



Siak Pelalawan Landscape Programme

Summary of Findings Intervention Design Phase

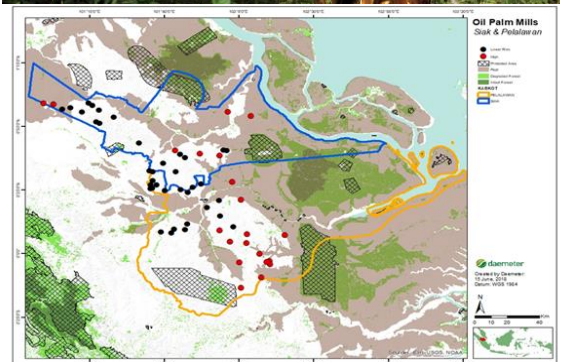


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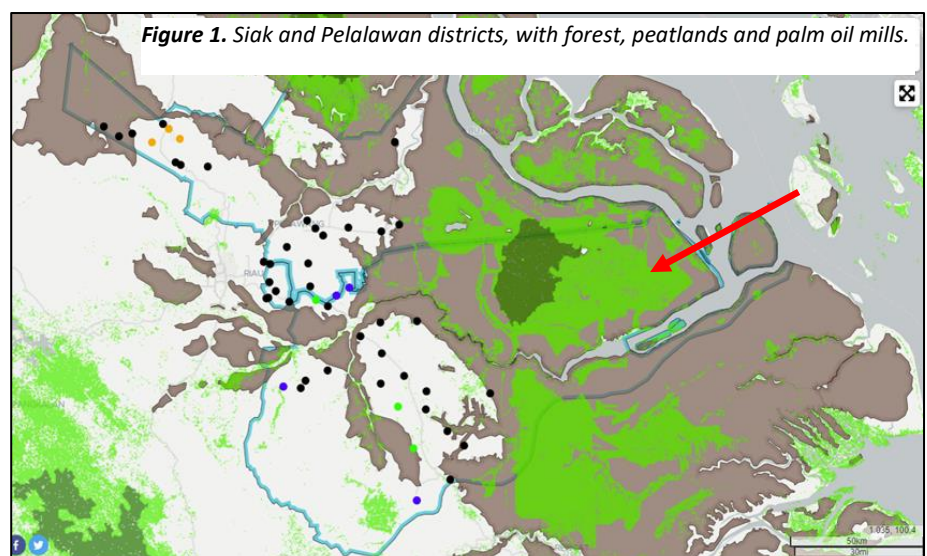
ABOUT THIS REPORT

This report highlights main findings and proposed interventions arising from the Design Phase of a planned Landscape Program in Siak and Pelalawan Districts, involving a Coalition of seven palm oil sourcing companies. The work was carried out by CORE (Proforest and Daemeter) over nine months, integrating data and information derived from remote sensing and mapping, review and consolidation of public and confidential reports, district level actions plans, extensive interviews with Coalition members, government, CSOs and NGOs, private sector and other stakeholders, in-person meetings and other sources. The Summary Report presented here is structured in six parts, covering: Introduction (Section 1); Overview of social and environmental characteristics, the palm oil production base, sustainability challenges, and regulatory environments in the two districts (Sections 2-5); followed by a brief introduction to proposed interventions (Section 6). An associated Powerpoint slide deck provides a more detailed description of planned interventions, their expected outcome and timelines. Budgeting, cost sharing and related roles/responsibilities of Coalition members for the Implementation Phase of the program will be further defined in a Partnership Formation phase commencing in late June 2019.

1. Introduction

More than one-fifth of Indonesia's mature oil palm occurs in Riau province, along with an estimated 30 percent of Indonesia's oil palm smallholders. In addition, Riau is home to significant environmental values that for decades have faced sustained pressures. For example, from 2001 to 2017, Riau lost 3.6 million hectares of tree cover.¹ Siak and Pelalawan districts, at the heart of Sumatra's central eastern coastline, exemplify these characteristics (see Fig. 1). Of the nearly 260 mills in Riau Province, more than 20% are in the two districts. Peatlands comprise 52% of Pelalawan and 62% of Siak, and include the carbon-dense Kampar Peninsula spanning both districts (red arrow below). Nearly one-third of the 'high priority' mills in Riau, as identified using the GFW palm risk tool, are found in these areas. Moreover, the numerous independent smallholders in both districts often lack awareness, capacity and resources on responsible production, and have weak to no links at all with supportive mills.

Historical rates of deforestation and wildfire are extremely high in both districts, with annual forest loss of more than 16,000 ha/yr in Siak and nearly twice that (32,000 ha/yr) in Pelalawan (2000-2018). Rates have fallen considerably since 2015, to less than 15% of the historical average, but remaining forest and environmental values are still at risk from fire and agricultural expansion.



In addition to the environmental values and large palm oil production based on these districts, they offer unique opportunities for development of a comprehensive, landscape approach to sustainable development, including:

- A supportive regulatory framework in both districts, with the Green District Decree and Roadmap for its implementation in Siak; and in Pelalawan, the UNDP-supported FoKSbi platform on sustainable palm production (currently being developed into a district level action plan).
- A committed private sector pursuing NDPE commitments with vigor: 58% of all oil palm mills in the districts sell palm oil to at least two (often more than four) buyers that have committed to deforestation and exploitation free supply chains. An initial assessment of supply chains indicates that only 8% of the mills in both districts (4 out of 50) are not connected to a NDPE buyer;
- Established NGO and CSO initiatives, such as those represented by Sedagho Siak and WWF.

Finally, from a more theoretical point of view, the two districts offer the potential for building a better understanding of the design of landscape programmes in two contrasting environments. Siak has an existing multi-stakeholder platform and declared willingness by district government to develop and implement a 'green district' vision. In Pelalawan, there are numerous, isolated multi-stakeholder efforts, but a coordinated district wide platform does not yet exist, and declared government interest in sustainability is much weaker than in Siak.

¹ GFW 2018

2. Siak and Pelalawan Districts. A brief overview

This section provides a brief description of the current situation and issues related to sustainable palm production.²

2.1 History of deforestation in Siak and Pelalawan

The drivers of deforestation and degradation of forest and peat areas in Riau, including Siak and Pelalawan, are typical for much of Indonesia. Timber harvesting, followed by conversion to plantation forestry or agricultural have been major drivers of forest loss, followed by mining and infrastructure.³ CORE completed a detailed annual forest loss analysis linked to oil palm for both districts. Results show past forest conversion to oil palm was extensive, especially in Pelalawan, where e.g. losses exceeded 15,000 ha per annum in four consecutive years (2008-2012). Table 1 below presents forest losses to oil palm since 2000 in Siak and Pelalawan.

