



Greenomics
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What has been learned from first year of Golden Agri's forest conservation policy in West Kalimantan?



Appears that concrete efforts are being made to conserve secondary swamp forest in parts of Golden Agri's palm concessions



Significant decline in size of deforestation payments



Violations found during land clearing operations in secondary swamp forest



More than 40,000 trees from commercial species felled, indicating critically endangered and endangered species involved

Acknowledgement

First of all, Greenomics Indonesia would like to express its appreciation to Rhett A. Butler, the founder of Mongabay.com, for sparing the time to regularly communicate with Greenomics Indonesia both by email and during his visits to Indonesia on the importance of reducing deforestation as part of the development of the palm oil industry in Indonesia. Rhett also posed professional and substantive questions on the findings of this report. His questions and comments have proved very useful to Greenomics Indonesia. Greenomics Indonesia would also like to applaud the soft launching of mongabay.co.id, which is devoted to covering forestry and environmental news in the Indonesian language, something that we hope will be of assistance in reducing forestry and environmental destruction in this country.

Greenomics Indonesia also appreciates the opportunities afforded by Pak Daud Dharsono, President Director of PT Smart Tbk, a GAR subsidiary that operates all of GAR's palm plantations in Indonesia, to engage in continuing dialog regarding GAR's forest conservation policies, including the important findings contained in this Greenomics Indonesia report. Bearing in mind that this report criticizes GAR's forest conservation policies during the first year of implementation, the willingness of Pak Daud to engage in transparent and constructive dialog is something that is very rarely found in Indonesian business. Rather, the norm is a style of leadership that attempts to avoid or shirk engaging in dialog with critics. For that reason, Greenomics Indonesia feels it appropriate to give praise where praise is due. Thank you, Pak Daud.



On 9 February 2011, Golden Agri-Resources (GAR/Sinarmas Group) took a very substantial step forward in the development of its palm oil plantations by launching its Forest Conservation Policy (FCP) in collaboration with The Forest Trust, a global nonprofit organization that helps businesses bring responsible products to market.

Through the FCP, GAR said that it wanted to ensure that its palm oil operations have no deforestation footprint. Greenpeace has supported the concept and implementation of the FCP, and continues to campaign for the model to be adopted by the Indonesian palm oil industry, and Asia Pulp and Paper (APP/Sinarmas Group).

Background

With the adoption of the FCP, GAR no longer develops palm oil plantations in high-carbon stock forests, high-conservation value forest areas, and peatlands. In addition, the FCP promotes free, prior and informed consent for indigenous and local communities as regards the development of palm oil plantations, and compliance with all relevant laws and National Interpretation of RSPO (*Roundtable on Sustainable Palm Oil*) Principles and Criteria.

In this report, Greenomics Indonesia sets out the findings of its analysis on the implementation of the FCP in connection with the development of palm oil plantations by three GAR companies located in Kapuas Hulu Regency, West Kalimantan Province. We discuss the implementation of the FCP in the development of palm oil plantations based on the land clearing permits (including land clearing in secondary swamp forest), having regard to the Timber Clearing Permits (*Izin Pemanfaatan Kayu*) of the said three GAR companies, namely, PT Paramitra Internusa Pratama (PIP), PT Persada Graha Mandiri (PGM), and PT Kartika Prima Cipta (KPC). This report poses a number of critical questions about the implementation of the FCP.



Greenomics Indonesia conducted legal and spatial analyses in respect of three Decisions of the Head of the Kapuas Hulu Regency Forestry and Plantation Agency granting Timber Clearing Permits for GAR palm oil plantation concessions, namely, those operated by PIP, PGM and KPC.

The analyses commence with a study of relevant approvals of the Head of the West Kalimantan Provincial Forestry Agency for the technical considerations underlying the Timber Clearing Permits for the three GAR companies, which approvals were forwarded to the Head of the Kapuas Hulu Regency Forestry and Plantation Agency, bearing in mind that these approvals provided the basis for the issuance of the Decisions of Kapuas Hulu Regency Forestry and Plantation Agency granting Timber Clearing Permits in respect of the concessions of the three GAR palm oil plantation companies.

Methodology

In order to assess the extent to which land clearing by the three GAR companies was conducted in compliance with the Timber Clearing Permits issued by the Head of the Kapuas Hulu Regency Forestry and Plantation Agency and the approvals issued by the Head of the West Kalimantan Provincial Forestry Agency for the relevant technical considerations, Greenomics Indonesia has conducted an examination of the relevant 7-ETM landsat satellite images for 8 April 2011, 18 November 2011 and 12 May 2012.

The different methodological stages described above were undertaken for the purpose of assessing the extent to which palm oil plantation development operations in the three concession areas were consistent with the Timber Clearing Permits issued by the Head of the Kapuas Hulu Regency Forestry and Plantation Agency and the approvals issued by the Head of the West Kalimantan Provincial Forestry Agency for the relevant technical considerations. Greenomics Indonesia also presents evidence as regards the payments made by the three GAR companies for the timber that was cleared during the development of their palm oil plantations.

Significant Findings

PIP's Operations

On 31 January 2011, the Head of the West Kalimantan Provincial Forestry Agency issued an approval for technical considerations for the granting of Timber Clearing Permit to be issued in respect of the PIP palm oil plantation concession. The said approval was addressed to the Head of the Kapuas Hulu Regency Forestry and Plantation Agency. In the approval, it was stated that PIP would clear 1,992 hectares of land as part of its palm oil plantation development operations in 2011. PIP's total concession extends to 20,000 hectares.

The said approval also stated that of the said area, 643.37 hectares was under forest cover (secondary swamp forest), while 1,348.63 hectares was not under forest cover (was under scrub or devoted to unirrigated agriculture and plantation use). It was also explained that PIP had already developed 3,500 hectares of palm oil plantation.

It should be stressed here that the approval of the Head of the West Kalimantan Provincial Forestry Agency stated that the area of 1,348.63 hectares that was not under forest cover could be cleared without the need to obtain Timber Clearing Permits from the Head of the Kapuas Hulu Regency Forestry and Plantation Agency.

On 19 May 2011 – one day prior to the issuance of the Presidential Instruction on the moratorium on the granting of licenses for natural and peatland forest – the Head of the Kapuas Hulu Regency Forestry and Plantation Agency issued Timber Clearing Permits to the three GAR's companies, including to PIP for the abovementioned forest area of 643.37 hectares.

