

**FIELD VERIFICATION REPORT ON THE Forest People Programme (FPP)
REPORT IN RIDING, SUNGAI RASAU AND JADIMULYA**

**Prepared by:
Verification Team**

DECEMBER 2013

1 BACKGROUND

APP believes in business sustainability that balances ecosystem conservation and community empowerment. It is important to APP that we implement targeted and measureable actions to responsibly manage the natural resources that we use. In June 2012, APP launched APP Sustainability Roadmap: Vision 2020 (ASRV2020) and we are committed to achieve all targets that we have set for ourselves and continue to demonstrate to our stakeholders that we have the capacity to produce responsible products.

In February 2013, to achieve the goals within ASRV2020, APP launched its Forest Conservation Policy (FCP) which strengthened our commitment to sustainably manage the forest concession of our wood supply chain. A key aspect of that policy is to ensure that the rights of indigenous people and local communities living in and around the forest concession of our wood suppliers are respected.

In July 2013, the Forest People Programme (FPP) conducted surveys and field studies in the Villages of Riding, Sungai Rasau, and Jadimulya in which APP pulpwood suppliers, PT Bumi Mekar Hijau, PT Sebangun Bumi Andalas and PT Bumi Andalas Permai, run their operations, and where an integrated pulp and paper mill is planned to be constructed.

The claims made in the report have now been investigated and addressed through APP's grievance procedures.

1.1 SUMMARY OF CLAIMS IN THE FPP REPORT

The claims made in the FPP report relate to communities in three distinct villages: Riding, Sungai Rasau and Jadimulya. The claims are as follows:

FPP claims relating to Riding Villagers

Issue 1.

The report claims that "customary (adat) institutions and rules as well as ceremonies have weakened however, decisions relating to land, water and marriage still require the involvement of customary leaders and adherence to customary practice."

Issue 2.

The report claims that "twenty years ago, all families had livelihoods that included fisheries. Today, only ten percent of the families still have fishing as their main livelihood activity due to changes in land use, especially by pulpwood plantation companies".

Issue 3.

In the report the villagers claim that "the pulpwood plantation company, PT Sebangun Bumi Andalas (SBA), first came to this area in 1996. The first time we knew about the presence of the company was when it started to clear the forest and drain the swamp. No one from the company bothered to come to our village to explain what they were doing".

Issue 4.

In the report the villagers claim that “in 2004, another pulpwood plantation company, PT. Bumi Mekar Hijau (BMH), started its operations here, and also commenced clearing and planting without informing us in advance. Our community was concerned that our livelihoods were impacted by company activities, but there is no support by the company to our community. Thus, the community protested against the company by sending letters, holding meeting with company staff on the ground and staging massive demonstrations from 2005 to 2007.”

Issue 5.

In the report the villagers claim that “in 2006, after a series of massive demonstrations as well as meetings between the Riding community and the company, facilitated by the local government, PT BMH signed an agreement. The agreement was signed by representatives of the communities, including the village head, and the company which was represented by Pak Sambudsir, head of the company’s public relations. In this agreement, it was stated that the company agreed to let the community use an area of 10,000 ha for community rubber plantation. However, the community never received an authorised copy of this agreement because the company took the agreement letter to the office to be signed by the director and never gave a copy to the community. The company had offered us to work in the plantations, and to help the community plant acacia. However, taking a closer look at the offer, the amount that would be received by the community is only IDR 5,000 (US\$0.50)/tonne of timber produced, with the payment made once the acacia is harvested, after a period of six years.”

FPP Claims relating to Sungai Rasau villagers

Issue 6.

In the report the villagers claim that “our land is getting smaller, due to timber estates (HTI) and oil palm estates, but there has been no compensation and no attempt by the companies to respond to our demands. Since the HTI came, we have been banned from using fire to clear our land.”

Issue 7.

In the report the villagers claim that “since PT BAP came in 2006, we have got only their promises, nothing more. We are forbidden from entering the HTI. If we try to go there to catch fish, like we used to, we are caught and held by their security guards. A few years ago, six men from Riding and Rengas Abang were jailed for nine months, for lighting fire near HTI concession.”

Issue 8.

In the report the villagers claim that “in the HTI, every 250 to 500 metres, the land is drained with the canals running about six metres wide. The canals are closed in the dry season but opened in the rainy season, and our land here is inundated as a result.”

Issue 9.

In the report the villagers claim that “water from the HTI has affected our streams and lakes, and our downstream water. Our water quality has declined due to SBA operations, including excavations, peat draining, road construction, land clearing and planting. The water is now acidic, and the fish quantity is greatly reduced, by about 80%, compared to before the HTI was developed.”

Issue 10.

In the report the villagers claim that “there is a primary school in the sub-village with 70 kids attending the school, and two teachers. Since 2012, the teachers are paid by PT BAP. The Social Service built houses for the people in 2007, but not enough for all the families—of 80 houses built, 65 are occupied. The houses are small, 3 x 4 metres in size.”