Table 1: Forest loss in Siak and Pelalawan

| Forest Loss to Oil Palm. Siak and Pelalawan, 2000-2018 | | | |
|--|----------------------------------|---|--|
| District | Total forest loss 2000-2018 (ha) | Avg annual forest loss 2000 -2015 (ha/yr) | Estimated annual forest loss 2016-2018 (ha/yr) |
| Pelalawan | 158,495 | 10,566 | 1,400 |
| Siak | 76,790 | 5,119 | 700 |

The temporal and spatial patterns of forest loss to oil palm were very different in the districts (see Figure 2, following page). In Siak, the majority of forest loss happened between 2000-08 (59%) and was widely dispersed throughout the district. In Pelalawan, the opposite pattern occurred, with 61% of deforestation taking place after 2008, most if this concentrated in one enormous block centered on Teso Nilo. Notably, post 2015 deforestation rates have fallen dramatically, averaging approximately 2,000 ha per year across both districts over the period 2016-2018. Rates appear to have fallen due to a combination of improved governance to reduce fires, increased scrutiny by palm oil (and wood fiber) buyers requiring their suppliers to commit to NDPE, depletion of much accessible forest, and severe land competition.

² The Siak Pelalawan Coalition is currently prioritizing the palm oil sector, but intends to expand analysis and interventions to other commodities in a future phase, in particular pulp and paper where exploratory discussion are already underway.

³ The State of Indonesia's Forests 2018, Ministry of Environment and Forestry, Republic of Indonesia.

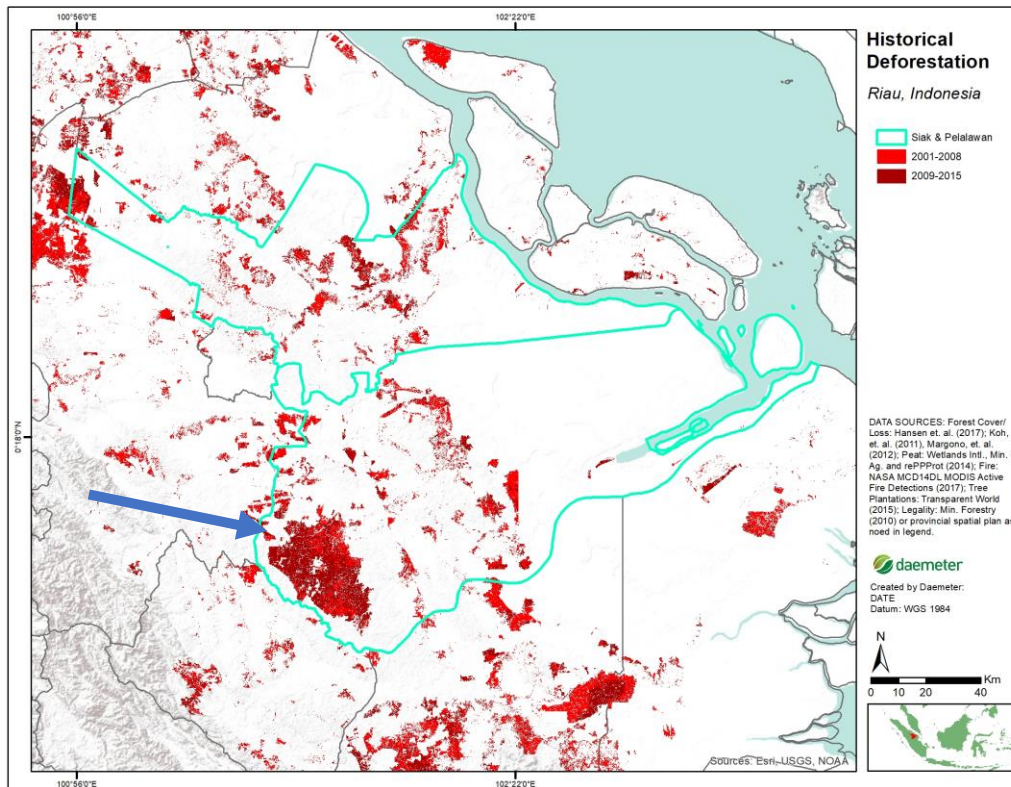


Figure 2. Historical patterns of forest loss to Oil Palm in both districts since 2000. Bright red = forest loss 2000-2008, Dark red = 2009-2015. Nearly 61% of forest loss to Oil Palm since 2000 occurred before 2008 in Siak, but the reverse was true in Pelalawan. Blue arrow points to an enormous, single block of forest conversion to Oil Palm that occurred after 2008, centered on Tesso Nilo National Park.

2.2 Focus on Fires

The target for Riau Province (Strategic Forest Planning Office) is a 20% annual reduction of fire related hotspots for the years 2014 to 2019. To help meet this target, the province released several regulations to help control fires. This regulation aims to strengthen the unity of steps and actions in forest and land fire control. This regulation includes a “non-burning” policy and states that all concessions operating in Riau Province have an obligation in fire prevention and control. In addition, a Community’s Fire Care Unit (Kelompok Masyarakat Peduli Api) has been established at the village level.

Although a ‘no-burning policy⁴,’ was launched by the Riau government, including an integrated policy package for forest and land fire prevention and control, fire is still being used in land preparation for agriculture. Research has shown there are several causes:

- Expansion for agriculture and, in particular, the common use of ‘slash-and-burn’ practices by small producers (farmers and entrepreneurs). These practices are common because small producers find it an easier and faster way to prepare land for agricultural use. Also, the ash from the biomass burning is believed to improve soil pH and fertility. In addition, there is a lack of awareness of the negative impacts of this practice.
- Although regulation is in place, law enforcement is inadequate to prevent fires

⁴ To prevent fires the province government adopted Regulation no. 11 in the year 2014 -regarding the Centre of Forest and Land Fire Control of Riau Province- and Regulation No. 61/2015, on an Established Procedure for Forest and Land Fire Disaster Control.

- Lack of community engagement and participatory approaches to address fire use
- Introduction and awareness raising on alternative non-burning practices and technologies for land preparation

Solutions to look into during the implementation phase of the Siak-Pelalawan program include:

- Engagement with communities and established fire care units to scale up success cases;
- Creating incentive mechanisms to reward the zero-burning. This should not be limited to incentives for the private sector but also for the local communities.
- Pilot test and sample plots to raise awareness on alternative non-burning technologies

[A study](#), specifically for fires in Pelalawan, looked into the level of fire susceptibility in the district. Overall, 49.9% of the area of Pelalawan is classified low susceptible to fire, but 11.9% is classified as highly prone to fire (Figure 3).