We shall now describe our findings as regards PIP's operations in developing its palm oil plantations in the context of GAR's FCP:

Finding 1:

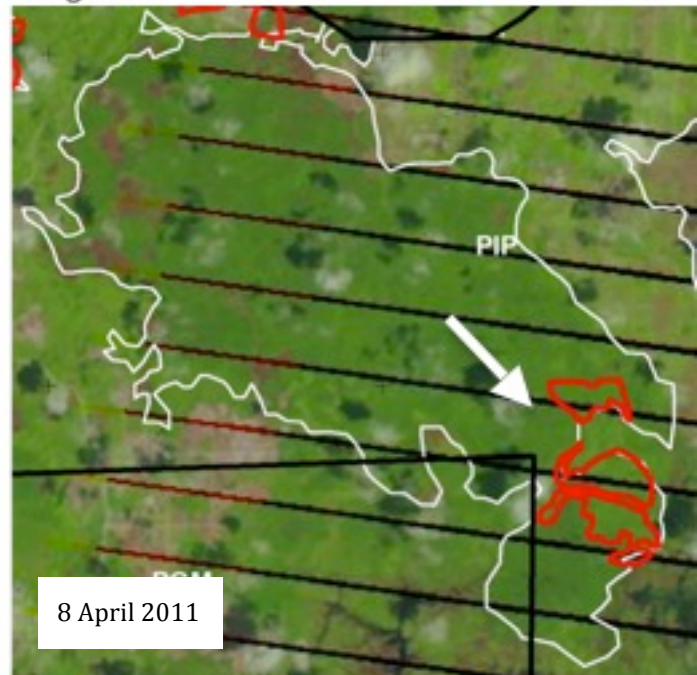
Based on Landsat images for 8 April 2011, 18 November 2011 and 12 May 2012, it will be seen that the three secondary swamp forest blocks for which Timber Clearing Permit has been issued were not cleared for palm oil plantation development in the PIP concession. This is shown on Image 1. This decision by PIP shows the concrete implementation of the GAR forest conservation policy.

Image 1



The decision not to clear the three blocks of secondary swamp forest is believed to be based on the consideration that one relatively large block of secondary swamp forest should not be fragmented, bearing in mind that the blocks for which Timber Clearing Permit was issued form part of this one block of relatively large secondary swamp forest. Image 2 shows this situation. This is a positive move in the context of the conservation of natural forest during palm oil plantation development operations.

Image 2



* The red line signifies the boundary of timber clearing permit blocks.

** The white area is the boundary of the relatively forested area on the Ministry of Forestry's 2009/2010 land-cover data to show changes in land cover that occurred between 8 April 2011, 18 November 2011, and 12 May 2012.

Finding 2:

In another block of secondary swamp forest that included blocks for which Timber Clearing Permit was issued, land clearing was carried out, and appears to have been completed in one relatively large block of secondary swamp forest (see Image 3). Image 4 shows the change in land cover based on the satellite images of 8 April 2011 and 18 November 2011 in the said Timber Clearing Permit block. However, Image 4 clearly shows that the land clearing operations in the said block extended beyond the limits set by the Timber Clearing Permit.

Image 3

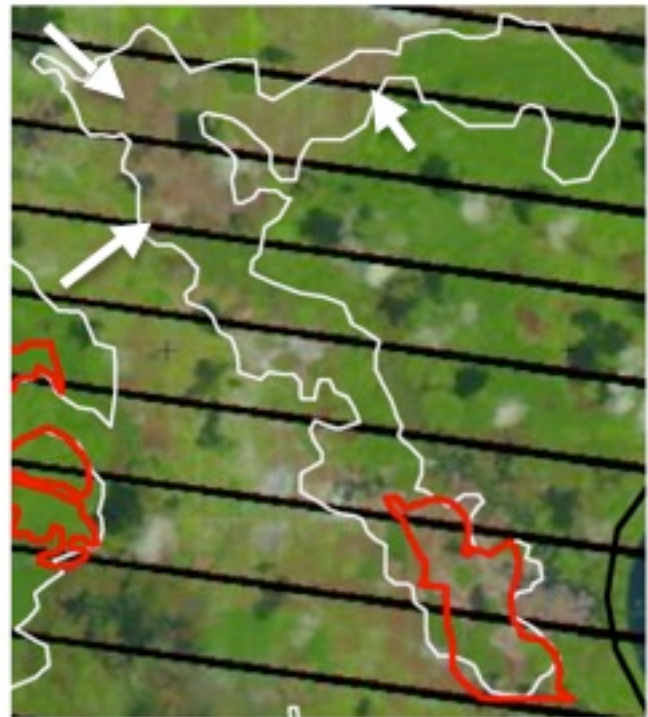


Image 4



* The red line signifies the boundary of timber clearing permit blocks.

** The yellow area is the boundary to see the vegetation changes.

** The white area is the boundary of the relatively forested area on the Ministry of Forestry's 2009/2010 land-cover data to show changes in land cover that occurred between 8 April 2011, 18 November 2011, and 12 May 2012.

It needs to be stressed that a Timber Clearing Permit must be obtained in order to remove timber from forested area. As regards non-forested area, the approval issued by the West Kalimantan Provincial Forestry Agency for PIP stated that the non-forested area extended to 1,348.63 hectares, which could thus be cleared prior to the issuance of a Timber Clearing Permit.

This means that land clearing in the non-forested area of 1,348.63 hectares also had to adhere to the blocks that were approved based on the map appended to the approval of the Head of the West Kalimantan Provincial Forestry Agency.

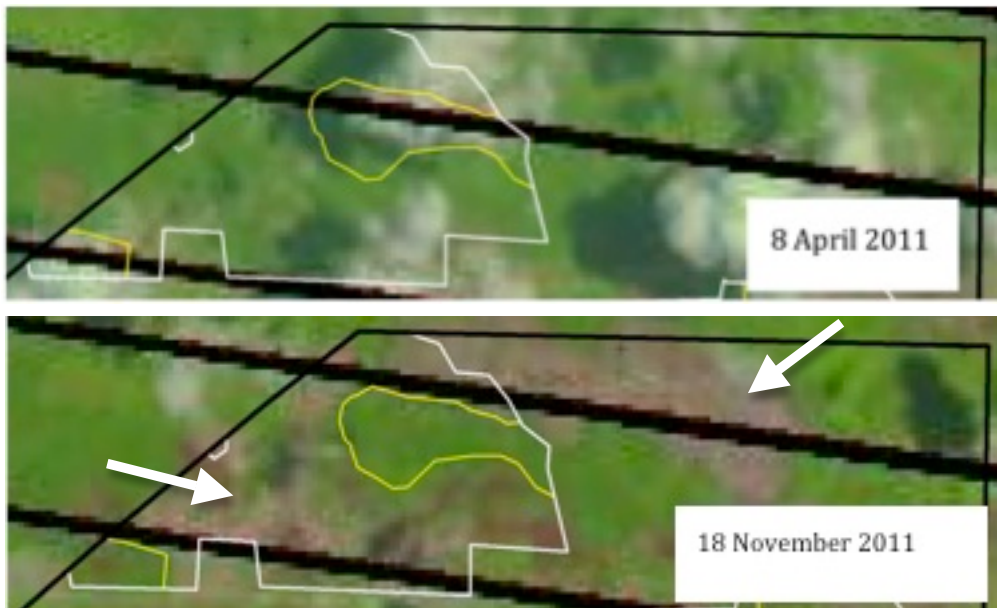
The land clearing that extended beyond the Timber Clearing Permit blocks shown in Image 4 did not come within the blocks approved for land clearing based on the map appended to the approval issued by the Head of the West Kalimantan Provincial Forestry Agency. This is clearly not in accordance with the approval that was issued by the Head of the West Kalimantan Provincial Forestry Agency for land clearing as part of palm oil plantation development operations within the concession of PIP. This therefore sets a poor precedent as regards GAR's conservation program in palm oil plantation development (*see the map that was issued by the Head of the West Kalimantan Provincial Forestry Agency*).