FPP Claims relating to Jadimulya Villagers

Issue 11.

In the report the villagers claim that “they have not agreed to release their land to Sinar Mas.”

Issue 12.

In the report the villagers claim that “Sinar Mas has never asked our opinion, or sought our permission to establish the mill. The only involvement of the community members with the proposed new mill was when one of them was invited to attend an AMDAL consultation in mid-2012.”

Issue 13.

In the report the villagers claim that “there has not been socialisation on Sinar Mas’ new Forest Conservation Policy and commitment in the sub-village, of which they only learn about from the related NGOs.”

2 VERIFICATION PROCESS

A. Verification Team

The verification team is a joint team of the following selected parties:

1. The Forest Trust – (TFT): Meidia Pratama
2. Sinar Mas Forestry: Michael Aman
3. Greenpeace (GP): Rusmadya dan Andi
4. Asia Pulp and Paper: Hasto T. Kuncoro
5. Mill OKI: Cahyo Ahadiat

With addition of the Facilitator from Wahana Bumi Hijau (WBH): Sigid Widagdo

B. Verification Implementation Timeframe

The verification was held for 5 days with the following details:

Stage One (1-2 November 2013)

Day One and Day Two:

- Review on relevant documents in BMH, BAP and SBA.
- Details Formulation on field verification schedule with Mill suppliers and team.
- Identification, confirmation and coordination with related parties on verification activities.
- Preparation on logistics and transportations for field verification.

Stage Two (11 – 14 November 2013)

From Day Three to Day Five

- Field visit
- Interviews with informants who have and have not been interviewed by FPP
- Production of field findings report

C. Verification Location

The verification was held in the villages of Desa Riding, Sungai Rasau and Jadimulya.

D. Verification Method

The method used in this verification was based on purposive sampling, whereby respondents who were interviewed by FPP were interviewed by the verification team. Additional respondents, who have not been interviewed by FPP, were also interviewed to enhance the level of data validity.

The method used to select respondents through purposive sampling involved establishing selection criteria as follows:

- a) the sample respondent was interviewed by FPP during their survey of villagers;

b) the sample respondent has knowledge of the historical context of the village/hamlet where issues were identified by FPP.

The Verification Team consulted with WBH, a local NGO who participated in the FPP field interviews, to identify the respondents who participated in the FPP field interviews. Only three respondents were identified by WBH as having provided statements used in the FPP report. In addition, the Verification Team consulted with WBH to identify 20 additional respondents with suitable local knowledge in accordance with the above sampling criteria.

The breakdown of respondents interviewed by the Verification Team are:

- (a) six from PT BMH;
- (b) two from APP's OKI Mill Team;
- (c) five from Riding Village community;
- (d) five from Kampung Sungai Rasau community;
- (e) five from Jadimulya Village community.

3 CONCLUSIONS OF FIELD VERIFICATION

Based on the verification results (see Appendix 1), the verification team made the following conclusions in relation to the above 13 issues identified from the FPP report:

Riding Village

Issue 1

Conclusion:

The verification team found that unlike other villages in the South Sumatra region, the “marga” system of Riding village does not regulate land management, land ownership and use of water.

During discussion on customary practices, the interviewed villagers identified that a slash and burn system for clearing land (sonor) and fishing in the river were traditional practices in Riding Village.

Since the implementation of the 1979 Indonesian Village Governance Law, traditional village institutions have been replaced by the government regulated village administrative institution. The conclusion of the field verification is that customary institutions have been weakened by the Indonesian Village Governance Law and that decisions relating to land, water and marriage must legally be taken in accordance with the government laws.

APP’s new Conflict Resolution Guideline, since its FCP was launched in February 2013, has prioritized non-litigation dispute resolution processes, where legitimate and community recognized community leaders are involved in the decision making process.

Recommendation: APP to apply their Conflict Resolution Procedure to all conflicts whilst maintaining compliance with relevant Indonesian laws.

Issue 2

Conclusion: The field visit found that the use of the traditional rubber-tapping tree is the main source of income for the community. Fishing in lebak lebung (natural pond near the village) or rivers is a supplemental source of income.

Field discussions found that the changes in the ecological landscape mentioned in the FPP report began in the 1980s, which is prior to the time when PT BMH began operating in the region (i.e. 2005). One such contributor to these changes was the large forest fires which occurred in the 1990’s. The community feels that canals made by the company have further impacted the water flow in the river and thus the fish found in the river.

It was also identified that transactions had taken place for ownership of sections of the river by individuals. This has changed the accessibility and utilization of that river area; Appendix 2 summarised the practice above.

As part of APP's FCP commitment, High Conservation Value (HCV) assessments are due to be completed during 2014 for all APP supplier concessions in the region. These will realise APP's FCP commitment to recognise the rights of indigenous peoples and local communities. HCV 5 and HCV 6 of these assessments are about maintaining critical natural areas for local community basic needs and cultural identity.