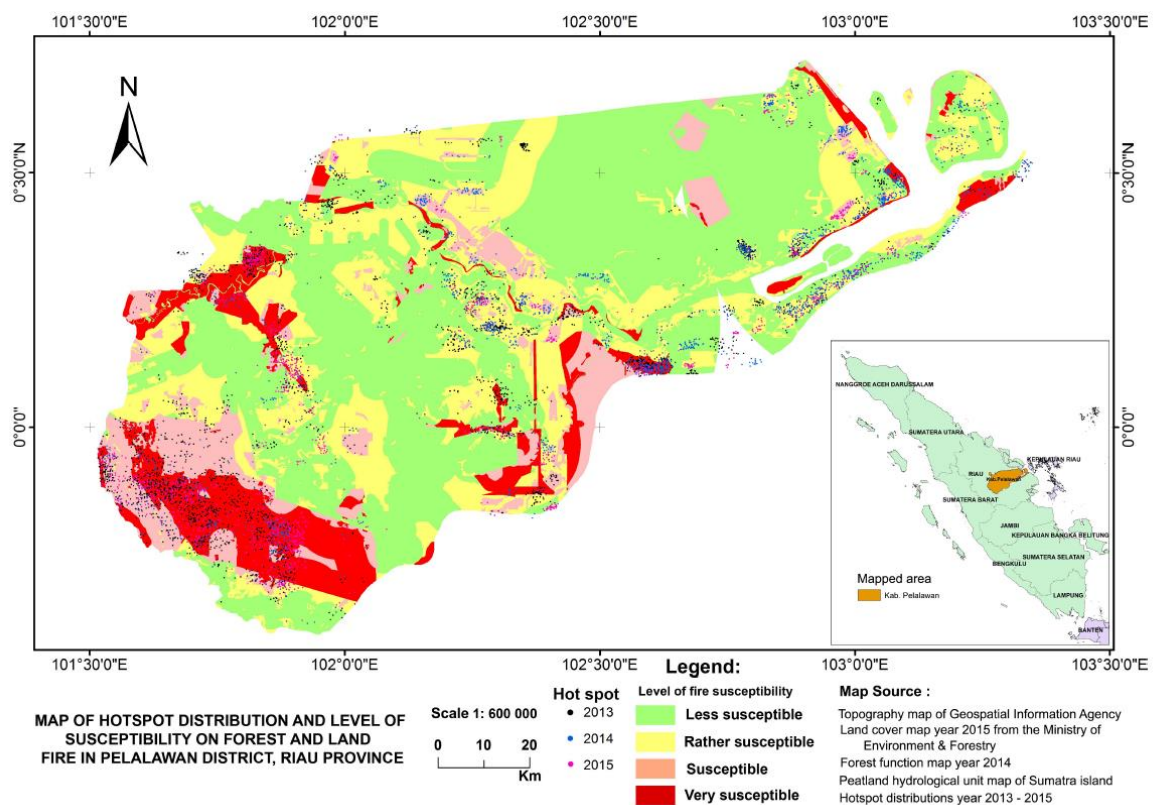


Figure 3. Hotspot Distribution forest fire in Pelalawan District

2.3 Social issues

To understand prevailing issues linked to ‘No Exploitation’ under NDPE, CORE undertook a series of interviews with social oriented civil society organizations (CSOs) working in Riau, national and international organizations, and academic and research institutions working on human rights and social issues pertaining to oil palm⁵. These organizations were interviewed to understand their:

1. Initiatives relevant to palm oil, human rights or community development in Riau;
2. Area of expertise in relation to human rights issues related to oil palm production;

⁵ 80 social CSOs and experts at the local, national, and international level were identified and prioritized based on geographic relevance (knowledge relative to Riau or Siak and Pelalawan districts) or topical relevance, those that have specific expert knowledge in known salient human rights issues (such as child labour. In-depth interviews with 14 organizations were conducted with an additional 15 scheduled for a later phase

3. Perceptions on possible root-causes of these issues in Riau;
4. Inputs into how to address identified issues, particularly how the private sector can contribute to solutions

The interviews indicated that there are a multitude of human rights risks and social issues occurring in the Siak and Pelalawan. However, there is a significant gap in both baseline data and understanding of the root causes of these issues. Below we summarize a preliminary typology of human rights issues derived from the interviews. Further research will be conducted during the implementation phase, as part of a planned Social Impact Assessment. Note that the cross-cutting issue of gender has been taken into account within this typology, rather than separated out into a category of its own.

Figure 4 - Conflict cases in Riau in 2014. Dark green areas show records of conflict. Source: Sawit Watch Conflict Database

2.3.1 Land-related issues

Land grabs, land use change and land-zoning issues: The approach to determining land-zoning (systemic lack of proper consultation with communities) has left some communities without access to basic resources, such as water or enough room for subsistence farming;

Historical land issues and grievances: There is a lack of independent grievance redressal and clarity on how land grievances will be mediated, addressed and verified.



Lack of clarity and insecurity around land titles and land use rights: Land titling appears to be the biggest overall issue in relation to land in Siak and Pelalawan, including a lack of understanding amongst independent smallholders on necessary titles and process to pursue. In Pelalawan, less than 30% of the smallholders have legitimate land title documents.⁶

Encroachment: Major issues of smallholder encroachment in Tesso Nilo and discussions of related potential displacement.

Non-compliance with FPIC processes: Wide-spread issues with FPIC exist noting the need for increased efforts in relation to FPIC training for communities, land speculators and concession management. As well, FPIC principles are not integrated in district level land-zoning processes. Other highlights include lack of monitoring, enforcement and verification of FPIC and challenges ensuring genuine community participation in FPIC processes.

2.3.2 Labour Issues

Child labour: Child labour is quite common in Riau, but difficult to prove or verify during audits. There is a lack level of understanding of child rights (and related women's rights), including among smallholders and misunderstanding of the laws and nuance around minimum age

⁶ GEF, Reducing Deforestation from Commodity Production project - UNDP Good Growth Partnership, CI, WWF and GEF on Smallholder Training Needs Assessment in study in Pelalawan, Sintang and South Tapanuli (UNDP conducted study in Pelalawan).

Forced labour: Similar to child labour, anecdotal reports say forced labour exists, but it is difficult to prove during audit. Areas of Siak and Pelalawan are remote (access by river only) and consequently may be at higher risk forced labour occurring. As well there is a gap of CSO's working on forced labour issues.

Safe and healthy workplaces: Mills often lack an Occupational Health and Safety System, related procedures and trainings, and persons in charge. Additionally, it was noted that women are most likely to be given work including pesticides due to the idea that this is 'light' work

Decent wages and benefits: There is a need for awareness raising, particularly among workers in remote areas on worker rights, including minimum wages and benefits. And, although discussions on labour are starting to shift from minimum wage to Decent Living Wage, there is currently no reliable Decent Living Wage calculation for oil palm workers. In smallholder context issue of being able to meet the equivalent of minimum wage due to low productivity

Please refer to Annex 1 for a more detailed description of organisations interviewed and summary of key discussion points.

2.4 Snapshot of Siak and Pelalawan

The table below present an overview of some basic facts and figures for both districts.