Finding 3:

PIP conducted land clearing in secondary swamp forest that did not come within its Timber Clearing Permit blocks. Not only was land clearing conducted in secondary swamp forest, but also in swamp scrubland that was located outside the land preparation blocks categorized as having non-forested vegetation based the approval of the Head of the West Kalimantan Provincial Forestry Agency for the technical considerations for the granting of Timber Clearing Permit to PIP. Image 5 shows that change in land cover based on the Landsat satellite images of 8 April 2011 and 18 November 2011.

Image 5



** The white area is the boundary of the relatively forested area on the Ministry of Forestry's 2009/2010 land-cover data to show changes in land cover that occurred between 8 April 2011, 18 November 2011, and 12 May 2012.*

*** The yellow area is the boundary to see the vegetation changes.*

The said land clearing in secondary swamp forest and swamp scrubland was apparently intended to expand the area planted with palms in the vicinity of a relatively large palm oil plantation block that was planted during the preceding period. Even though the secondary swamp forest block in question cannot be categorized as high carbon stock forest or high conservation value forest, its exploitation must nevertheless be based on a Timber Clearing Permit.

As in reality these land clearing operations in secondary swamp forest lacked a Timber Clearing Permit, this constitutes a violation of forestry regulation. Such violations should be capable of being avoided by postponing land clearing and arranging a Timber Clearing Permit for the forested area in question. This violation in this case sets a bad example that must not be replicated by other palm oil plantation companies operating in Indonesia.

As a result of the operations described above – land clearing operations in secondary swamp forest outside of blocks for which Timber Clearing Permit has been issued – Indonesian forestry regulations are clearly being flouted. Furthermore, these operations are being carried out in violation of the delineations set out in the Timber Clearing Permit maps issued by the Head of the West Kalimantan Provincial Forestry Agency in his approval for the technical considerations.

Finding 4:

On 23 November 2011, PIP paid reforestation fund (DR) and forest royalty (PSDH) in respect of the forest clearing that it had carried out. These payments no doubt constituted the first round of payments given their relative small size (data per 28 January 2012).

Given that PIP paid USD2,799.47 into the reforestation fund on 23 November 2011, this means that the company had removed 1,399.73 cubic meters (1 cubic meter = USD2) of timber of 10-40 cm in diameter from secondary swamp forest. The company also paid Rp 6.9 million (USD759) in forest royalty.

As regards these payments, it is pertinent to query whether they covered the timber that was removed following forest clearing in blocks that were outside the blocks for which Timber Clearing Permit was issued? Secondly, we may also ask whether the timber that resulted from forest clearing outside of the blocks for which Timber Clearing Permit was issued was reported to the Kapuas Hulu Regency Forestry and Plantation Agency, and forestry royalties payment made in respect thereof, together with fines amounting to 15 times the size of this payment? It is essential that GAR responds to these questions.

As organizations that support GAR's forest conservation policy, it is only appropriate for Greenpeace and TFT to do everything possible to ensure that GAR responds to this issue as conducting land clearing in secondary swamp forest without a Timber Clearing Permit, despite the existing of a forest conservation policy, clearly sends a counterproductive signal in encouraging other palm oil plantation companies in Indonesia to adopt a forest conservation policy along the lines of the GAR model.

According to PIP's Timber Clearing Permit, the maximum volume of timber that it is allowed to remove is 5,523.83 cubic meters. As of 23 November 2011, it had reported the removal of 1,399.73 cubic meters, in respect of which it had made reforestation fund and forest royalty payments. Bearing in mind that the Timber Clearing Permit of PIP expires on 19 May 2012, it is expected that the company will continue to make reforestation fund and royalty payments until such date. The payment data for the next stage will only become available in July 2012.

It needs to be stressed here that what concerns us most is not the levying fines for these violations, but rather that land clearing of natural forest in areas for which Timber Clearing Permit has not been issued is a form of non-compliance with forestry regulations. Thus, what is fundamental here is the question of legal compliance in the operations of PIP.

PGM's Operations

As with PIP, on 31 January 2011 the Head of the West Kalimantan Provincial Forestry Agency also issued an approval for the technical considerations related to the issuance of the Timber Clearing Permit for the PGM palm oil plantation concession. The said approval was addressed to the Head of the Kapuas Hulu Regency Forestry and Plantation Agency and stated that in 2011 PGM planned to clear 3,012 hectares of land. PGM's palm oil plantation license extends to 20,000 hectares.

The said approval stated that of the area involved, 616.83 hectares was under forest cover (secondary swamp forest), while 2,395.17 hectares was not under forest cover (was under scrub or devoted to unirrigated agriculture and plantation use). It was also explained that PGM had already developed 3,813.19 hectares of palm oil plantation.

The approval of the Head of the West Kalimantan Provincial Forestry Agency also stated that the area of 2,395.17 hectares that was not under forest cover could be cleared without the need to obtain Timber Clearing Permits from the Head of the Kapuas Hulu Regency Forestry and Plantation Agency, while the clearing of the remaining 616.83 hectares would have to await the issuing of Timber Clearing Permit.

PGM obtained its Timber Clearing Permit for the said 616.83 hectares on 19 May 2011 from the Head of the Kapuas Hulu Regency Forestry and Plantation Agency.

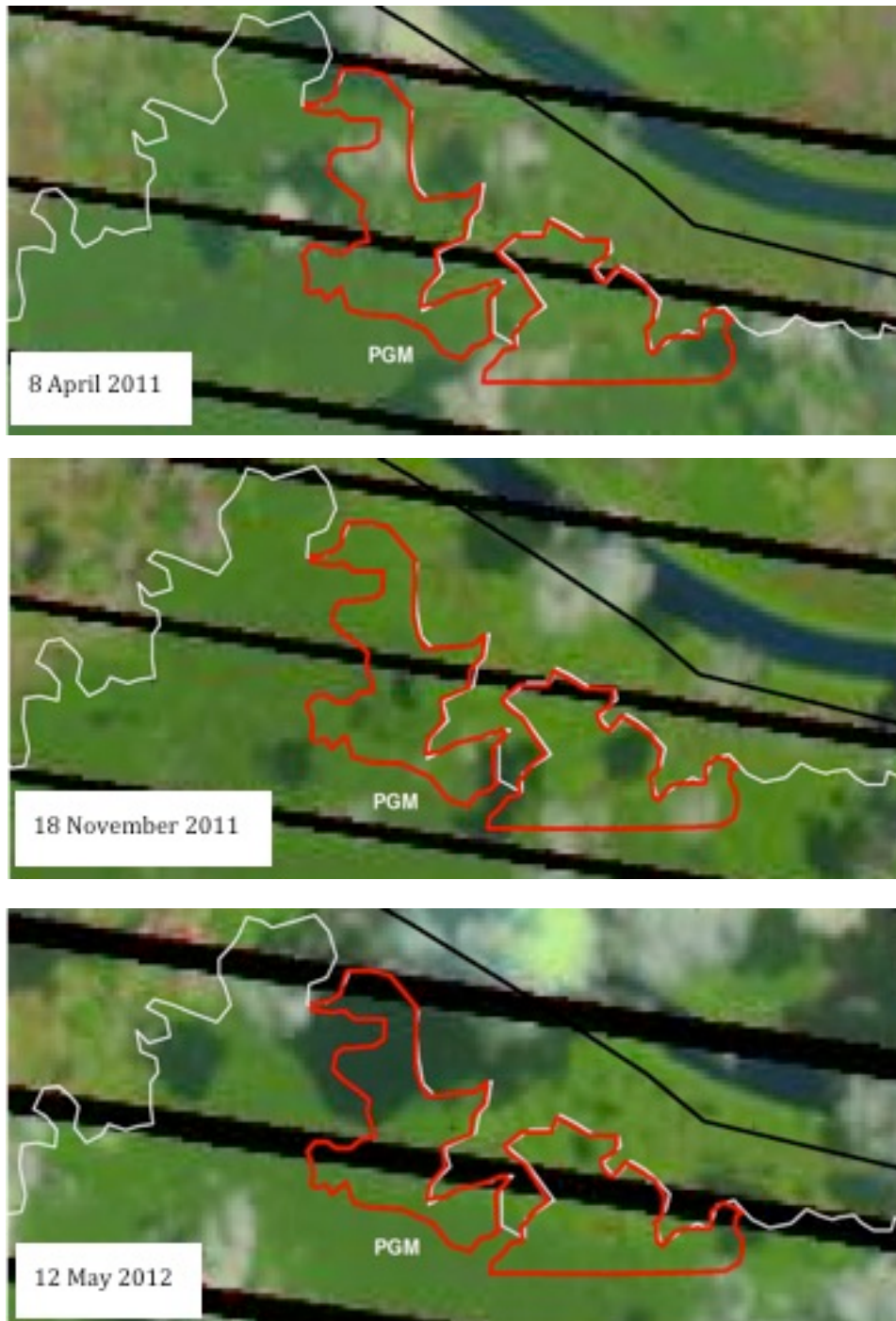
We shall now describe our findings as regards PGM's operations in developing its palm oil plantations in the context of GAR's FCP:

