

APP Stakeholder Advisory Forum 4: 31 May 2017

Minutes of Meeting

APP presentation of progress over six months

Elim Sritaba, APP Director of Sustainability, provided a brief introduction outlining the evolution of stakeholder engagement over the course of the development of the Forest Conservation Policy (FCP) and through its implementation over the last four years. APP has aimed to include stakeholders in the process as they implement the FCP.

The APP team presented a brief overview of progress made in their FCP commitments and key achievements, including:

- **Integrated Sustainable Forest Management Plans (ISFMP):** ISFMP manuals for all of APP's FMUs (38) have been completed, including spatial plans. 4 spatial plans have been approved by the government to date, with another 4 awaiting government approval. IO ISFMP (Independent Observers) are scheduled to start in 2017
- **Fire management:** steps have been taken to strengthen APP's internal capacity for forest protection. APP's innovative fire prevention planning has been rolled out in 70 percent of districts to date, with full implementation expected by August 2017. All regions have been preparing and on standby to tackle dry season in 2017 with additional resources and programs.
- **Integrated Forestry and Farming System (IFFS):** The IFFS programme has been implemented in 75 villages (as of end May 2017), which is behind the original target. This is due to continuing challenges such as difficulties in promoting change in community perspectives, establishing village-level economic institutions to act as programme managers, and building community capacity.
- **Social conflict resolution:** 42 percent of conflicts have reached agreement (as of end April 2017). APP's 3 pilot projects in Senyerang, Jambi; with Datok Rajo Melayu, Riau; and in Riding Village, South Sumatra have been resolved. Issues APP is tackling currently include staff training at the regional level, increasing the capacity of external facilitators, and improving internal bureaucracy. The first Regional Stakeholder Working Group on social issues was held in Jambi on April 6th 2017. The same process to be repeated in South Sumatra and Riau provinces.
- **New suppliers:** APP's Joint Steering Committee has accepted several community forests; KTH Musi Maju Jaya (South Sumatra), KTH Lubuk Jambi (Jambi), KTH Jabung Jaya Bersama (Jambi), and Koperasi Wana Kapuas Lestari (West Kalimantan) into its supply chain. PT Bangun Rimba Sejatera, Bangka has completed the SERA process and is currently undergoing final consideration by the Joint Steering Committee. PT Buana Megatama Jaya, West Kalimantan, is currently going through the necessary HCV, HCS, and social impact assessments.

Mr. Hadi Daryanto, Director General of Social Forestry and Environmental Partnership, Ministry of Environment and Forestry

Mr. Hadi Daryanto detailed the MOEF's priorities, which focus on making state-owned forestland into opportunities for community livelihoods. President Widodo's priority is to address inequality, including through forestry policies. That is why the MOEF has prioritised social and community forestry programmes with a target to reach 12,7 million ha of forestland under community management in 2019.

Negla Martini from APP's Sustainability and Stakeholder Engagement team presented on the progress APP has made since the last SAF, highlighting how APP addressed previous SAF's recommendations on issues raised by stakeholders. These issues ranged from APP's work with local communities, long-term goals of conservation, and stakeholder engagement. Some changes implemented by APP as a result of these recommendations include:

- *Recommendation to consult local communities on their expectations from APP and the landscape approach;* in response, APP has developed mechanisms to involve and/or consult local communities during FCP implementation. The necessary mechanisms were put in place to engage with communities on issues including agroforestry, social conflict resolution, plans to restore degraded areas and others. As an example, APP developed an extensive consultation process with communities neighbouring PT BRS in Bangka to explain possible plans and collect local communities expectation before moving forward with any type of negotiation to possibly include this concession as a new supplier.
- *Recommendation to draw on indicators used in international best practices;* APP's existing policies and procedures are based on globally recognised standards, such as the ILO convention, PEFC and FSC Sustainable Forest Management standards, SDGs, and so on. This is a practice that APP will continue doing in developing its methodologies and procedures. APP is currently developing methodology to measure the impact of landscape conservation programmes in consultation with relevant experts.
- *Recommendation for a multi-stakeholder approach at the local, regional, and national levels through empowering community leaders, using evidence-based approaches, and building industry-wide collaboration;* in response, the Belantara Foundation is working with provincial governments to establish a Joint Secretariat (SEKBER) in each Province where Belantara Foundation works to better synergise and coordinate on future projects.
- *Recommendation to set up a peat working group:* in response, APP has completed the development of TOR for the peat working group. Potential names to be involved in the working group have also been identified.
- *Recommendation to set up a panel consisting of NGO and APP representatives to monitor conflict resolution processes and share best practices;* in response, APP is in the process of setting up working group on social conflict resolution at the provincial level. Local stakeholders invited to the working groups include community representatives, local NGOs, related government agencies and academics. The first regional working group meetings were held in Jambi in May 2017, with another scheduled to be held in Palembang early June 2017. Additionally, based on input from the NGOs, at end of 2017 APP will arrange a

workshop to reflect and discuss on different practices of conflict resolution in APP's suppliers' concession areas.

