

Sectors: Agriculture for Palm Oil

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By: BankTrack

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Sectors	Agriculture for Palm Oil
Headquarters	
Ownership	PT Indah Lestari Sendabi is a wholly owned subsidiary of the Indonesian shipping company PT. Gurita Lintas Samudera . PT GLS is owned by its President Director Mr. Haji Soenart and his wife and kids. Mr Soenarto is also a Member of the Commissioners of PT Jawamanis Rafinasi, a Wilmar International subsidiary .
Subsidiaries	
Website	http://www.sandabi.co.id

About PT SIL

[PT Sendabi Indah Lestari](#) (PT SIL) is an Indonesian palm oil company, located in Sumatra, in the province of Bengkulu. It exploits [3 palm oil concessions](#), which according to the company sum up to in total 10,128ha. The company also operates a CPO mill in the North of Bengkulu, with a capacity of 54,000 tons/year. The company had an estimated sales turnover of Rp 207.5 billion (€ 15.0 million) in 2013.

In its Seluma plantation the company fails to recognize the customary land rights of the Lunjuk community, to 1,200 ha. It operates illegally as its HGU (Land Use Right) expired in December 2012 and has not been renewed by the Land Authority Body (BPN).

The company holds only a IUP-B (plantation business licence), issued by the Seluma district government. This document is required to obtain a HGU, but does not substitute it. So the company can not legally operate only with a IUP-B. Furthermore, in accordance with the letter of the Governor of Bengkulu number 700/1075/II/BPP/2004, it does not override the right of the community over the land.

BRIEF HISTORY OF THE CONFLICT AT THE SELUMA PLANTATION

When PT SIL obtained the HGU for the Seluma concession in 2011, it inherited as well the land conflicts between the Lunjuk people and the previous owner, PT Way Sebayur.

[PT Way Sebayur obtained a HGU](#) for the 2.812 ha Seluma concession in 1986. This created a land conflict with the Lunjuk people, who have been living in the area for generations and who already held Land Possession Titles (SKT) for part of the area covered by the HGU, since 1975.

In 1987 an agreement was reached between the Lunjuk village head and PT WS: 1000 ha were excluded from the concession area and given back to the villagers. These 1000 ha have been continuously cultivated by the local communities ever since. The agreement was reinforced again in 1998, by a request letter of PT. Way Sebayur/Hasfarm to the head of district (No.51/PWS-SH/X/99), asking for the exclusion of the Seluma unit from its HGU concession area.

In 2004 PT Way Sebayur got in trouble. It only cultivated 250 ha of its large concession, thereby failing to provide employment opportunities for local citizens while retaining large portions of land from local use. So the communities sent a protest letter to the Minister to complain about the social and economical damages they were suffering due to PT Way Sebayur's activities. The company then failed to present an Operations Plan as requested and the Bengkulu province governor finally asked the Ministry of the Interior to revoke PT. Way Sebayur's location permit.

The Seluma palm plantation was finally confiscated in February 2005, but over a different issue: according to the South Jakarta court ruling No.097/Pid.B/2004/PN from August 30th, 2004, and according to court ruling No.1982/Pid.B/2005/PN, PT Way Sebayur was involved in criminal activities, making fictitious export transactions with Letters of Credit from the Indonesian National Bank.

On February 9, 2011, the Indonesian authorities auctioned the original HGU concession, with 2,812ha, without cross-checking on the ground whether or not local citizens' land rights claims existed within the concession area, and without taking into account the agreements that PT WS had made with the community, regarding the 1,000ha that were taken out of the concession for community use. The affected communities asked for a revision of the HGU but instead, the head of the Seluma district issued a Plantation Cultivation Permit for PT SIL (IUP-B No. 304/2011), on May 18th, 2011, without conducting the required Environmental Impact Assessments.

Once it had its IUP-B, PT SIL started ill-treating the local communities in an attempt to make them leave. Local land owners tried to ease the conflict by inviting PT SIL to a village meeting, (to which it did not show), by sending a letter to the Seluma district government and by reporting the destruction community land by PT SIL to the police. But the company has not made any attempts to talk and negotiate with the local land owners, so the conflict between PT SIL and the communities steadily heated up. This is also reflected by an arrogant stance taken by the company's employees who are always approaching local citizens in a violent and intimidating way.