Finding 1:

There are indications that land clearing operations were not carried out in blocks of secondary swamp forest that were covered by PGM's Timber Clearing Permit. This can be clearly seen from the lack of change in land cover based on the Landsat images of 8 April 2011, 18 November 2011 and 12 May 2012. It will be seen from these that a relatively large block of secondary swamp forest was retained.

Obviously, this choice is related to GAR's forest conservation policy. This may be seen from Image 6.

Image 6



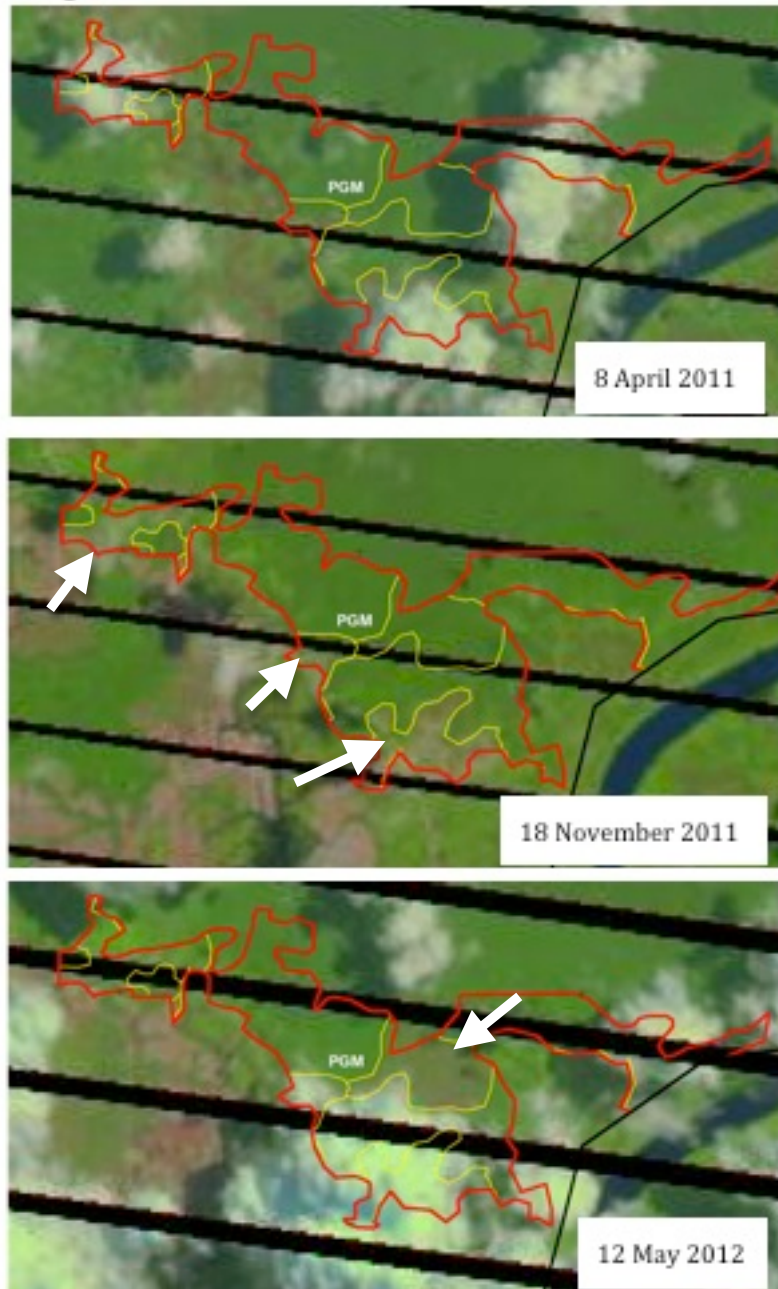
** The red line signifies the boundary of timber clearing permit blocks.*

*** The white area is the boundary of the relatively forested area on the Ministry of Forestry's 2009/2010 land-cover data to show changes in land cover that occurred between 8 April 2011, 18 November 2011, and 12 May 2012.*

Finding 2:

In blocks of secondary swamp forest that are covered by Timber Clearing Permit that are close to open land that was included in the areas prepared for planting by PGM, it will be seen that land clearing did take place, as shown in Image 7, based on the Landsat images for 8 April 2011, 18 November 2011 and 12 May 2012.

