



## Stakeholder Advisory Committee (SAC) on

### APRIL's Sustainable Forest Management Policy (SFMP 2.0)

– 11<sup>TH</sup> SAC Meeting in Pangkalan Kerinci, Riau - Indonesia, 12-15 September 2017 –

<b>SAC MEMBERS</b>	<ol style="list-style-type: none"><li>1. Mr. Joe Lawson (<i>Chair</i>)</li><li>2. Al Azhar</li><li>3. Prof. Jeffrey Sayer</li><li>4. Dr. Neil Byron</li><li>5. Ibu Erna Witoelar</li></ol>
<b>IN ATTENDANCE</b>	An Indonesian doctoral student attended several sessions in the capacity of observer. A representative from KPMG PRI also attended the meeting as a resource person.
<b>TOPICS OF DISCUSSION</b>	
<b>Opening remarks and general observations</b> <p>APRIL continues to make significant progress in the successful implementation of SFMP 2.0. The results of the most recent third party assurance are very encouraging as well as feedback received from local stakeholders during recent stakeholder forums. The SAC applauds APRIL's efforts and fully recognizes that these positive results are an indication of the tremendous amount of effort put forth by its staff and partners. Given the nature of challenges at hand, there is and always will be, opportunities for improvement. The SAC approaches its discussions and recommendations in the spirit of helping APRIL to continually improve.</p>	
<b>1. SAC stakeholder forum</b> <p>The SAC met with 28 representatives of the local civil society, academia and government in Pekanbaru. Together with KPMG representatives, the SAC offered an overview of the assurance audit engagements conducted in 2016 and 2017, and opened up the revised set of indicators for the 2018 assurance audit for stakeholder inputs. These indicators were developed by KPMG on the basis of SAC inputs and initial stakeholder comments received during the forum in March 2017.</p> <p>For more information, please see separate meeting report.</p>	
<b>2. IPEWG updates</b> <p>Prof. Chris Evans, a member of the Independent Peat Expert Working Group (IPEWG) updated the SAC on the IPEWG meeting held on 7-8 September. Following the recently published APRIL-IPEWG Peatland <a href="#">Roadmap and Workplan Overview</a>, IPEWG continues to address the three components:</p> <ul style="list-style-type: none"><li>• Building a science-based understanding and minimising impacts on peatland;</li><li>• Reviewing and monitoring responsible practices, including modelling of peatland hydrology; and</li><li>• Supporting the development of a vision for peatland management through potential approaches and</li></ul>	

collaboration with other stakeholders.

Currently, IPEWG advises and works with APRIL on:

- A draft paper on IPEWG subsidence analysis;
- Design and implementation of experimental field trials to study impacts of raising water tables, in combination with nutrient availability, on acacia growth and survival, peat condition and carbon balance;
- Alternative tree species trials;
- Greenhouse gas flux measurement programme;
- LiDAR and other remote sensing approaches;
- Inputs on use of a hydrological model (MIKE-SHE) by APRIL; and
- Conservation Forest Management programme.

At the next meeting in November, the IPEWG aims to produce a public progress report as it ends its initial two-year mandate, and to discuss with APRIL and the SAC on key focus areas for the next term.

### 3. Peatland regulatory framework

Since its inception the SAC has been concerned about issues surrounding fiber production on peatlands. SAC welcomes and concurs with the Ministry of Environment and Forestry's (MoEF) long-term goals regarding peatland conservation and restoration. The SAC is also aware of the significant challenges the current directives create for the forest industry, and specifically for APRIL. The SAC notes President Jokowi's government direction that these regulations consider economic impacts of peatland protection.<sup>1</sup> The SAC believes in the importance of having a long-term vision for the sustainable management of peatlands that takes into account both environmental objectives, the wellbeing of communities, and the health of the broader economy. This long-term vision should be the product of broad consultation amongst concerned Indonesian stakeholders.

The SAC hopes that all ongoing discussions within the Indonesian government and relevant stakeholders, including APRIL, will result in the identification of options to achieve the long-term goals of peatland protection whilst avoiding significant disruption of the economy and local peoples' livelihoods.

The SAC notes with approval the initiatives taken by APRIL management to explore options for increasing fiber production on mineral soils, such as community tree-farming. It also notes that further progress on increasing fiber production from mineral soils will depend upon the MoEF advancing its proposed "land swaps". SAC expresses its hope that land swap areas will be made available as rapidly as possible.