In September 29, 2011, there was a violent confrontation between company employees and citizens who tried to stop them from destroying their fields. The company provoked and chased local citizens with weapons.

On September 12, 2014, the police arrested two community members while they were harvesting palm oil fruit bunches on their land. It is land from which PT SIL had evicted them before, but then settled to give it back to the farmers. However, PT SIL is not respecting its own agreement and now claims the trees again. The community members were released the next day, but are still considered "suspects" and need to report to the police twice a week.

On September 24th, 2014, armed employees of PT SIL destroyed local communities' plots. In response, local villagers confiscated the company's heavy machinery, in order to hand them over to the Seluma district police as proof for the violent destruction of the communities' cultivations.

On 20 October 2014, the day Jokowi took office, the old head of the BPN Hendarman SuopANJI signed a new HGU for PT SIL.

In January 2015 the Seluma Parliament created a Special Committee, the Pansus, to look into land conflicts in general, among which the PT SIL case. Pansus should report on this in June 2015.

Issues

Human rights and social issues

There are five communities affected by PT SIL's operations in the Seluma district: the village of Lunjuk, in sub district West Seluma, 1,051 inhabitants; the village of Talang Prapat, in sub district of West Seluma, 1,309 inhabitants; the village of Pagar Agung, in sub district of West Seluma Barat, 671 inhabitants; the village of Tumbuan, in sub district of Lubuk Sandi, 1,847 inhabitants and the village of Sengkuang, in sub district of West Seluma, 869 inhabitants. The communities have united in the Forum Petani Bersatua (United Farmers Forum).

Draining of rice fields, through a canal

Between May and June of 2013, the company has made a canal through the rice fields of the communities, putting the food security of the communities at risk, as drained rice fields become unviable. It planted oil palm right in the middle of the rice. When it made the canal, the company was escorted by the Brimob (mobile brigade).

Buying out villagers

Before there were 115 houses in the village of Minggir Sari. But between 2010-2012 the company started buying out families. They paid peanuts for the land and nothing for their houses. Once the families had left, bulldozers destroyed the houses, that were standing right in the middle of the village. The villagers don't know what happened to the families. Now there are only 50-60 families left in the village.

Claim land from the communities

Company employees routinely intimidate the communities, saying that the villagers are there illegally and have to leave.

Company cuts down ancient tree

In August 2014 the company cut down a big, holy tree (one of the few left standing), which must have been at least 100 years old. The tree was next to a location where the community wanted to make a round house – a Rumah Bundar. The tree stood in the middle of the communities rubber plantation, so the action clearly shows that PT SIL intends to take over the rubber plantation and transform it into an oil palm plantation.

New Road

Just behind the village, the company opened a new road into a low lying area, where it is digging up stones, with which it fortifies its roads. It claims the road is for the benefit of the community, but it goes nowhere and to make it they destroyed part of the communities plantation.

Sabotage of School project

The villagers said that SIL actively prevented the government from funding a project to improve their school, worth Rp 188 million.

PT SIL is operating illegally as its HGU (Land Use Right) expired in December 2012. The company also does not respect the Land Possession Titles (SKT) which the community hold since 1975 for part of the area covered by the HGU, nor the agreements that had been made between the communities and the previous owner of the HGU, which gave the communities the right over 1000 ha. Instead, the company uses intimidation and destroys the property of the villagers, in an attempt to scare them off the land.

Due to the companies strong ties to the government and the police, the community now fears that the expired HGU will be extended for the full 2,812 ha. However, the government seems to be aware of the social conflicts and has been postponing the renovation of the HGU. During this period, SIL has operated based on a IUP, which is a document required to obtain a HGU, but it is no real license to operate. It expires in 2014. But according to the Ministry of Agriculture Decree Nr. 26/Permentan/OT.140/2/2007, this should have been cancelled when the HGU expired.

All three [clients](#) that PT SIL lists on its site are members of the RSPO: [Wilmar](#) (through PT. Multimas Nabati Asahan), [PT Royal Industries Indonesia](#) and [PT Wahana Citra Nabati](#).

Governance

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Debt – corporate loan

USD 25 million

June 2009

Syndicated loan to GLS for purchasing vessels

source: Profundo case study 2014

Uncategorised

Banking Services

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Banking services

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Debt – corporate loan

USD 25 million

June 2009

Syndicated loan to GLS for purchasing vessels, through Bank Internasional Indonesia

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