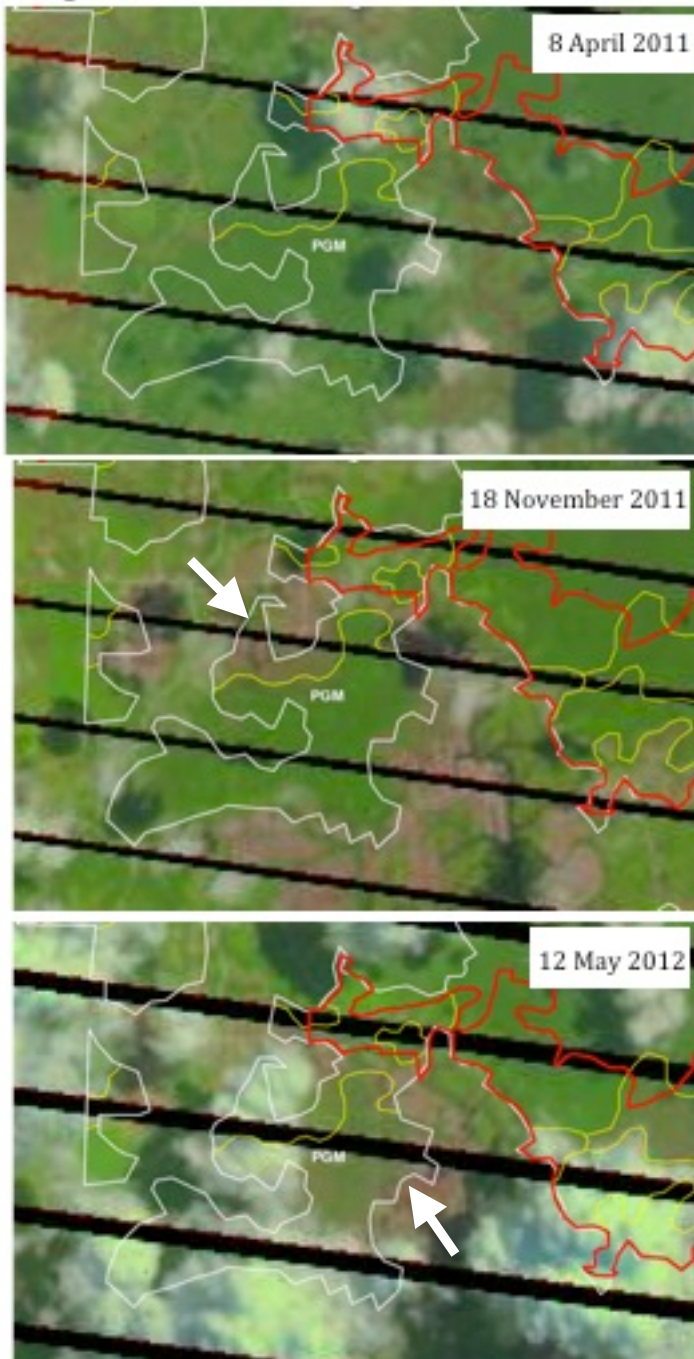
Image 7



* The red line signifies the boundary of timber clearing permit blocks.

** The yellow area is the boundary to see the vegetation changes.

Image 8



* The white area is the boundary of the relatively forested area on the Ministry of Forestry's 2009/2010 land-cover data to show changes in land cover that occurred between 8 April 2011, 18 November 2011, and 12 May 2012.

** The red line signifies the boundary of timber clearing permit blocks.

*** The yellow area is the boundary to see the vegetation changes.

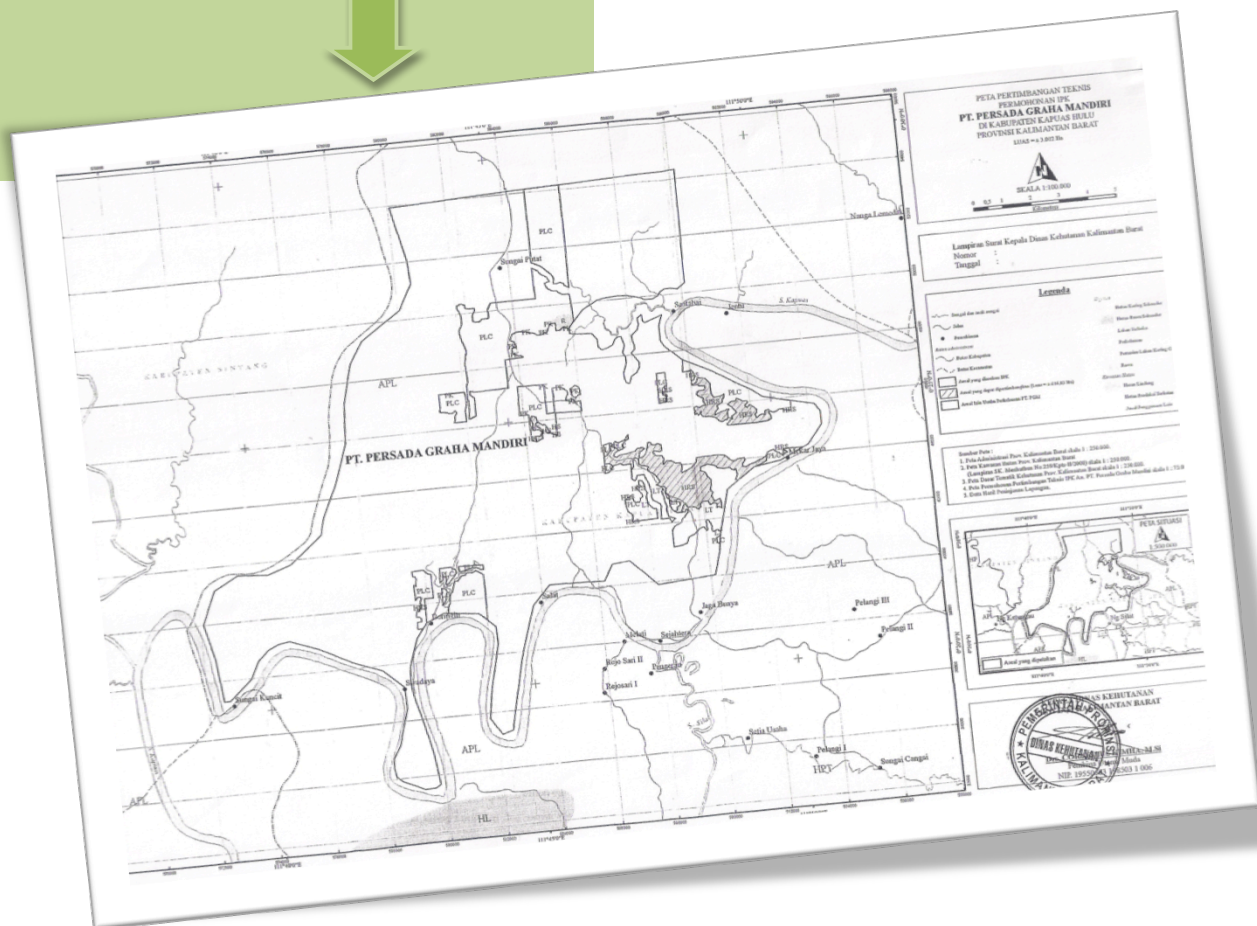
Finding 3:

PGM has also conducted land clearing operations in areas that are not covered by Timber Clearing Permit.

These areas of secondary swamp forest are close to open land that comes within the land preparation blocks for the development of palm oil plantations within the area of the PGM concession.

Image 8 clearly shows this based on the Landsat satellite images for 8 April 2011, 18 November 2011 and 12 May 2012.

As already explained, the fact that land clearing of secondary swamp forest took place in areas that are not covered by Timber Clearing Permit clearly constitutes a violation of forestry regulation (see the map appended to the approval of the Head of the West Kalimantan Provincial Forestry Agency for the technical considerations related to the issuance of the Timber Clearing Permit for the PGM palm oil plantation concession)



Finding 4:

Having regard to data on reforestation fund and forest royalty payments per 28 January 2012, PGM made a payment into the reforestation fund of USD15,664.54 on 23 November 2011. This means that it had removed 7,832.27 cubic meters of timber of 10-40 cm in diameter from secondary swamp forest. This figure represented 88.45% of PGM's permitted felling volume under its Timber Clearing Permits. Meanwhile, PGM made forest royalty payment of Rp 26.42 million (USD2,903).