Table 2: Snapshot Siak and Pelalawan districts

| Characteristics | Pelalawan District | Siak District |
|---|--|--|
| Size | 1,392,500 ha (15% of Riau) | 855,609 ha (10% of Riau) |
| Socio-economic | | |
| Population (2017 BPS) | 449,760 | 422,865 |
| Subdistricts and villages | 12 subdistricts and 104 villages | 14 subdistricts and 122 villages, |
| % living in poverty (BPS 2018) | 9.73% | 5.44% |
| Indigenous people | Suku Petalangan | Suku Sakai |
| Land Use | | |
| Oil Palm coverage | 388,467 ha (28%) | 328,738 ha (39%) |
| OP Smallholder coverage | 47% | 55% |
| Pulp and paper coverage | 189,914 Ha | 144,939 Ha |
| Average annual deforestation, 2000-2018 / post 2015 (ha/yr) | 32,427 4,955 | 16,152 2,229 |
| Environmental Values | | |
| Forest Area total coverage (based on land cover 2017) | 300,121 Ha | 165,674 Ha |
| Peat Land | 724, 855 Ha | 522,829 Ha |
| Secondary Dry land Forest | 18,615.1 Ha | 2,136.1 Ha |
| Protected areas | Tesso Nilo National Park | Zamrud National Park (31,480 ha) |
| | Kerumutan Wildlife Reserve | Siak Giam Kecil biosphere reserve (62,470 ha) |
| | | Wildlife reserve: Tasik Belat (2,529 ha) |
| | | Taman Hutan Raya Sultan Syarif Hasyim (6,172 ha) |
| Forest areas, outside of forest zone | 9229 Ha | 8667 Ha |
| ERCs | 150,000 ha under RER in Kampar Peninsula | |
| Notable biodiversity | Elephants, Sumatra tiger, sun bear, endemic peat swamp species | |

| Industry OP and Certification | | |
|--------------------------------|--|--|
| OP mills total | 27 | 23 |
| Total certified mills | 14 | 8 |
| RSPO/ISCC/ISPO Certified Mills | 5/6/14 | 2/4/9 |
| Policies /Legal Frameworks | | |
| | FokSBI (District action plan in development) | <ul style="list-style-type: none"> • Green Siak Initiative Perbup 2018 • District reg. on protection on Land for Food Security (No. 2/2014). • District reg. on Customary Village (No. 2/2015). • Member of LTKL |

3. Production Base (Palm Oil)

3.1 Overview


Palm oil is a major industry in both Pelalawan and Siak. Across both districts, oil palm covers an estimated 700,000 ha, including large scale and mixed use plantings, comprising 28% of established land uses in Pelalawan and 39% in Siak. There are 50 palm oil mills in both districts, with a majority linked to NDPE commitments, either via group ownership or buyers' commitments. Even so, it is estimated that 40% of mill (19 out of the 50) have not been exposed to any meaningful level of engagement or awareness raising related to NDPE palm oil production.

The palm industry is prioritized for investment by both district governments. In Pelalawan, a Techno-park is being built in Langgam Sub-district, focusing on biofuel production.

In Siak, development of the Tanjung Buton Industrial Area (KITB) allocates land for development of a palm oil refinery. As well, the Siak Green District Roadmap outlines plans to support smallholders, the need for replanting, to achieve ISPO and RSPO certification, and to facilitate legal registration via the cultivation registration letter, or STD-B.

The composition of the palm oil sector in each district is similar, with 27 mills in Pelalawan and 23 mills in Siak. Smallholders make up a significant portion of the FFB produced, comprising an estimated 55% of planted oil palm in Siak and 47% in Pelalawan. Several mills in both districts have one or more forms of certification, including ISPO, to ISCC and RSPO (with some having more than one type), but Pelalawan has a greater number of certified mills overall (14 compared to 8 in Siak).

Rubber, pulp and paper, and natural gas are other notable commodities in the districts. Although oil palm concessions are more numerous than other industrial land uses in both districts, there are also large HTI concessions covering very large areas in both districts.



daemetermaps.org/siak-pelalawan

For further details on the production base for Siak and Pelalawan, please visit the landscape webportal, which includes data on production, legality, biophysical and other aspects of the landscape

3.2 Oil Palm Mills Assessment Synthesis

One-third of all mills in both districts are traded by more than four buyers with NDPE commitments. A review of five mill assessments from Siak and Pelalawan carried out by these buyers indicates there are numerous challenges to achieving district wide NDPE compliance overall. This is mostly true for third-party FFB suppliers to the mills that were assessed, but for some issues also applies to the mill’s own operations. Although five mills are not a large enough sample to provide generalizable results across the entire sector, it does provide a sample sufficient to paint a preliminary picture. For example, the chart below indicates the percentage of mills with non-compliances, focused on eight topics detailed below, drawn from a mill assessment methodology developed by CORE. See more details in Annex 2.

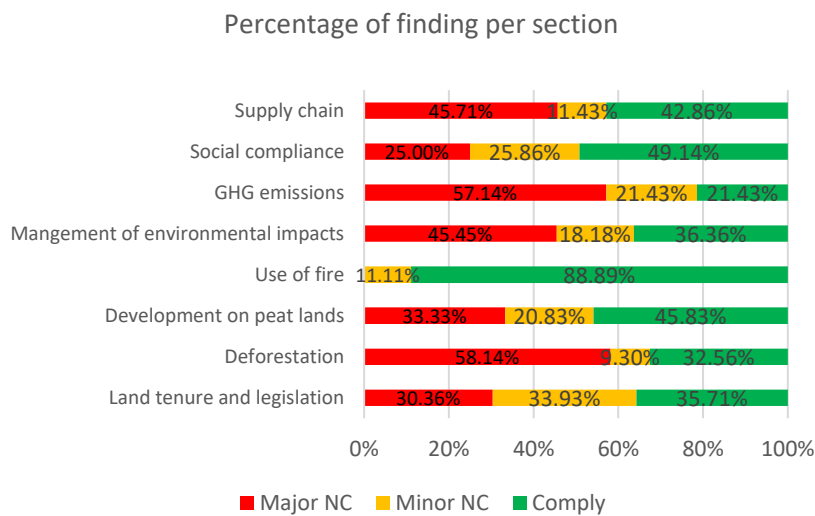


Figure 5 - Overview findings mill site assessments in Siak and Pelalawan

Notably, the biggest non-compliance for several mills is related to deforestation. Several mills are largely unaware of the meaning of no deforestation commitments, lack awareness on key concepts such as HCV and HCS and what is needed from their own operations and third-party supply base to comply with NDPE commitments. In addition, mills visited do not have full traceability for FFB due mainly to complexity of the supply chain and the role of the traders where FFB is transferred through multiple layers that supply to multiple mills on different days.