Following completion of these HCV assessments, APP will schedule multi-stakeholder workshops – as part of the development of Integrated Sustainable Forest Management Plans – that address HCV 5 and 6 for BMH in 2014.

Recommendation: FPP and the communities interviewed in its report attend the multi-stakeholder workshops in 2014

Issue 3

Conclusion: Field verifications found that PT SBA has never operated in Riding area and the community confirmed that they never provided the information about PT SBA recorded in the FPP report.

Recommendation: None required.

Issue 4

Conclusion: The field verification found that when PT BMH started its operations in 2005, it started activities in the Air Sugihan sub-district, while Riding village is located in Pangkal Lampan sub-district. BMH considered that as its activities would not impact the Riding village they did not need to inform the village community. The Riding village community consider the Air Sugihan area as part of their administrative area.

Therefore, when BMH wanted to start work in an area adjacent to Riding village, and informed the villagers, they chose not to engage with BMH. The community then demonstrated against expansion of the plantation into this area.

APP has developed a new Conflict Resolution Standard Operation Procedure (SOP) as part of its FCP, to resolve any conflict with communities. The draft SOP was provided to Civil Society Organisations (CSO), including FPP, during Focus Group Discussions (FGD) to obtain their feedback and input. The final SOP incorporated inputs from CSOs and has been disseminated to all of APP's pulpwood suppliers to be implemented, with immediate effect.

The SOP is being applied to the communities in Riding to address their concerns regarding customary use of lands. APP has engaged the independent NGO Impartial Mediator Network to mediate the conflict in Riding. The conflict resolution process is ongoing.

Furthermore, APP FCP includes a commitment to improve the community engagement practices within its entire pulpwood supply chain. In the future, this will mean that before opening up new area for plantation development its suppliers' will implement the Free Prior Informed Consent (FPIC) principle.

This issue is currently being addressed through the pilot conflict resolution process in Riding village which was started in July 2013.

Recommendation: APP to monitor that PT BMH implements the Conflict Resolution Guideline to the communities in Riding to address their concerns regarding customary use of lands. The pilot conflict resolution process in Riding to be completed during 2014.

APP to develop implementation and monitoring systems to ensure that its commitment to implement FPIC is carried out appropriately by its pulpwood suppliers.

Issue 5

Conclusion: The field verification found that the Riding community demonstrated in 2006 due to community perception that the company PT BMH had ignored community complaints. In 2006 and 2007, there were a series of meetings facilitated by local government to find a solution to the community concerns but no result was reached.

During this period, a PT BMH employee, Mr. Sambudsir, visited the area to meet the Riding Villagers. During the meeting the community requested that BMH provide 10,000 ha of land for rubber plantation development. Mr. Sambudsir agreed to the request of the community without prior consultation with BMH management, which was not within his authority. The agreements claimed to be signed by Riding community were never approved by PT BMH management. Furthermore, PT BMH never commenced plantation works in this disputed area.

As per the details in Issue 4 above, APP's conflict resolution guideline is being applied to the communities in Riding to address their concerns regarding customary use of lands and APP has engaged the independent NGO Impartial Mediator Network to mediate the conflict in Riding. The conflict resolution process is ongoing.

Recommendation: APP to monitor that PT BMH properly applies the Conflict Resolution Guideline to the communities in Riding to address their concerns regarding customary use of lands. The pilot conflict resolution process in Riding to be completed during 2014. A review of all historical documentation needs to be completed by the conflict resolution team and the mediator to better understand and address this conflict.

Sungai Rasau

Issue 6

Conclusion: The field verification interviews with community members in Sungai Rasau found that they had participated in the Indonesian Governments (Komunitas Adat Terpencil—KAT) Social Service programme as described Annex 2. Therefore, the community in Sungai Rasau were relocated from Riding village after 1978. Each family in the programme received an area of 0.5 ha for its home and 2 ha for agricultural land. The villagers interviewed stated that the land area they had received has not changed since then, even after the presence of PT BMH and Palm Oil plantation companies.

Field verification interviews found PT BMH had disseminated information concerning relevant Indonesian regulations (Law No. 41/1999, Section Five on Forest Protection and Nature Conservation, Articles 46, 47, 48, 49 and 50). These government regulation prohibit the use of fire/burning as a technique to clear land.

Recommendation: PT BMH to undertake regular community meetings to improve communications and to prevent any misunderstandings on such issues.

Issue 7

Conclusion: Field verification interviews found that the people of Sungai Rasau were forbidden from entering the PT BMH concession. Respondents from PT BMH and the local community explained that the six people from Rengas Abang in Riding were arrested for performing illegal logging in a conservation area within the BMH concession and for starting fires. PT BMH stated that the ban on the use of fires was part of its responsibilities as a concession holder to protect from illegal logging activity inside the forest area in the concession.

Recommendation: PT BMH to undertake community meetings to improve communications. PT BMH to involve the community in its effort to protect the forest area.