As regards these payments, it is once again pertinent to query whether they covered the timber that was removed following land clearing in blocks that were outside the blocks for which Timber Clearing Permit was issued?

As in the case of PIP, we may also ask whether the timber that resulted from land clearing outside of the blocks for which Timber Clearing Permit was issued was reported to the Kapuas Hulu Regency Forestry and Plantation Agency, and deforestation payments made in respect thereof? It is essential that GAR responds to these questions having regard to the credibility of its forest conservation policy and the issue of legal compliance.

KPC's Operations

On 31 January 2011, the Head of the West Kalimantan Provincial Forestry Agency not only issued approvals for the technical considerations for Timber Clearing Permits for PIP and PGM, but also for KPC. In the KPC approval, which was addressed to the Head of the Kapuas Hulu Regency Forestry and Plantation Agency, it was stated that KPC planned to clear 1,920 hectares in 2011. KPC's overall palm oil plantation permit extends to 20,000 hectares.

The said approval stated that of the area involved, 1,023.20 hectares was under forest cover (secondary swamp forest), while 896.80 hectares was not under forest cover (was under scrub or devoted to unirrigated agriculture and plantation use). It was also explained that KPC had already developed 2,557 hectares of palm oil plantation.

As in the case of the approvals for the technical considerations issued by the Head of the West Kalimantan Provincial Forestry Agency in the case of PIP and PGM, it also stated in this approval that the area of 896.80 hectares that was not under forest cover could be cleared without the need to obtain Timber Clearing Permits from the Head of the Kapuas Hulu Regency Forestry and Plantation Agency.

Also as in the case of PIP and PGM, KPC obtained its Timber Clearing Permit for the said area of 1,023.20 hectares on 19 May 2011 from the Head of the Kapuas Hulu Regency Forestry and Plantation Agency.

We shall now describe our findings as regards KPC's operations in developing its palm oil plantations in the context of GAR's forest conservation policy:

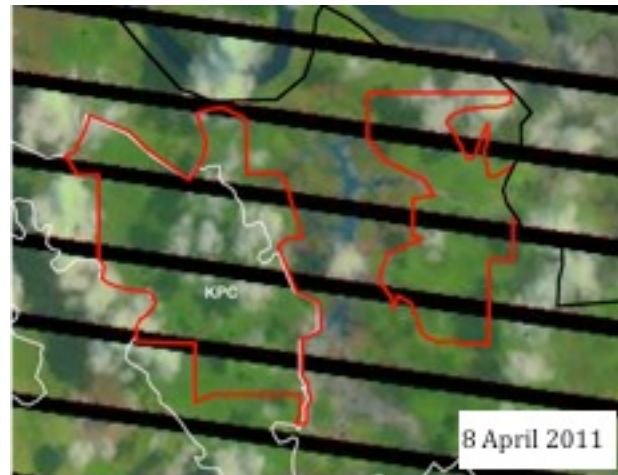
Finding 1:

The land cover in KPC's two Timber Clearing Permit blocks shows no indications of land clearing.

This means that the 1,023.20 hectares of secondary swamp forest are being retained and not converted into palm oil plantation – something that it is in line with the GAR forest conservation policy.

Image 9 shows land cover conditions based on Landsat images taken on 8 April 2011, 18 November 2011 and 12 May 2012.

Image 9



** The red line signifies the boundary of timber clearing permit blocks.*

Finding 2:

Based on reforestation fund and forest royalty payment data for KPC as per 28 January 2012, it will be seen that KPC paid USD1,934.15 in reforestation fund payment on 23 November 2011. This is the equivalent of 967 cubic meters of 10-40 cm diameter timber. KPC also paid forest royalty of Rp 4.84 million (USD532).

Bearing in mind that the two blocks for which KPC holds Timber Clearing Permit show no indications of land clearing, this means that the 967 cubic meters of timber referred to above comes from secondary swamp forest that lies outside the areas subject to Timber Clearing Permits. As already explained in the case of PIP and PGM, this constitutes a violation of forestry regulation (*see the map appended to the approval of the Head of the West Kalimantan Provincial Forestry Agency for the technical considerations related to the issuance of the Timber Clearing Permit for the KPC land clearing operation.*



Does this prove that clearing of critically endangered and endangered tree species has taken place since the implementation of the GAR's forest conservation policy?

Based on the Timber Clearing Permits issued to PIP, PGM and KPC, there are tree species that are included on the IUCN-Red List as critically endangered and endangered.

In the "Good Wood Guide", a Greenpeace publication, it is stated that "more than half of the Shorea species are listed by IUCN as critically endangered, endangered or vulnerable."

Shorea species group, such as Meranti (*Shorea spp*), Keruing (*Dipterocarpus spp*), Kapur (*Dryobalanops aromatica*), Bangkirai (*Shorea spp*), and Nyatoh (*Manilkara spp*), are included on the list of critically endangered and endangered species according to the IUCN-Red List that are found in the secondary swamp forests that are to the subject of operations by PIP, PGM and KPC, based on timber cruising conducted by the three GAR palm oil plantation companies.

There is also a mixed forest timber group – in this case Bintangur (*Calophyllum insularum*), which is included on the IUCN-Red List as an endangered tree species (***see scan of list of tree species based on Timber Clearing Permits granted to PIP, PGM and KPC***).

If the land clearing conducted in the concessions of PIP, PGM and KPC had been carried out in accordance with the Timber Clearing Permits that had been issued, the volume of timber that would have been removed from secondary swamp forest would have been 19,917.17 cubic meters, with the number of trees felled being 77,065, including critically endangered and endangered tree species.

The list of tree species based on Timber Clearing Permits granted to PIP, PGM and KPC involving critically endangered and endangered tree species

**TENTANG PEMBERIAN IZIN PEMANFAATAN KAYU (IPK)
DALAM AREAL IZIN USAHA PERKEBUNAN SAWIT A.N. PT. PARAMITRA INTERNUSA PRATAMA
KECAMATAN SEMITAU KABUPATEN KAPUAS HULU**

**TENTANG PEMBERIAN IZIN PEMANFAATAN KAYU (IPK)
DALAM AREAL IZIN USAHA PERKEBUNAN SAWIT A.N. PT. KARTIKA PRIMA CPTA
KECAMATAN SUHAID DAN KECAMATAN SELIMBAU KABUPATEN KAPUAS HULU
PROVINSI KALIMANTAN BARAT**

No.	Jenis	10 - 19
Kelompok Kayu Meranti		
1	Meranti	680
2	Kapur	233
3	Keladan	367
4	Kelansau	822
5	Nyatoh	584
6	Perupuk	546
7	Bengkiral	55
J U M L A H I		3.287

Kelompok Kayu Rimba Campuran		
1	Bintangur	1.71
2	Geronggang	1.86
3	Kapas-kapas	14
4	Kedondong	
5	Kelat	1.31
6	Kempas	2
7	Kumpang	
8	Mahang	
9	Medang	
10	Mentemao	
11	Mentibu	
12	Pasir-pasir	
13	Pisang-pisang	
14	Punak	
15	Rengas Tembaga	
16	Sengkajang	
17	Teluk	
18	Ubah	
J U M L A H I		
Kelompok Kayu Indah		
1		
J U M L A H I		
J U M L A H I + II + III		