Other challenges identified through this review include common issues linked to weak internal communication systems and a lack of coherent policies on human rights. Mills often have some or most of policies in place, but they do not cover their third-party supply base. Moreover, mills and plantation owners were found not to comply with good practices on health & safety, especially in the context of safe working conditions. For example, at the mills visited, PPE was rarely being worn by the smallholders, dealers and also at the mills sometimes cases of lack of proper PPE was observed.

These preliminary reviews indicate non-compliance with broad, high level issues, e.g. linked to what is deforestation and what tools can be used for preventing it, down to more discrete, operational aspects of good industrial practice. These two different types of non-compliances will require qualitatively different approaches to resolve.

4. Siak and Pelalawan. Regulatory Frameworks, Stakeholders and Initiatives

4.1 Siak

Siak District offers a conducive environment to a landscape programme as it has established itself as a Green District and is one of eight founding districts of the Lingkar Temu Kabupaten Lestari (LTKL) partnership forum. The presence of an organized and coordinated group of CSOs, in the form of Sedagho Siak, further strengthens Siak's ability to drive a sustainability agenda, as detailed below.⁷ Along with CLUA, and LTKL, Sedagho Siak is one of the three key partners for the Coalition in Siak, including particularly Sedagho Siak members Elang, Jikalahari, WRI and Winrock.

Siak Green District. In September 2017, during a meeting with CSOs and Siak district government, a decision was made to have the district pursue a balance between the environmental conservation and improve the economy for the benefit of local people by adopting the concept of a Green Siak District. This commitment was confirmed through a decree, the Siak Decree number 22, year 2018. This Decree aims to provide a guideline for the District Government, communities and the private sector to encourage principles of conservation and sustainable use of natural resources and improving public economy.

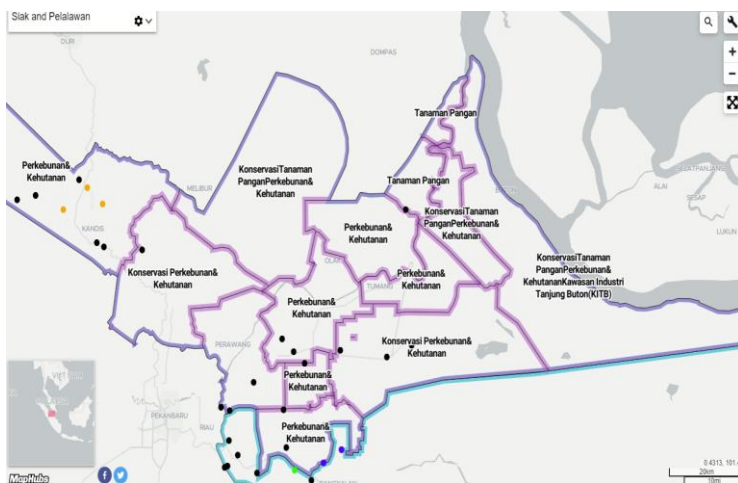


Figure 6 - Overview zonation Siak Green District

It provides the legal basis for a series of policies to meet the following three objectives:

1. Management of natural resources to the greatest extent possible interests of the people (community) with the principle of preservation and sustainability;
2. Public interest in the use of natural resources to improve public economy of and local revenue; and
3. Pattern of regional natural resource utilization is carried out through conservation, downstream and intensification activities.

The Road Map, currently in development, details the specific government actions and priorities to achieve these objectives, including the segmentation of Siak into five zones, each representing guidance for land utilization and industry and economic priority. The five zones are i) conservation zone; ii) Food crops zone; iii) Plantation and forestry zones; iv) Industrial zone; and v) settlement zone. Please see Annex 1 for a summary of the Siak Green District Road Map.

Sedagho Siak is a coalition of 17 Community Service Organisations (CSOs) who share a common view to support the vision of green district for Siak. The coalition that consists of organizations based at both local and national levels was formed during the CSO National Working Meeting on Green Siak District, taking place in Pekanbaru, 19 September 2017. Members of the coalition focus on

⁷ Please see a full list and description of other key stakeholders as well as more detailed info on Sedagho Siak members in Annex 2

environmental, community and livelihood objectives and include; Perkumpulan Elang, Yayasan Madani Berkelanjutan, Yayasan Mitra Insani (YMI), Fitra Riau, Jikalahari, Jaringan Masyarakat Gambut Riau (JMGR), Walhi Riau, Lingkar Temu Kabupaten Lestari (LTKL) Sekretariat, Rainforest Alliance, Winrock, Conservation Strategy Fund (CSF), Koaksi, Serikat Petani Kelapa Sawit (SPKS), WRI, Eco Nusantara, Kaliptra, and Greenpeace Indonesia.

Participants of the meeting had agreed to establish a forum for concerned organisations to coordinate and synergise their work, and they also launched a joint declaration aiming at working together towards Green Siak. The declaration was then presented to the District Government the following day (20 September 2017), during the meeting between District Government and CSOs. The coalition worked closely with the local administration to facilitate the formulation and issuance of Bupati Decree No.22/2018 on Green Siak District, formalized on 25 January 2018.

The *Formulation Team* for the Siak Green District Road Map is comprised of Sedagho Siak members Elang and Jikalahari. They and the other Sedagho Siak members continue working on the development of the Road Map and the first draft version was available and presented to CORE in end of February 2019 and is currently still being finalised. It is expected to be available for consultation in July and is summarized in Annex 3.

CLUA/Packard Foundation provide grants for individual work of some of the Coalition members, as well as financial support to collective work of Sedagho Siak on the Road Map. Moreover, CLUA is funding a study to look into options to structure funding of the implementation of the Siak Road map by involving amongst others Sedagho Siak members. This includes options to set up a blind trust fund.

LTKL (Lingkar Temu Kabupaten Lestari) is a national partnership and communication forum formed by the Association of Indonesian District Governments (APKASI). It is a collaborative forum of district governments aimed to better implement sustainable development with tangible impact. It is an effort to balance economic, social and environmental protection within jurisdictions, focusing mainly on sustainable land use management. LTKL as a forum harnesses and facilitates multi-stakeholder collaboration in addressing sustainable development challenges. To support such convening role, LTKL Sekretariat acts as the backbone structure.

LTKL was established by eight districts from six provinces in Indonesia in July 2017, witnessed and supported by development partners and the National Association of District Government in Indonesia (APKASI). By December 2018, LTKL has 10 active members.

LTKL sekretariat is a key partner for the Siak programme, providing insights from the government perspective on sustainable development and functions as a bridge between the local government, the Coalition and Sedagho Siak.