Issue 8

Conclusion: Field interviews were undertaken with four community members living in the vicinity of the river. The community representatives stated that flooding of the river had been a common occurrence, even prior to the establishment of plantations by PT SBA. One community respondent living within 10 meters of the river reported that the flood levels had risen since the building of canals by PT SBA.

Recommendation: PT SBA to review current canal management practices and determine if they are having an increased effect on flooding. If PT SBA current practises are causing additional flooding then these should be improved to prevent impacts on the local community.

Issue 9

Conclusion: The interviewed community members stated that the water conditions and fish stocks in the river are influenced by multiple factors including: Ecological conditions of peat which contribute to the acidity of the water, canal maintenance in the HTI and community practices such as electro-fishing. PT SBA representatives advised that the company conducts periodic monitoring of water quality and performs laboratory tests on water conditions using external consultants. So far the results of the laboratory tests concluded that the pollutants in the river water remain under the regulated limits.

Recommendation: PT SBA to continue monitoring of water quality and to engage the local community with the findings. APP to continue scorecard monitoring of the Environmental Monitoring Plan (RPL) requirements for all its suppliers.

Issue 10

Conclusion: The school and the houses in the village were built by the government. PT SBA is supporting the payment of teacher salaries.

Recommendation: PT SBA to strengthen its CSR programme through such means as supporting education for disadvantage communities.

Jadimulya Village

Issue 11

Conclusion: APP completed a process of land acquisition at the proposed original location of the OKI Mill in Jadimulya. This included meetings with land owners and community members with historical knowledge of the area. The location for the new mill has since changed.

All community members who own land in the location of the original site had released their land for the construction of a pulp and paper mill. Land compensation has been made, as documented in the Final Report of the Land Acquisition of PT. OKI PULP & PAPER MILLS Year 2012-2013

Recommendation: No recommendation.

Issue 12

Conclusion: During interviews conducted in Jadimulya Village, respondents said that the OKI Mill Team had conducted socialisation meetings with the community. This Team has documentation on all activities held including the socialization which is reported in "Final Report on Land Acquisition of PT. OKI PULP & PAPER MILLS Year 2012-2013". This document

mentioned the date, place and involvement of community. It is also supported with photos and list of attendees. One respondent who did not attend indicated that not all members of community attended the meetings, since some do not think it will impact their land.

Refer to the conclusion for Issue no 11 regarding land acquisition process.

Recommendation: No recommendation.

Issue 13

Conclusion: During field investigation the respondents confirmed that PT BMH had yet to inform them of the new FCP commitment. Socialisation of the FCP has been performed at the provincial and national levels.

Recommendation: APP to work collaboratively with suppliers and other stakeholders to expand socialisation of the FCP.

4 RESPONSES TO FPP RECOMMENDATIONS

The FPP report made the following recommendations to APP:

FPP(1): “APP should quickly move to socialise and begin implementation of its Forest Conservation Policy in OKI. Socialisation of its policy and explanation of the terms FCP, HCV, FPIC and HCS should take place in each affected Dusun and Desa.”

RESPONSE(1): APP agrees with this FPP recommendation and has identified the communities potentially affected by the new OKI mill development through an AMDAL study. Following approval of the AMDAL, APP will commence the FPIC process. APP will include socialisation of the FCP in the FPIC process.

FPP(2): “APP should develop and implement a detailed plan to respect the right of affected communities to FPIC, based on consultation with each of the affected communities in OKI, and their agreement to the plan.”

RESPONSE(2): APP’s FCP includes the principle of Free, Prior and Informed Consent (FPIC) for indigenous people and local communities. An FPIC Standard Operating Procedure (SOP) has been developed by APP and in March 2013 the draft was provided to Civil Society Organisations (CSO), including FPP, during Focus Group Discussions to obtain their feedback and input. The final SOP incorporated inputs from CSOs.

An AMDAL study for the new OKI mill site is being completed. The affected communities identified through the AMDAL are being engaged in the FPIC process. A FPIC Implementation Schedule has been finalised for OKI Mill.

FPP(3): “Participatory mapping will be required to clarify the extent of land rights and prior land use of the affected communities.”

RESPONSE (3): Participatory mapping is part of the FPIC process to clarify the extent of land rights and prior land use. FPIC training has been completed for all pulpwood suppliers in South Sumatra. A FPIC Implementation Schedule has been finalised for the OKI Mill and a FPIC implementation schedule has been developed for new plantings by our pulpwood suppliers in the districts of Sungai Serdang and Sungai Menang, nearby the planned location of OKI Mill.

FPP(4): “Remedial negotiations must be based on APP’s acceptance that communities have legitimate rights to the land and rights to give or withhold consent. Settlements should thus be done through mutually agreed processes which allow communities to be represented through institutions of their own choosing.”