No.	Jenis	Kelas Diameter				JUMLAH					
		10 - 19 Cm	20 - 29 Cm	30 - 39 Cm	40 - 49 Cm						
I. Kelompok Kayu Meranti											
1	Meranti	948	134,75	643	270,29	19	16,72	-	-	1.610	421,76
2	Kapur	616	89,82	484	204,15	54	59,56	-	-	1.154	353,53
3	Keladan	250	33,63	214	99,55	56	60,13	-	-	529	193,31
4	Kelansau	369	49,37	211	92,70	20	18,14	-	-	600	180,21
5	Nyatoh	806	106,99	316	137,76	83	79,49	-	-	1.205	324,34
6	Perupuk	495	63,97	175	77,31	6	5,24	-	-	676	146,52
7	Bengkiral	564	78,28	427	185,98	20	18,29	-	-	1.011	282,55
8	Bengkiral	501	65,06	247	113,40	132	142,62	-	-	880	321,08
J U M L A H I		4.558	621,87	2.717	1.181,14	390	406,19	-	-	7.465	2.209,20

II. Kelompok Kayu Rimba Campuran											
1	Bintangur	1.096	143,54	329	138,84	45	40,31	-	-	1.470	322,49
2	Geronggang	1.113	141,90	460	182,01	77	75,73	1	1,76	1.651	401,40
3	Kapas-kapas	123	15,94	59	25,90	-	-	-	-	182	41,84
4	Kelat	945	125,24	349	147,49	28	23,92	-	-	1.332	296,65
5	Kempas	227	26,55	104	43,35	8	7,32	-	-	339	77,22
6	Kumpang	308	40,61	118	48,58	5	4,78	1	1,46	433	100,82

**TENTANG PEMBERIAN IZIN PEMANFAATAN KAYU (IPK)
DALAM AREAL IZIN USAHA PERKEBUNAN SAWIT A.N. PT. PERSADA GRAHA MANDIRI
KECAMATAN SILAT HILIR KABUPATEN KAPUAS HULU
PROVINSI KALIMANTAN BARAT**

No.	Jenis	Kelas Diameter				JUMLAH					
		10 - 19 Cm	20 - 29 Cm	30 - 39 Cm	40 - 49 Cm						
I. Kelompok Kayu Meranti											
1	Meranti	463	76,82	1.392	810,44	22	20,34	-	-	1.877	907,60
2	Kapur	804	127,35	209	118,55	9	7,59	-	-	1.022	253,49
3	Keladan	647	93,06	555	321,80	13	10,85	-	-	1.215	425,71
4	Kelansau	1.175	177,22	881	496,24	21	17,97	-	-	2.077	691,43
5	Keruing	482	76,07	117	72,26	2	2,54	-	-	601	150,87
6	Resak	-	-	-	-	-	-	-	-	-	-
7	Nyatoh	572	98,70	701	461,30	61	54,07	-	-	1.334	614,16
8	Perupuk	303	52,93	838	493,70	13	11,64	-	-	1.154	356,27
9	Bengkiral	703	111,90	402	225,65	13	11,06	-	-	1.118	348,61
J U M L A H I		5.149	814,05	5.095	2.998,03	154	136,06	-	-	10.398	3.948,14

II. Kelompok Kayu Rimba Campuran											
1	Bintangur	1.886	260,59	362	165,41	13	11,43	-	-	2.261	437,43
2	Geronggang	2.064	286,19	454	189,29	21	17,46	-	-	2.539	492,94
3	Kapas-kapas	240	32,56	113	46,83	14	11,76	-	-	367	91,15
4	Tekam	18	3,30	5	2,62	21	18,03	-	-	44	23,95
5	Kelat	1.457	198,91	398	167,33	-	-	-	-	1.855	366,24
6	Kempas	514	70,14	129	49,48	13	12,55	-	-	656	132,17
7	Kumpang	576	81,87	175	71,20	10	8,32	-	-	761	161,29
8	Mahang	638	93,88	282	126,75	10	8,52	-	-	930	229,15
9	Medang	2.002	285,88	535	249,91	9	7,81	-	-	2.546	543,60
10	Mentemao	1.177	151,83	417	172,61	11	9,35	-	-	1.605	333,79
11	Mentibu	856	114,18	477	210,30	12	9,58	-	-	1.345	334,06
12	Pasir-pasir	518	65,62	245	108,42	8	7,00	-	-	771	181,04
13	Pisang-pisang	389	49,41	146	65,89	8	6,83	-	-	543	122,13
14	Punak	964	134,21	424	182,81	-	-	-	-	1.388	317,02
15	Rengas Tembaga	1.112	153,76	623	268,47	13	11,71	-	-	1.748	433,94
16	Sengkajang	276	41,27	91	37,56	9	7,48	-	-	376	86,31
17	Teluk	886	48,99	143	62,95	7	5,68	-	-	536	117,62
18	Ubah	1.487	193,23	753	297,44	15	12,48	-	-	2.255	501,15
J U M L A H I		16.560	2.265,82	5.772	2.475,27	194	165,89	-	-	22.526	4.906,98

III. Kelompok Kayu Indah											
1		-	-	-	-	-	-	-	-	-	-
J U M L A H I		-	-	-	-	-	-	-	-	-	-
J U M L A H I + II + III		21.709	3.079,87	10.867	5.473,30	348	301,95	-	-	32.524	8.855,12

Our investigations have found indications that land clearing operations are not being conducted in certain secondary forest blocks by the three GAR companies due to forest conservation considerations. However, there were operations being carried out in certain blocks and parts of blocks covered by the Timber Clearing Permits that had been issued. It is also important to note that land clearing operations were also conducted in secondary swamp forest outside of areas covered by the Timber Clearing Permits.

Having regard to the data on reforestation fund and forest royalty payments per 23 November 2011 by the three companies, it will be seen that more than 10,000 cubic meters of trees of 10-40 cm in diameter have been removed from secondary swamp forest in the PIP, PGM and KPC palm oil plantation concessions *(see scanned receipts)*.

Based on timber cruising data from the three companies' concessions, that 10,000 cubic meters of timber will potentially include trees from critically endangered and endangered species.

This figure does not include the number of trees with diameters of less than 10 cm that have been cleared. In respect of these trees, inspections are supposed to be carried out and the findings set out in official reports. Obviously, the three companies will therefore need to explain the situation as regards these trees in official reports. This means that if trees with diameters of less than 10 cm are included, the number of trees felled will be far greater than 40,000.

The data above is only valid up to 23 November 2011, while the Timber Clearing Permits are valid up to 19 May 2012. The trees that have been felled are used to make roads, camps and so forth.

Having regard to timber cruising data on the number of trees that may be felled based on the Timber Clearing Permits granted to PIP, PGM and KPC, the deforestation payments made for more than 10,000 cubic meters of timber removed by PIP, PGM and KPC mean that at least 40,000 trees with diameters of 10-40 cm have been felled.