4.2 Pelalawan

Amongst other priorities, in Pelalawan the district government has highlighted the following challenges with smallholders:

- a) Not all smallholders are benefiting from company partnerships
- b) Yields are low and inputs are not being optimized, resulting in low income for smallholders
- c) Significant replanting needs among smallholders
- d) Low proportion of smallholders that are legally compliant and ISPO certified

To further promote the palm oil sector, Bappeda and Dinas Perkebunan in Pelalawan, supported by the central government, are developing a Techno Park in collaboration with academic and technology institutions, ITB and ST2P, the Indonesian Agency for Assessment and Application of Technology, Pusat Penelitian Kelapa Sawit (PPKS), and Dewan Minyak Sawit Indonesia (DMSI), among others. This commitment is outlined in various MoUs and included in the RPJMN 2014-2019 and in the Pelalawan RPJMD 2018-2023.

Also, in Pelalawan WWF and UNDP have long established programmes to support sustainability objectives.

United Nations Development Programme (UNDP), together with the Ministry of Agriculture and several multinational companies partnered to develop the Sustainable Palm Oil Initiative (SPOI). The aim of SPOI is to foster sustainable palm oil through alignment of standards (ISPO and RSPO), policy reform to reduce deforestation, and smallholder's empowerment. As part of the SPOI, UNDP are supporting the Ministry of Agriculture to establish the Forum Kelapa Sawit Berkelanjutan Indonesia (FoKSBI.) FoKSBI brings together actors from the public and private sectors, civil society as well as smallholders to address key challenges in Indonesia's palm oil sector.

FoKSBI articulated its objectives through the National Action Plan (NAP) which will be adapted into regional action plans for 18 palm oil producing provinces in Indonesia. FoKSBI in Pelalawan was the first district platform established in Indonesia and they are currently in the process of establishing its Regional Action Plan. CORE participated in preparatory meetings organized by UNDP and there is currently a draft action plan available for Pelalawan.

The NAP focuses on four areas:

- 1) Strengthening data, coordination & infrastructure
- 2) Smallholder capacity improvement
- 3) Environment management and monitoring
- 4) Governance and conflict mediation
- 5) Strengthening the ISPO standards for greater market access.

WWF has been active in Riau since 2004 as part of the Eyes on the Forest coalition. As well, it has been supporting efforts to safeguard Tesso Nilo since 2007 as part of a multi-stakeholder that includes the various provincial, district and national agencies as well as companies in the pulp and paper sector. More recently, these efforts have begun to focus on collaborative, multi-stakeholder approaches to devise a multi-year plan for restoration and reclamation of Tesso Nilo, recognizing the fact that established land uses now inside the park cannot be removed overnight.

BRG (Peat Restoration Agency) – for both Siak and Pelalawan

BRG is a non-structural institution directly under and responsible to the President of the Republic of Indonesia. This agency was established in 6 January 2016 based on Presidential Regulation No. 1 Year 2016. The establishment of BRG is a testimony to the Indonesian government's commitment to restore the degraded peatland ecosystems. The responsibility of BRG is to coordinate and facilitate the restoration of peatlands in seven priority provinces: Riau, South Sumatra, Jambi, Central Kalimantan, South Kalimantan, West Kalimantan and Papua.

BRG's target is to restore the approximately two million of hectares of degraded peatland within five years period. One of its programme under the Deputy of Education, Socialization, Participation and Partnership is Desa Peduli Gambut (DPG), where BRG works to empower the prioritized villages to implement 3R (rewetting, revegetation and revitalization) through phased approach.

5. Key Challenges to Sustainability

Both districts are facing several challenges in becoming a sustainable and green district. Unsustainable practices exist in both districts and include are driving deforestation, degradation of peatlands, encroachment into protected areas, worker and community exploitation and poor livelihoods. To establish confidence that proposed interventions address the fundamental drivers of unsustainable practices, including deforestation, CORE produced root cause analysis for the social and environmental challenges and risks in the two districts. Building on the environmental and social related challenges described in Section 2, the table below presents a brief overview of identified underlying root causes to these challenges.

Table 3: Overview of environmental related root causes

| Issues / Unsustainable Practices | Illegal Deforestation (in national parks and protected areas) | Legal Deforestation (in areas legally designated for development) | Degradation of Peat | Poor communities with no access to basic needs ⁸ |
|----------------------------------|---|---|---|---|
| Cause | <ul style="list-style-type: none"> Expected ROI for illegal oil palm in protected areas is high Insufficient income to meet needs, aspirations | <ul style="list-style-type: none"> Political and economic motivations that respond to short term needs | <ul style="list-style-type: none"> Weak policy implementation at district level Expansion for agriculture and use of 'slash-and-burn' practices. | <ul style="list-style-type: none"> Land grabs due to systemic lack of proper consultation with communities |
| Secondary Causes | <ul style="list-style-type: none"> OP is a profitable crop, with low risk to return on investment (intrinsic agronomy risks are low, enforcement risks are low) Land outside of park is expensive (comparatively) or unavailable (shortage of land) Perceived low risk of serious negative consequences due to poor detectability, | <ul style="list-style-type: none"> Under valuing of natural resources and environmental /Balance between economic and conservation needs Inequitable land distribution and unclear systems for defining land right. Mis-alignment among agencies No proper protocol to include environmental values during spatial planning process | <ul style="list-style-type: none"> Weak policy implementation is due mis-alignment among various gov't offices - each agency operates within its mandates - and no/poorly defined district-level incentives High incentives for burning: offers a simple and fast technique for preparing land Costs and complexity of managing water tables Smallholders face constraints / lack | <ul style="list-style-type: none"> No independent grievance redressal or clarity on validation, mediation, and resolution procedures for land grievances Low awareness on FPIC among communities, land speculators and concession management. Lack of integration of FPIC principles into district level land-zoning processes. Lack of monitoring, enforcement of FPIC and challenges ensuring genuine community |

⁸ This is but one aspect of social risks and is based on preliminary findings from interviews which will be further developed in implementation phase, particularly to reflect the specific issues that pertain to Siak and Pelalawan. The full Social Risks report can be found in Annex 2.

| | weak enforcement | | of awareness for BMP on peat | participation in FPIC processes |
|---------------------------------------|---|--|---|---|
| Issues / Unsustainable Practices | Illegal Deforestation (in national parks and protected areas) | Legal Deforestation (in areas legally designated for development) | Degradation of Peat | Poor communities with no access to basic needs |
| <i>Implications for Interventions</i> | <ul style="list-style-type: none"> Support gov't efforts to monitor and enforce, via capacity building and strengthening of existing programmes and through implementation of low costs, effective detection systems Define and develop incentives for communities to enforce monitoring Support efforts to build sustainable livelihoods in buffer areas for PA | <ul style="list-style-type: none"> Supporting alternative commodities, for example NTFP Strengthening the capacity and supporting business plan development for forest management unites (KPHs) Engage district leaders and support agencies to wider forum (national and international). | <ul style="list-style-type: none"> Support district capacity building for implementation Support engagement with communities for fire care units Prioritize BRG villages for interventions Create incentive mechanism to reward zero-burning Pilot test and sample plots to raise awareness on alternative non-burning techniques for land preparation | <ul style="list-style-type: none"> Support awareness raising on FPIC and community rights Support development of district-wide grievance mechanism and conflict mapping Support improvement of land-zoning processes |

6. Siak Pelalawan Landscape Programme. Framework and Interventions

6.1 Framework

The Siak Pelalawan Landscape Programme is structured around five goals and associated objectives, outcomes and activities or interventions.⁹

Goals and Objectives

- 1. Protect and enhance forests and ecosystems.** *Reduced deforestation and protection of forest and natural ecosystem protection*
- 2. Protect and enhance peatland.** *Conservation and sustainable management of peat areas and no conversion of peat.*

⁹ Please see Power Point for further details on Goals and expected outcomes.