- *Recommendation to define clearer responsibilities at HQ down to operations, and to increase exchange of experience from local champions:* in response, a new department and pool of experts have been set up at HQ level to act as a bridge between HQ, R&D, Planning and operation division in order to improve coordination, quality control, response, monitoring and evaluation. In terms of exchange of experience by local champions, APP has already implemented a crss-sharing platform called Management by Olympic System (MBOS).

Feedback from Stakeholders

Prior to the SAF, a stakeholder perception survey was conducted regarding the FCP, its general perception, understand of progress made in its implementation, FCP monitoring, and the role of the SAF. Results from the responses indicated that:

- A comprehensive understanding of the FCP has increased from the same period last year, with 60 percent of respondents with a high level of knowledge of the FCP.
- Key points of progress in the FCP, as identified by the respondents, were: supply chain transparency, supporting of local communities, and progress report monitoring.
- Main weaknesses perceived in the FCP included: evidence of an actual reduction of the deforestation rate around APP's concessions, securing sustainable supply able to match production capacities, and progress on social and land conflict resolution & FPIC.
- Expectations for the future centre around sustainable management of pulpwood plantations on peatlands, support to forest communities development, and effective restoration and wildlife protection in the short and long term.
- When asked about the role of the SAF, the SAF received a 72 percent positive response.

Key issues brought up in wider discussion in this year's SAF centred on alleged canal construction on peatland, conflict potential on water around APP concessions, and the importance of alternative species.

On peat: APP believes it is important to engage stakeholders, particularly in the aftermath of recently issued MoEF/KLHK regulations on peat. APP has communicated to the MoEF/KLHK that the tertiary canals, alleged to be newly built, were in fact previously existing canals which were part of operational procedure during land preparation for planting as a temporary measure to demarcate work plots, and will naturally disappear in 5 years and thus need to be re-established again¹.

Further, it is also important to conduct field verification of the official maps, to adjust the map based on actual condition on the ground (using scale 1:50,000). APP's supplier has submitted a letter to MoEF/KLHK, including the company's internal verification data, highlighting the actual condition in South Sumatra, and is currently waiting for further instruction for verification based on the new regulation process.

On water conflict: APP agrees with stakeholders that water issues must be managed at the landscape level. The LiDAR mapping that APP has conducted, which covers 5.5 million hectares,

¹ In June 2017 these tertiary canals have been closed by the order of the MOEF/KLHK.

could be used to improve water management in the areas. What is needed now is a platform for joint cooperation on the landscape level, and stakeholders from the SAF should be engaged together in this platform.

On alternative species: As part of a comprehensive program to address peatland degradation, further work is needed to include identification and development local palludiculture species not only for production, but also critical peatland rehabilitation and for community livelihoods. APP is currently working with Gadjah Mada University on this very issue. Community support is also needed to accelerate the pace of such development.

Breakout sessions

Stakeholders separated into three working groups:

1. Social conflict resolution
2. Conservation and landscape approach
3. Zero deforestation and raw material supply

Social Conflict Resolution

Prior to the SAF, APP received a letter from an NGO coalition (Scale Up, JMGR, Walhi Jambi, PPJ, HaKI, JMG-SS, Linkar Borneo, Walhi Kaltim and PADI) requesting an opportunity to do a reflection on APP's social conflict resolution process thus far. It was then agreed by both parties that the NGO's presentation would be done during the breakout session in the group discussing social topic. Pak Hari from Scale Up presented the 4 case studies on Danau Lamo (Jambi), Suku Sakai (Riau), OKI Mill (Sumatra Selatan), Desa Sungsang (Jambi) which was then being discussed within the group. Overall recommendations from the discussion, which was focused mainly on grievance process and conflict resolution process, include:

- APP should do more to ensure mills and suppliers understand the company's social commitments and the importance of complying with them, for example the obligation to meet those who have made complaints or are in conflict with them.
- A warning system for suppliers and mills can also help to accelerate what sometimes could be a slow process for responding to complaints (the gap between rapid acknowledgement of complaints from HQ teams and the implementation of resolution process in the field).
- A revised grievance system would ensure wider and easier access for all and facilitate a more transparent process. Grievances should ideally be received and treated directly at regional level. This will require strong capacity building.
- Capacity building on all levels (especially at regional level) is required to ensure effective conflicts' resolution process. Strong institutions are required for a fair and effective conflict resolution process.
- Military and police should not be present during negotiation processes with communities unless there is disorder and/or the conflicts are directly connected with illegal activities (illegal logging, land mafia, land grabbing and speculative practices).

- Both local and national politics (including concerning peat) must be taken into consideration during the process.
- Need to identify stakeholders within and around the area of conflicts that can be engaged to further support the resolution of conflict. There needs to be a common understanding between all involved stakeholders to ensure that there is similar approach to resolve the conflicts.
- APP needs to communicate their conflict resolution process clearly, so all interested stakeholders have the same concept and understanding.