RESPONSE(4): A Procedures for Conflict Resolution and FPIC implementation have been developed by APP and the draft was provided to Civil Society Organisations (CSO), including FPP, during Focus Group Discussions to obtain their input. The final Guideline incorporated inputs from CSOs. The procedures are being applied to the communities in South Sumatra to address their concerns regarding customary use of lands. For example APP, with agreement of the community, has engaged the independent NGO Impartial Mediator Network to mediate the conflict in Riding. This conflict resolution process is ongoing.

APP will review every case and if it is found that the community has a legitimate claim, it will be resolved in accordance to the Conflict Resolution Guideline that has been developed.

FPP(5): “Representatives of APP and its subsidiaries should participate directly in any negotiations, rather than contracting out this role to other parties.”

RESPONSE(5): APP has prepared Conflict Resolution Guideline and trained the use of this with its relevant staff in APP and its suppliers. Representatives of APP and its subsidiaries do participate directly in all negotiations. Other parties that will be involved by APP will provide capacity building, facilitate and/or mediate for the conflict resolution team of APP and its pulpwood suppliers.

FPP(6): “Consultations and negotiations with communities should by preference, take place in each affected community, rather than in the district or provincial capital. This will allow more people within the community to participate in and witness the consultations and negotiations, increasing the likelihood that any subsequent agreement is understood, respected and implemented by the community as a whole.”

RESPONSE(6): Consultation and negotiation meeting locations are agreed between the parties involved and determined on a case-by-case basis. Where suitable they should take place in the affected community. For information presentation to community related to FPIC, in accordance with the protocol that was discussed with CSO in March of 2013, it will take place in the village of the community that will be impacted by the company’s activities.

FPP(7): “APP should establish a mechanism allowing affected communities to access expert advice on legal, economic, environmental and social issues, in preparation for and during any ensuing negotiations.”

RESPONSE(7): APP has procedures to address conflict resolution and the implementation of FPIC. Within the procedures, there is mechanism to allow affected communities to have third party assistance, including expert advice, if required.

Appendix 1. VERIFICATION RESULT

IN THE VILLAGES OF RIDING AND JADIMULYA AS WELL AS SUNGAI RASAU KAMPONG

After conducting field verification regarding the issues raised by FPP, the following data and information was obtained:

1. Riding Village

The FPP report raised five issues identified in Riding Village that are associated with PT Bumi Mekar Hijau (BMH). The five issues are as follows:

- (1)** “Customary or adat institutions and rules as well as ceremonies have weakened; however, decisions relating to land, water and marriage still require the involvement of customary leaders and adherence to customary practice.”

Facts and Field Findings Related to Issue #1

All respondents who were interviewed by TFT, including Mr Mulyadi interviewed by FPP, stated that Riding Village has traditionally used the “marga” (family name) system. The verification team found that unlike other villages in the South Sumatra region, the “marga” system of Riding village does not regulate land management, land ownership and use of water. The respondents added that in some parts of Ogan Komering Ilir (OKI), the system regulates the ownership and use of land. During discussion on customary practices, the interviewed villagers identified that a slash and burn system for clearing land (sonor) and fishing in the river were traditional practices in Riding Village.

As for the marriage ceremony, the people of Riding Village perform it according to Islamic laws. In any marriage ceremony, the marriage Registrar (Pegawai Pembantu Pencatat Nikah—P3N) acts as the Moslem minister. The public sees P3N as a religious leader in the community.

Meanwhile, BMH asserted that the people of Riding Village do not have customary systems that rule their life as members of the community. The conclusion was drawn from the results of a research study conducted in 2008 in Riding Village. The research study report titled: Diagnostic Study of Riding Villlage, Wahana Bumi Hijau, Year 2008, was conducted by a consortium of NGOs in Palembang.

- (2)** “Twenty years ago, all families had livelihoods that included fisheries. Today, only ten percent of the families have fishing as their main livelihood activity due to changes in land use, especially by the pulp and paper company.”

Facts and Field Findings Related to Issue #2

All respondents indicated that the majority of the people of Riding Village have been known as rubber tappers since long ago. When they have spare time after finishing their activities in tapping rubber, the people of Riding Village usually catch fish in the river and in "lebak lebung"—a small, natural pond filled with water during flood. Fisheries activity also comprises their alternative source of income. Respondents also said that they prefer catching fish in "lebak lebung" to doing it in the river because the former is easier to do. Fishes getting into "lebak lebung" during flood in the village that got caught by the community members are mostly sold to get additional household income.

Since PT BMH commenced its operations in 2005, especially after the canals were built, there has been decline in the river's water discharge. At present, even during rainy season lebak lebung is rarely filled with water. Decreasing water discharge and the aridness of "lebak lebung" can be seen in the area of Tugu 35 in the Sub-village 1 of Riding Village. As the livelihood activity of catching fish in the river and lebak lebung becomes increasingly difficult, the people turn to making charcoal out of cajeput tree wood and working at the company. Respondents also said that the income generated by the community members from making charcoal and working in the company is deemed lower than the income generated from fisheries.