3. **Empower and improve livelihoods of farmers and local communities.** *Smallholder inclusion into sustainable supply chains and improved livelihoods*
4. **Respect for human and labour rights.** *Fair working conditions for all types of workers and respect of legal and customary land rights and use.*
5. **Functioning multi-stakeholder platform.** *Support multi-stakeholder participation and representation, decision making, monitoring and reporting, resource allocation and governance for the Landscape Programme.*

These goals and objectives reflect aspirations for the landscape overall and, in regards to the Siak Pelalawan Landscape Programme, will be pursued through a series interventions that define the contributions of the group of Coalition companies.¹⁰ The interventions reflect the priorities, abilities and sphere of influence of the companies currently forming the Coalition. However, we emphasize this focus will evolve over time to include more companies and additional commodities that shape and influence land use outcomes in the two districts (e.g. plantation forestry, among others).

Interventions are sub-divided in terms of (1) timeline for implementation and (2) scale of impact.

1. Timeline for implementation:
 - a. Stage 1 interventions are those that are prioritised for implementation in year 1.
 - i. They represent activities that are already being implemented by a coalition member or key stakeholder in the landscape and can be replicated or scaled; or
 - ii. Activities that are in line with and will support expansion of the Siak Green District Roadmap or the FoKSBI National Action Plan.
 - b. Stage 2, or longer-term activities, are those that:
 - i. Are known to address issues related to Coalition programme goals, but are less urgent to address identified gaps or to get processes started;
 - ii. Require additional data and analysis before implementation or engagement to implement can be started; or
 - iii. Require further and deeper engagement, decision making or trust building to be effective (e.g. linked to governance and setting up incentive-based structures)
2. Scale of impact:
 - a. Landscape Level interventions are those Activities that:
 - i. benefit and address issues that are landscape wide.
 - ii. by definition go beyond the scale of an individual supply base
 - b. Project Level interventions are those:
 - i. Activities and projects implemented within a specific supply base, where majority of direct benefits are restricted to that supply base

6.2 Approach to Selection of Interventions

The interventions proposed for the Coalition were developed based on several inputs, including:

- Siak Bupati Decree and draft Road Map
- National Action Plan and UNDP Concept note
- Company NDPE commitments
- Root cause analysis

¹⁰ Including current founding members and new companies who might join the Coalition in the future.

- Mapping of Coalition company initiatives
- Coalition feedback (Singapore February meeting and bilateral calls)
- Stakeholder consultations, including:
 - Government: Pelalawan: Bappeda; Siak: Bappeda, Dinas Pertanian, Bupati; LTKL
 - NGOs: WRI, Winrock, Elang, Wahli, WWF, Jikalahari
 - Social organisations: JMGR, PPSW (in addition to 11 more social CSOs interviewed for input into interventions)
 - Private sector: April and APP
 - Feedback during closed door meeting during TFA meeting in Bogota in May with Siak delegation (Bupati Siak, Bappeda, UNDP, WRI, Sedagho, WRI, CIFOR, TFA, LTKL, GAR).

The figure below presents an overview of the steps that were followed during the Intervention Design phase to define the goals and proposed Stage 1 interventions.

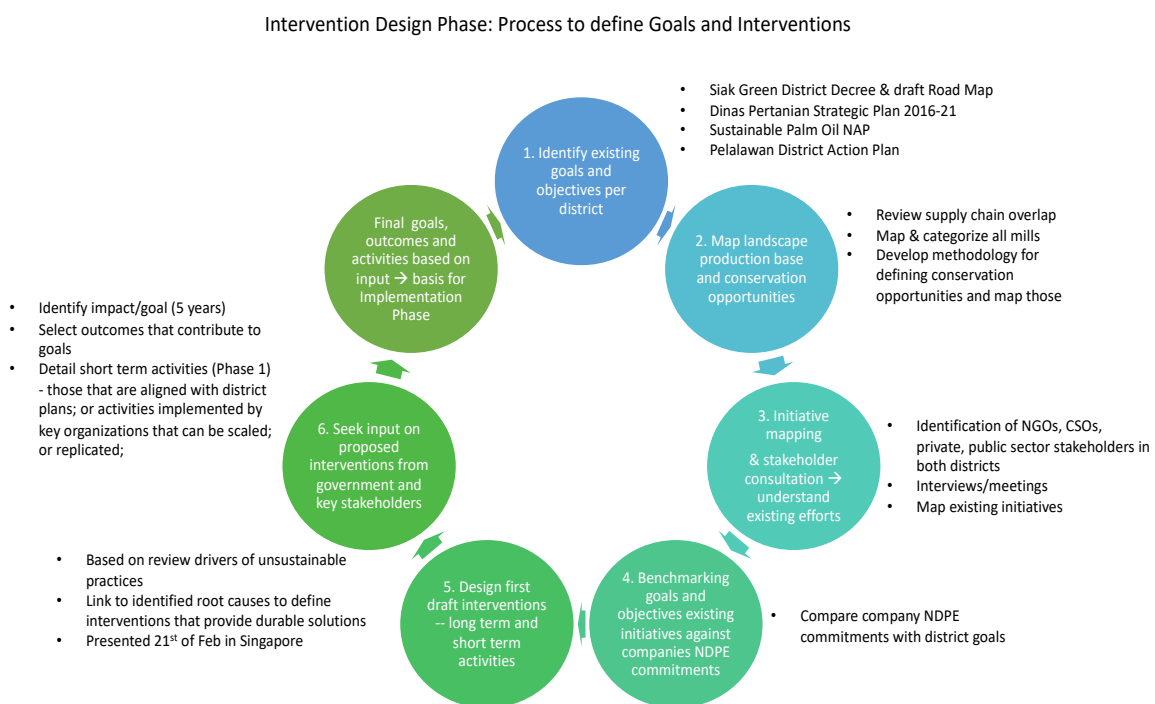


Figure 7 - Overview of activities for defining goals and interventions Siak and Pelalawan landscape programme

6.3 Village based Prioritization

Siak and Pelalawan together represent over 200 villages spread over nearly 2.3 million hectares. To inform the process for prioritization of investment and activities throughout this landscape, CORE proposes an approach to rank villages for interventions. The ranking takes into account five principle factors:

- Villages that are considered high risk from an environmental (deforestation, peat fires) perspective, including those villages that are near the identified priority conservation areas
- Villages that represent a large number of smallholders
- Villages that are currently engaged within a coalition or stakeholder initiatives
- Villages that have been prioritized by key partners or local government for interventions, these include the BRG priority villages

The objective of the village prioritization is to

- Support a holistic approach to define village-level needs and customize an approach to implement activities such as smallholder mapping, traceability and support for BMPs, capacity building for fire-free villages, development of alternative livelihoods, particularly in buffer and priority conservation areas, among others.
- Inform more efficient resource allocation among the >100 villages in Pelalawan and >120 villages in Siak
- Ensure that existing initiatives and past investments (by the government, companies or NGOs and CSOs) are leveraged

The final prioritization will be conducted as part of the implementation phase and inform the roll out of activities. The Siak Pelalawan web portal currently includes select layers for a ‘working’ village prioritization. See figure 8 below.