Zero deforestation and raw material supply

A number of challenges and recommendations were discussed:

- The main recommendation was to strengthen the third party audit process, making it clearer and more transparent. This was important to quantify the amount of still-existing natural forest and to demonstrate to external stakeholders that forests remain protected. Besides spatial information to quantify zero deforestation, there is a strong need for non-spatial information to systematically report on social impact.
- APP and stakeholders should find a way of linking zero-deforestation with greenhouse gas reductions and in turn quantify the contribution of zero-deforestation to Indonesia's NDC.
- There was a recommendation to identify suitable platform for a dialog with the government for a phased/staged approach to implementing the new peat regulations. Inaccurate data needed to be corrected and guidance on land swaps needed to be clarified. In addition, the regulation needs to be more aligned with the biology of the landscape, so that acacia species do not overtake endemic species.
- Full transparency on the stages of potential new suppliers under assessments is needed to avoid potential misconception or misinformation by the general public. However there are also concern that there are limits to transparency in communicating why a supplier was not selected by APP. APP needs to identify steps when APP can start notifying which companies are being considered and determine at which stage of the new supplier assessments that information can be shared with the public.
- The need for a new business model was discussed as a new step to associate with suppliers. This new wood supply business model could shift the focus from monoculture to agroforestry. In order to support and favour suppliers that engaged in agroforestry, a preliminary step would be to have a clear definition of smallholders / local communities / community forest/individuals that are coming together to build a cooperative, etc. This definition should be as close as possible to the Government's definition.
- Suppliers and communities need to be educated about the High Carbon Stock Approach (HCSA), which governs whether or not they have access to specific areas of forest. The HCSA analyses incentives to get the communities contributing to HCS protection.

- Communities should have a greater role in monitoring fibre production and HCS protection, and be educated in order to be able to play this role effectively. APP should consult communities in deciding forest demarcations and definitions.

Conservation and landscape approach

Discussion was structured in two parts to address conservation issues inside and around concessions and conservation at landscape level.

Regarding conservation inside and around concessions, key points were as follows:

- The ISFMPs are the right tool to promote a sound management of conservation, community and production area in concessions. All consultation processes established around the ISFMP design should be follow through to monitor the ISFMP implementation and improve when necessary.
- The IFFS programme is also a strong tool to strengthen collaboration with local communities while reducing the pressure on fragile environment.
- Illegal encroachment and illegal logging are identified as the key factors undermining conservation efforts. Stakeholders recognize that APP alone can't solve such a problem. Local authorities, local police and in certain cases military forces should be mobilized to stop illegal activities.
- Stakeholders highlight the need to get a better understanding of the supply chain that allow illegal timber to reach customers despites the many controls that are supposed to stop such practices. It has been mentioned for example that when an illegal saw mill has been shut down, illegal logging upstream was immediately stopped.
- Recommendation was made that APP should help building alliances between local communities – that also suffer from additional pressure linked with illegal activities in their neighbourhood – local NGOs and universities to join forces and ask for local authorities to act efficiently and strongly enforce the law against illegal practices.

Regarding conservation at landscape level:

- Stakeholders flagged that the 10 landscapes Master Plan developed by APP and Belantara has not been share enough among stakeholders and thus Belantara intentions are not perceived as clear enough. This is then a limitation for stakeholder engagement in partnership with Belantara.
- Conservation at landscape level, and in more general terms, sustainable landscape management requires a multi-stakeholder dialog that includes different companies working on the landscape, local communities representatives, NGOs working on development or conservation, national parks when relevant, and local authorities. Belantara already establish such forums in various provinces (South Sumatra, West Kalimantan) and expect to launch new ones in all other provinces.

- Sustainable landscape management also rely on collective mapping of land use clearly earmarking areas to be conserved or restored. Stakeholders recommends to focus conservation and restoration initiatives in the direct vicinity of forest areas which are still untouched with the aim of establishing buffers that would help protecting these areas of pristine (or almost pristine) forest.
- As it will be very hard to align all interest in one plan, stakeholders recommend to promote a pragmatic approach and start where a minimum agreement can be found between key players, so that the all stakeholders understand and gain benefits from implementing a shared approach of sustainable landscape management.
- There is a need to consider platforms to engage and conduct dialogue with the Government in order to gain support and approval from the Government. Example of such platforms are focus group discussion or forums on land allocation and conservation efforts.
- Last but not least stakeholders agreed that to be successful a sustainable landscape management plan must benefit all parties, meaning that a new business model should be promoted where benefits will be shared among local communities and the business, based on a combination of commodity production and trade and non commodity based revenues (environmental services like carbon credit or HCV induced benefits).
- Finally participants flagged that the new peat regulation should be considered as an opportunity to reconsider land use in landscape, and open new forum to discuss land allocation and necessary conservation efforts to cope with the new law requirements.