During the field verification process, the team gained some historical information related to the management and utilisation of natural resources in Ogan Komering Ilir (OKI), including companies that run their operations around Riding Village.

First of all, there were three logging companies entering into and operated in Riding Village in the 80s, namely: (1) PT Serbunian; (2) PT Famili Jaya; and (3) PT Sentosa. All of their activities were considered to not interfere with the livelihoods of the community. This is because the presence of these companies did not cause the number of fishes in the river, swamp and lebak lebung to diminish. They also just used the river as a means of transportation for moving timber from their concession to the designated area.

Secondly, in the early 1990s violent forest fires broke in the forest areas around the village. It was not really clear as to the cause of the fires, but some parties indicated that friction among the dry reeds and people accidentally throwing their cigarette butt into the forest kindled the fires. The people were held responsible by the government for the fires due to the implementation of sonor system. However, a number of traditional leaders challenged this because they felt that the slash and burn practices were no longer carried out intensively.

Around the same period of time, after the timber permit holding companies ceased operating in Riding Village, the watershed areas were auctioned off by the sub district and traded between individuals who included residents of Riding Village and other individuals from outside Riding Village. In this matter, the sub-district government acted as the party that held auction for the watershed areas. This means that everyone who catches fish in a river and passes through areas around a river that have been purchased by certain party

must pay the landowner who won the auction. Factors or aspects that encouraged such auction were not explained.

Lastly, in 2005 PT Bumi Mekar Hijau (BMH) started developing timber plantations on areas that have been degraded for some time, in which forest fires took place. The company has implemented a community development programme in the form of catfish farming in Penyabungan Sub-village, Riding Village.

- (3) “The pulpwood plantation company, Sebangun Bumi Andalas (SBA), first came to this area in 1996. The first time we knew about the presence of the company was when it started to clear the forest and drain the swamp. No one from the company bothered to come to our village to explain what they were doing.”

Facts and Field Findings Related to Issue #3

This information could not be confirmed. None of the respondents from the community, including Mr Mulyadi interviewed by FPP, acknowledged to have provided this information to FPP. PT SBA has not had a presence in the area either in the past or in the present. Therefore, there is definitely no impact caused by the activity of the company. The same statement was also issued by the company.

- (4) “In 2004, another pulpwood company, PT. Bumi Mekar Hijau (BMH), started to run its operations here and also commenced clearing and planting without informing us in the first place. Our community was concerned that our livelihoods were impacted by the activities of the company, but the company gave nothing in return to our community. Thus, our community members protested against the company by sending letters, holding meeting with company staff on the ground and staging massive demonstrations from 2005 to 2007.”

Facts and Field Findings Related to Issue #4

In 2005, PT BMH commenced its operations in developing timber plantation in Air Sugihan Sub-district whereas the Riding village is located in Pangkalan Lampam sub-district. The unclear administrative boundary of this sub-district has led the people of Riding to thinking that PT BMH operates in their village.

All respondents from the community, including Mr Mulyadi interviewed by FPP, stated that the difference of perception is caused by the decision of the local government which established the boundary between Riding Village and Air Sugihan Sub-district without their knowledge. The decision regarding boundary refers to Government Regulation No. 44/1997 on Delineation of Village and Sub-district Boundary. According to PT BMH, because at that time they were operating in Air Sugihan Sub-district based on the boundary set by the government, they did not establish communication with the community members of Riding Village.

This time, the field verification is not capable of determining whether the activity of PT BMH in 2005 in Air Sugihan Sub-district had a direct impact on the community of Riding Village.

Still in 2005, when BMH started developing timber plantations in the part of its concession which is labelled "Penyabungan district", outside of Riding Village, the company conducted limited socialisation to the village government of Riding. As the people of Riding began to protest when PT BMH ran its operations in Air Sugihan Sub-district, the protest continued as BMH developed timber plantations in "Penyabungan district".

All respondents from the community stated that public complaints have been submitted by mail to the company and they asked the company to conduct a meeting with them. The company held a meeting with members of the community, but after that meeting the company was deemed as being not serious in responding to complaints from the community. This led to demonstration by the people of Riding Village.

- (5) "In 2006, after a series of massive demonstrations as well as meetings between the community members of Riding and the company, facilitated by the local government, PT BMH signed an agreement. The agreement was signed by representatives of the communities, including the village head, and the company which was represented by Pak Sambudsir, head of the company's public relations. In this agreement, it was stated that the company agreed to let the community use an area of 10,000 ha for community rubber plantation. However, the community never received the authorised copy of this agreement because the company took the agreement letter to the office to be signed by the director and never gave the original copy to the community. The company had offered work in the plantations, and to help the community plant acacia. However, taking a closer look at the option, the amount that would be received by the community is only IDR5,000 (US\$0.50)/tonne of timber produced, with the payment made once the acacia is harvested, after a period of six years."