The SAC is concerned that implementation of any peatland directives must provide for a transition period to avoid the possibility of a management vacuum which would open up the danger of major encroachment.

The SAC encourages intensification of IPEWG initiatives with a focus on moving quickly towards identification of actionable management options as well as deepening understanding of the impacts of different strategies on peatland resources and dependent peoples and industries. The SAC would like to see the IPEWG engaging more broadly with Indonesian peatland scientists, provincial Environment and Forestry agency and national

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<sup>1</sup> ["Now is time to attract investments,"](#) *The Jakarta Post*, 29 August, 2017 & ["Jokowi tells ministers to support businesses,"](#) *The Jakarta Post*, 25 July, 2017



government agencies, including the BRG (Indonesia Peat Restoration Agency).

### **Recommendations**

1. The SAC requests APRIL to continue developing its current operational interpretation of Peatland Regulations and communicate this to both the SAC and the IPEWG, including:
  - a. Guidelines setting out APRIL's system for assuring compliance on its concessions, and
  - b. APRIL's system for communicating with suppliers and ensuring supplier conformance to the guidelines.
2. The SAC encourages the continuation of efforts to develop community-based fiber production on mineral soil areas such as those that may become available as a result of land-swaps.

### **4. Supplier compliance**

APRIL updated the SAC on the implementation of its SOP for supplier compliance with SFMP 2.0, including the ongoing socialization of the policy, and compliance monitoring. APRIL acknowledges challenges in obtaining full baseline data from some open-market suppliers which it continues to address through socialization and field verification. Land cover change monitoring is conducted for all suppliers from the start of the contract and this has helped monitor changes and reasons for these.

APRIL has made significant improvement in the quality of data from the suppliers. The SAC and APRIL noted an opportunity to rationalize the approach to supplier compliance monitoring, advising that APRIL should also approach suppliers through commercial leverage.

The SAC has previously advised that all suppliers must meet the same standards of compliance with SFMP 2.0 and reiterates that position. Nevertheless, for reporting on progress in achieving compliance with SFMP 2.0 it has become clear that it is useful to track progress separately, of those with a very long-term contractual relationship with APRIL, who are located in Riau and readily influenced by APRIL, compared with others who are independent from APRIL, who sell fiber to the market and have only annual contracts with APRIL. Provision of high quality compliance data is progressing well with the former, but significant challenges remain in securing adequate conformance data from some of the latter. To address this, APRIL has developed and is implementing an internal monitoring system.

The SAC recognizes the challenges but having accurate and timely conformance data for all suppliers is critical for SFMP 2.0 implementation.

### **Recommendations**

Strictly for reporting matters, the SAC suggests using the terms "open-market suppliers" to replace the term short-term suppliers, and "supply partners" to refer to long-term suppliers.

APRIL should re-evaluate and improve its current system for securing conformance data for suppliers. This could include a more robust communication strategy and an improved system for prioritizing those suppliers where environmental and social risks are the greatest.

Furthermore SAC expects that open-market suppliers who are consistently unwilling or unable to demonstrate SFMP2.0 compliance will cease to be suppliers.

## 5. Conservation forest planning

APRIL presented the status of the conservation forest management framework, which aims to strengthen estate-level management of designated conservation areas within concessions. APRIL builds on existing HCV assessments and incorporates various analyses (land cover, buffer and core, patch prioritization and estate/landscape connectivity) using the HCS toolkit, and community inputs through FPIC and participatory mapping. Estate management plans will include identifications of threats, description of actions, indicators to measure progress and timelines for completion. Upon completion of the pilot study in one of RAPP concessions, APRIL will roll out program across its own estates by end 2017, extending it to supply partners in 2018.

The SAC welcomed the integration of the role and impact of community activities into the framework, along with additional lessons learnt from the Fire Free Village Program.

The SAC also noted that conservation of the peatland landscape within the Adindo concession in North Kalimantan continues to be of key interest for NGO stakeholders.

### Recommendations

The SAC recommends prioritizing the conservation management plans for estates that are near vulnerable landscapes (for example, Kerumutan).

The SAC also recommends that APRIL assess the current condition of the peatland landscape within the Adindo concession and report this information to the SAC at the next meeting.