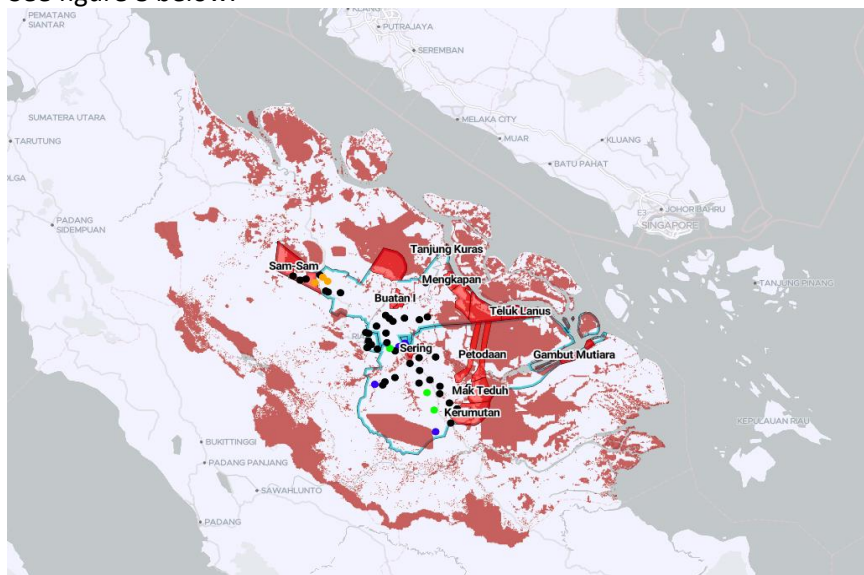


Figure 8 Siak Pelalawan high risk villages and priority villages

6.4 Interventions

The interventions are detailed in the accompanying slide deck, but summarized below. The 20 interventions listed below do not reflect the totality of activities to be pursued by the Coalition. These interventions provide guidance for Coalition member efforts in year 1. However, additional interventions will be defined and proposed as analysis and engagement within the landscape continues in the implementation phase.

| Impact Goals | Landscape level Phase 1 Interventions |
|--|---|
| Protect and Enhance Forests and Ecosystems | <ol style="list-style-type: none"> 1. District level monitoring and alert system for deforestation and fires, including alert response, ground level verification, training and awareness of local partners (extension officers) on ground level verification of deforestation alerts 2. Build local capacity for data quality, analysis, documentation and recording – including engagement with BAPPEDA, Dinas Perkebunan and Pertanian and Zamrud National Park Office 3. Develop and implement methodology to quantify deforestation since cut-off date (TBD) in order to work towards zero net deforestation; |

| Impact Goals | Landscape level Phase 1 Interventions |
|--|--|
| | <ol style="list-style-type: none"> 4. Conduct analysis of options to support conservation opportunities, including co-funding options 5. HCV / HCS/NDPE training of mills and awareness raising on deforestation free production, including third parties 6. Tesso Nilo: Support existing efforts including WWF and Tesso Nilo Nat'l Park Agency, e.g., Restoration activities, traceability, technical assistance and input to relocated farmers, including alternative livelihoods |
| Protect and Enhance Peatlands | <ol style="list-style-type: none"> 1. Support BRG in implementation of Phase I BRG programme for priority Desas 2. Training of village facilitators to roll out the programmes in selected villages 3. Expand Fire Free village programme → no burn rewards 4. Pilot model and good practices for peat and water management for smallholders |
| Empower smallholder farmers and local communities in support of improved livelihoods | <ol style="list-style-type: none"> 1. Develop protocol to collect data (standardized) on smallholder farmers 2. Trial smallholders services support model 3. Support government to facilitate smallholders' registration 4. Additional capacity building for farmers in priority desas |
| Respect for Human & Labour Rights | <ol style="list-style-type: none"> 1. Study (desk and field-based) in both districts to better understand: <ul style="list-style-type: none"> • Known social negative impacts of palm production on workers, communities and smallholders • Presence of most vulnerable populations • Opportunities to address them 2. Based on results: <ul style="list-style-type: none"> • Propose interventions related to human rights; and • Recommendations to put in place safeguarding actions (to address identified negative impacts & risks) 3. Engage with labour unions and support local conflict resolution efforts |
| Cross cutting – traceability | <ol style="list-style-type: none"> 1. Develop traceability strategy for landscape (and align on interpretation of Traceability to plantation (TTP) – risk calibrated approach) 2. Collection of traceability data according to agreed risk calibrated approach 3. Development of district level database for collected traceability data |
| Functioning Multi-stakeholder Platform / Mechanism | <p>For Siak:</p> <ol style="list-style-type: none"> 1. Review existing plans, conservation priorities and align and integrate identified impact goals for forest, peat and natural ecosystem protection into planning activities. 2. Ensure link to existing development plans, RPJMD (regional development plan), RTRW (Spatial plan) and RPPLH (environmental protection & management plan) and support efforts to ensure plans have sufficient resources allocated to implement <p>For Pelalawan:</p> <ol style="list-style-type: none"> 1. Continue to socialise Siak-Pelalawan Landscape Programme and continue to establish relationship with local government 2. Review existing plans and priorities related to Coalition Impact Goals 3. Support development of district action plan and alignment of district priorities with NAP |

Annexes:

1. Annex 1: Summary of CSO Interviews on Social Challenges
2. Annex 2: Mill assessment synthesis
3. Annex 3: Summary of Siak Green District Roadmap
4. Annex 4: Summary of key stakeholders and initiatives
5. Annex 5: Overview full analysis of challenges and root causes for deforestation and peat.
6. Annex 6: Conservation opportunities mapping
7. Annex 7: Summary of UNDP – FoSKBI National Plan (or DAP if available)

Additional Deliverables:

1. Maphub: Including and visually presenting information on Production, Biodiversity, legality and conservation opportunities.