Facts and Field Findings Related to Issue #5

Many of the respondents who were interviewed in Riding Village maintained that the demonstrations in 2006 were provoked by the sense that the company ignored public complaints. However, they also told that the company had negotiated with the people regarding the 10,000 ha land that was requested by the community. At that time, the company offered to involve the community in planting acacia. However, the offer was rejected since the people thought the income generated would be very small that people preferred to keep working as rubber tappers.

Meanwhile, the company explained the agreement on the 10,000 ha of land was made by Pak Sambudsir as the company representative. However, the agreement was made under public pressure on the company representative. Originally Sambudsir came to Riding Village

for a site visit, but upon his arrival in the village the people exerted pressure to get his signature on an agreement regarding the use of the 10,000 ha land by the community.

According to company procedure, Sambudsir does not have the authority to sign agreement with the community without the knowledge and approval of PT BMH top management.

After the launch of the APP conservation policy (Forest Conservation Policy) in February 2013, BMH as one of the APP's suppliers began to initiate communications with the relevant parties in order to find solutions to the conflict with the people of Riding. Through communication facilitated by an NGO in South Sumatra, the two parties agreed to resolve their conflicts through mediation. Both parties have also agreed on a mediator for the process. Several closed group meetings and direct meetings between both parties were held until November 2013. So far, the process and outcome of each meeting has been positive and the parties have reached progresses in resolving the conflict.

2. Sungai Rasau

The FPP report raised five issues identified in Sungai Rasau. The five issues are as follows:

- (1)** “The area of our land is getting smaller, due to timber estates (HTI) and oil palm estates, but there has been no compensation and no attempt by the companies to respond to our demands. Since the HTI came, we have been banned from using fire to clear our land.”

Facts and Field Findings Related to Issue #1

Respondents from the community explained that Sungai Rasau is a kampong under Sub-village³ Penyabungan. People living in Sungai Rasau Kampong are community members involved in the Isolated Indigenous Communities (Komunitas Adat Terpencil—KAT) programme under the Social Service. The KAT programme is a nationwide programme implemented by the Ministry of Social Affairs commenced in 1978. Each family in the programme received an area of 0.5 ha for home and agricultural land of 2 ha. This was corroborated by information from three resource persons interviewed in Sungai Rasau Kampong. They stated that the area of land each family received has not changed although now there are oil palm and timber plantation companies operating in Sungai Rasau.

All respondents from the community, including Mr Kodian interviewed by FPP, stated that when people clear land for agricultural purposes, they carried out sonor (slash and burn) practices. The activities in clearing land by burning are now only conducted by some members of the community on a small scale. In general, people who still implement the system actually understand that the practices of burning for clearing land are prohibited.

Therefore, the community members asked the company to provide weed herbicides as an alternative. Until now the company has not responded to the request yet.

Respondents from the company mentioned that the company had disseminated information concerning regulations prohibiting burning for clearing land. Socialisation activities were also conducted in Sungai Rasau Kampong as part of an effort to implement government policies on the prohibition of burning for land clearing. The socialisation was documented in the Minutes of Socialisation on the Danger of Forest Fire and South Sumatra Provincial Regulation No. 2/2012 on Land Fire. Law No. 41/1999 (Section Five on Forest Protection and Nature Conservation, Articles 46, 47, 48, 49 and 50).

- (2) “Since PT BAP came in 2006, we have got only their promises, nothing more. We are forbidden from entering the HTI. If we try to go there to catch fish, like we used to, we are caught and held by their security guards. A few years ago, six men from Ridang and Rengas Abang were jailed for nine months, for lighting fire near HTI concession.”

Facts and Field Findings Related to Issue #2

One of the three respondents from Sungai Rasau Kampong stated that the land is used by the company for timber plantation development. It is not their land; however, it used to be a place for the people to collect wood, catch fish and conduct other livelihood activities. Since the company operates, the people of Sungai Rasau were forbidden to enter the company premises and the company will take preventive measures to any member of the community who tries to enter the premises, whether give oral warnings or arrest community members trying to break in. When the company commenced operations, some people still collected wood in a location that has now become a timber estate. This is because they felt that wood is a commodity with economic values, and they did the same thing in the past. This is what was done by six members of the community from Rengas Abang who—according to them—collected wood in the company premises. However, respondents from the company explained that the six people from Rengas Abang who gave the excuse of collecting wood upon entering the company premises were actually entering the conservation area and performing illegal logging. Therefore, it was deemed necessary to arrest and take legal actions against them. It is based on the results of monitoring conducted by the company security personnel, who found that the six community members from Rengas Abang performed illegal acts within the company's concession area. This was documented in the Patrol Report and Fire Investigation Report.

The three community respondents said that the company has conducted public socialisation about the banning from entry into the company premises. However, there are still community members violating these rules.

- (3) “In the HTI, every 250 to 500 metres, the land is drained with the canals running about six metres wide. The canals are closed in the dry season but opened in the rainy season, and our land here is inundated as a result.”