## 6. Strategic fire management

The SAC commends APRIL's continuous efforts on strategic fire management. Year on year data since 2013 show a sharp decline in average fire size for APRIL concessions, driven by an increased focus on prevention, early detection and rapid response to suppression. Presently, however, APRIL's data only cover its own and supply partner concessions.

The Fire Free Village Program (FFVP) continues to be enriched through activities such as the Fire Aware Goes to School which involves the publication of educational materials on the negative impacts of fire and haze for distribution to primary school students in participating villages. APRIL also organizes Fire Aware Goes to the Movies, where movie screenings are combined with short awareness-raising animation films and documentary clips.

The Fire Free Alliance (FFA) is planning for its next workshop in October/November to discuss improvements in the fire risk toolkit.

### Recommendation

APRIL should continue to press for data on fire incidence from open-market suppliers and support wider socialization of fire prevention with appropriate third parties.

## 7. Rainforest Alliance updates

Rainforest Alliance reported the preliminary findings of APRIL's internal gap analysis against FSC controlled wood standards, based on field visits in 6 forest management units. Once the report is finalized, a summary of the internal report will be released, following review and inputs by SAC.



## **8. PT. SAU update**

APRIL provided an update on the PT. SAU incident discussed in the previous SAC meeting. Based on the report of PT SAU, the meeting between the representative of the community in Teluk Binjai village and PT. SAU was initially scheduled in May but postponed given the former's unavailability. Meantime, PT. SAU has revised its SOP for Mass Protest Control, referring to Indonesian Police regulation (Peraturan Kapolri) No.16/2006.

## **9. Discussion about incident reporting**

While the SAC notes improvements in the reporting of incidents related to SFMP 2.0 compliance, it seeks to remind APRIL of the need to be even more proactive in advising the SAC of such incidents, including those that have already been addressed by the company.

## **10. FSC process**

APRIL offered an overview of its current engagement with the FSC Secretariat in relation to the Roadmap process for ending disassociation.

## **11. KPMG assurance report**

KPMG PRI reported to the SAC the key findings from the 2016 Action Plan closing audit, as well as the 2017 interim audit on SFMP 2.0 compliance. The report covering both audits will be released by the SAC by the end of September.

## **12. Discussion regarding encroachment**

The SAC remains concerned about the pervasive amount of encroachment across Indonesian forest landscapes which is impacting APRIL's concessions. In some cases, the issue is centered on land title and/or tenure disputes, the resolution of which is beyond APRIL's control and must involve government intervention. APRIL continues to improve its understanding of the problem through community engagement, regular land cover change monitoring and data gathering. Although the SAC welcomes the fact that APRIL is improving its internal database to capture land disputes more accurately, the serious impacts of this issue warrants concerted efforts to prevent expansion of encroachment.

### **Recommendations**

**Establishing a baseline:** APRIL should continue to improve its management system for recording and addressing encroachment, once areas have been identified through land cover change monitoring or other means. This includes a system for prioritizing cases, for example where natural forest is threatened.

**Building alliances:** Furthermore, the SAC understands APRIL has a limited capacity to address encroachment issues on its own. The SAC encourages APRIL to build alliances with those local government agencies responsible for resolving forest land conflicts (KPH, Dinas LHK). Local NGOs have potential roles in finding alternative dispute resolution mechanisms. These alliances should not be "APRIL" initiatives, but APRIL should be engaged. To do this effectively, it is likely that APRIL will need additional capacity building within its management team.

## **13. Community tree farms**

The SAC welcomed reports on progress with two community tree farming pilot projects on mineral soil,



located in private land owned by communities. APRIL is in the process of engaging a technical partner for the conduct of HCS assessments on these areas and a social NGO partner for the engagement with the communities. The SAC is very supportive of APRIL conducting these pilots.

**14. Other matters**

The SAC reviewed the updated Terms of Reference, which will be made available on APRIL’s website.

The SAC will publish a summary of progress for 2016-2017, encompassing accomplishments as well as challenges ahead. The SAC will continue to seek additional Indonesian membership to the committee.

The SAC had a discussion on APRIL’s various initiatives and the need to better coordinate these under SAC’s oversight.

**NEXT SAC MEETING**

Location: TBD

Time: February 2018