliance among plantations by strengthening monitoring systems, including through effective worker representation, labour inspections and grievance mechanisms.
- Develop multi-stakeholder approaches to promote collective action to improve the situation for workers, their families and communities.
- Design appropriate policy responses and strengthen coordination between the public and private sector to address key challenges.

- 1 Women make up roughly 50 per cent of the 4 million workers engaged in the palm oil sector in Indonesia (see footnote 1). Estimate based on fertility rates of 2.6 children per woman in Indonesia. See *Indonesia Demographic and Health Survey 2012*
- 2 There are no official, up-to-date statistics on the number of individuals employed in the palm oil sector in Indonesia. However, the Indonesian Ministry of Agriculture estimates that 0.4 persons are employed per hectare. With an excess of 10 million hectares of palm oil plantation in Indonesia, there is an estimated 4 million people employed in the sector.
- 3 "The World Bank Group Framework and IFC Strategy for Engagement in the Palm Oil Sector," World Bank (2011), p.15.
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