Facts and Field Findings Related to Issue #3

Three (of the four) respondents interviewed by TFT and whom had not been interviewed by FPP, said that flooding had become a common thing prior to the presence of the company, especially for houses within a 10 m radius of the river. The opening-and-closing of the canals has no effect on the frequent flooding in Sungai Rasau Kampong. However, the three respondents felt that construction of the canals by the company has lowered the level of flooding water.

Meanwhile, the respondent who had been interviewed by FPP, Mr Kodian, whose house is approximately 10 metres from the river said that the level of the flood water is now higher compared to before the opening-and-closing of the canals by the company. Currently, the flood water affected by tidal wave coupled with the rainy season has prompted the company to open the canals so that the water overflows and causes flooding in settlements and community farmland.

- (4) “The water coming out of the HTI has affected our streams and lakes, as well as our downstream. Our water quality has been badly affected by the SBA operations, including excavations, draining of the peat, road construction, land clearing and planting. The water here is now acidic, and the quantity of fish is greatly reduced, estimated by 80 percent, compared to before the HTI was developed.”

Facts and Field Findings Related to Issue #4

One of the four respondents, Mr Kodian who was also interviewed by FPP, said that the pollution of river water constitutes one of the impacts of the company activities. As a result, the number of fishes in the river drops. On the other hand, there is a respondent who holds a different view that the decline saw in the number of fishes is not entirely due to the high level of acidity of the river water. Ecological conditions of peat also contribute to the acidity of the water, in addition to practices that are not environmentally friendly on the community part, such as electro-fishing. As for now, catching fish by this method has been something that people are used to.

In response to this, respondents from the company maintained that the company conducts periodic monitoring of water quality and performs laboratory tests on water conditions by involving consultants. So far the results of the laboratory tests concluded that the pollutants in the river water remain under the normal limits. Regarding the impacts of the company activities that allegedly contaminate the river water and cause flooding by the opening and closing of the canals, the company stated that information on the opening and closing of the

canals have been disseminated to the public and the company always conducts regular monitoring of data on the high and low tides obtained from the BMG.

- (5) “There is a primary school in the sub-village with 70 kids attending the school, and two teachers. Since 2012, the teachers are paid by PT BAP. The Social Service built houses for the people in 2007, but not enough for all the families—of 80 houses built, 65 are occupied. The houses are small, 3 x 4 metres in size.”

Facts and Field Findings Related to Issue #5

All respondents from the community mentioned that the company had built facilities for an Elementary School, and is still paying the salaries of teachers in the school. For the time being, the community is having a difficult time to maintain the public school building.

The development of public settlement by the Social Service has nothing to do with PT BAP. The houses built are part of the KAT programme, not assistance from the company. The KAT is a government programme implemented at national level by the Ministry of Social Affairs in the 1970s. The settlements inhabited by the people today are government assistance under the programme.

3. Jadimulya Village

The FPP report raised three issues identified in Jadimulya Village. The three issues are as follows:

- (1) “They have not agreed to release their land to Sinar Mas.”
- (2) “Sinar Mas has never asked our opinion, or sought our permission to establish the mill. The only involvement of the community members with the proposed new mill was when one of them was invited to attend an AMDAL consultation in mid-2012.”

Facts and Field Findings Related to Issue #1 and #2

During interviews conducted in Jadimulya Village, the respondents, which included Mr Samsul previously interviewed by FPP, said that the OKI Mill had conducted socialisation to the public. Mr Samsul stated he did not partake in the socialisation because he thought he did not need to participate in the socialisation as his land is not included in the development plan of OKI Mill.

Furthermore, Mr Samsul pointed out that he did not have a problem with OKI Mill, but his problem is with PT BAP. He said that he was involved in the delineation of land boundary between the heir to the clan leader’s (pesirah’s) land incorporated into the development

plan of OKI Mill. He was involved because he has lived long enough in the village to be able to identify the boundary of pesirah land owned by each individual heir.

The community statement is strengthened by the company stating that the people of Jadimulya who own land in the location of the planned mill site had released their land for the construction of pulp and paper mill. Land compensation has been made, as documented in the Final Report of the Land Acquisition of PT. OKI PULP & PAPER MILLS Year 2012-2013.

OKI Mill explained that the steps taken in the process of land compensation by the company included: (1) socialisation to sub-district and village governments as well as community leaders; (2) identification of community members whose land are included in the development plan of OKI Mill; (3) measurement of public land included in the development plan of OKI Mill; (4) negotiating the amount of compensation per hectare of land with the land owners; (5) payment of land compensation; (6) documentation of land compensation process.

- (3)** “There has not been socialisation on SinarMas’s new Forest Conservation Policy and commitment in the sub-village, of which they only learn about from the related NGOs.”

Facts and Field Findings Related to Issue #3

Respondents confirmed that to date the company has yet to inform them of the Forest Conservation Policy and its new commitment.