The scanned receipts that were obtained from the Ministry of Forestry
(per 23 November 2011)

KABUPATEN/KOTA : KAPIAS HULU (1605)

TARGET PNBP TA 2011 : Rp. 2.524.944.890,02

NO	NAMA WAJIB BAYAR / REFERENSI	SPP - DR		PENYETORAN		MASUK REKENING BENDAHARA PENERIMA			KURS KONFIR DIT PBN	JUMLAH Rp	KET
		TANGGAL	JUMLAH US \$	TANGGAL	JUMLAH US\$	TANGGAL	NOMOR REGISTER	JUMLAH US\$			
1	2	3	4	5	6	7	8	9	10	11	12
1	A. SD TRIMULAN IV		598.824,40		598.824,40			598.824,40		4.838.875.114,94	

3	PT.Kartika Prima Cipta / NR 1605 K03 KPCA 1111	11/03/2011	1.934,15	23/11/2011	1.934,15	23/11/2011	812 /0-CPM11	1.934,15	9.065,00	18.068.811,25	
4	PT.Paramitra Intemusa Pratama / NR 1605 K04 PIPA 1111	11/03/2011	2.799,47	23/11/2011	2.799,47	23/11/2011	579 /0-CPM11	1.934,15	9.100,00	17.600.765,00	
5	PT.Persada Graha Mandiri / NR 1605 K05 PGMI 1111	11/03/2011	15.664,54	23/11/2011	15.664,54	23/11/2011	577 /0-CPM11	2.799,47	9.100,00	25.475.177,00	

TARGET PNBP TA 2011 : Rp. 2.158.942.950,79

No	NAMA WAJIB BAYAR / REFERENSI	SPP - PSDH		PENYETORAN		MASUK REKENING BENDAHARA PENERIMA			KET
		TANGGAL	JUMLAH (Rp)	TANGGAL	JUMLAH (Rp)	TANGGAL	NO REGIST	JUMLAH (Rp)	
1	2	3	4	5	6	7	8	9	10

7	PT.Kartika Prima Cipta / NR 1605 K03 KPCA 1111	11/03/2011	4.840.527,00	23/11/2011	4.840.527,00	23/11/2011	1406 /0-PSM11	4.840.527,00	
8	PT.Paramitra Intemusa Pratama / NR 1605 K04 PIPA 1111	11/03/2011	5.905.000,50	23/11/2011	5.905.000,00	23/11/2011	1405 /0-PSM11	5.905.000,00	
9	PT.Persada Graha Mandiri / NR 1605 K05 PGMI 1111	11/03/2011	25.429.374,50	23/11/2011	25.429.375,00	23/11/2011	1404 /0-PSM11	25.429.375,00	

Deforestation payments decline sharply

A comparison between the data that has been obtained reveals that the deforestation payments by PIP and KPC on 25 October 2010 (in respect of land clearing operations conducted by GAR in natural forest based on 2010 Timber Clearing Permits) fell sharply compared to the payments made by the two companies on 23 November 2011.

On 25 October 2010, PIP and KPC made deforestation payments of USD40,385.70 and USD64,212.08, respectively. The volume of timber felled by PIP and KPC with trunk diameters of 10-40 cm was respectively 20,192.85 and 32,106.04 cubic meters.

Meanwhile, PIP and KPC made payments into the reforestation fund on 23 November 2011 amounting to USD2,799.47 and USD1,934.15, respectively. The volume of timber felled by PIP and KPC with trunk diameters of 10-40 cm was respectively 1,399.73 and 967 cubic meters.

This means that there was a significant decline in deforestation from the perspective of the volume of timber felled and removed from natural forest in the concessions of PIP and KPC between 2010 and the time when GAR implemented its forest conservation policy.

Nevertheless, although there was a decline in deforestation payments, it needs to be remembered that GAR must explain its land clearing operations in areas of secondary swamp forest outside the areas for which 2011 Timber Clearing Permits were issued. This is important so that GAR's forest conservation policy can serve as a real model of palm plantation development with reduced deforestation.

Conclusions

- The GAR forest conservation policy has resulted in an effort to reduce deforestation in the development of palm oil plantations by not clearing all of the blocks of secondary swamp forest that are covered by its Timber Clearing Permits so as to avoid the fragmentation of blocks of relatively large secondary swamp forests that has been retained for conservation. This effort to reduce deforestation is worthy of appreciation and serves as a good example for the development of palm oil plantations in Indonesia.
- The three GAR palm oil plantation companies have conducted land clearing operations in secondary swamp forest in certain blocks and parts of blocks that come within their Timber Clearing Permits. This is particularly so in the case of PIP and PGM. These operations were conducted in blocks whose forest landscapes were no longer connected with relatively large blocks of secondary swamp forest. There were also parts of secondary swamp forest that came within the Timber Clearing Permit blocks that were still subjected to land clearing even though they were connected to relatively large block of secondary swamp forest. It will be seen here that the design was to join parts of secondary swamp forest blocks that had been open land that was used for plantation land preparation.
- To compensate for the decision not to conduct land clearing operations in a number of blocks in respect of which Timber Clearing Permits had been issued, it is clear that the three GAR companies conducted land clearing operations in secondary swamp forest that was located close to and connected with palm oil plantation blocks that had been planted earlier. It is unfortunate that the land clearing of secondary swamp forest outside of the permitted blocks represents a violation of forestry regulation. This practice in the GAR conservation program sets a bad example.
- There is an impression that GAR is unwilling to accept the opportunity costs that arise from its decision not to avail of blocks of secondary swamp forest that legally form part of its land clearing areas. As a result, blocks of secondary swamp forest that are close to and connected with its existing plantations or land that is to be prepared for palm oil plantations in non-forested land are cleared without the obtaining of Timber Clearing Permits. Consequently, these operations violate the approvals of the Head of West Kalimantan Provincial Forestry Agency for the technical considerations for the granting of Timber Clearing Permits by the Head of the Kapuas Hulu Regency Forestry and Plantation Agency.
- The land clearing being conducted by the three GAR companies in secondary swamp forest indicates the involvement of critically endangered and endangered tree species. Clearly the public has a right to ask what the benefit of a forest conservation policy is if it involves the felling and removal of critically endangered and endangered tree species, as is occurring in the case of the concessions of the three GAR companies.

Recommendations

- GAR, TFT and Greenpeace need to stress that the switch in the locations of land clearing in secondary swamp forest – from blocks for which Timber Clearing Permits were granted to areas outside of these blocks – must be based on the granting of Timber Clearing Permits. The switching of locations without first obtaining the necessary permits is a violation of forestry regulation, and reflects badly on the credibility of the GAR forest conservation policy.
- GAR, TFT and Greenpeace need to expose to the public the level of carbon release that occurred from the land clearing operations on secondary swamp forest – whether in the blocks/parts of blocks for which Timber Clearing Permits were granted to the three GAR palm oil plantation companies or those outside the areas for which Timber Clearing Permits were issued.
- TFT and Greenpeace should ask GAR to report to the Head of the Kapuas Hulu Regency Forestry and Plantation Agency, the Head of the West Kalimantan Provincial Forestry Agency and the Ministry of Forestry on the land clearing operations that were conducted in areas in respect of which no Timber Clearing Permits had been issued to the three GAR companies. The state losses that arose as a result of such unauthorized land clearing must be paid by GAR to the state.
- GAR, TFT and Greenpeace need to explain to the public how the land clearing operations conducted in secondary swamp forest by the three GAR companies can involve the felling and removal of critically endangered and endangered tree species, both in the blocks for which Timber Clearing Permits have been issued and for areas outside these blocks.
- GAR needs to comprehensively resolve the question of violations conducted by its three companies. After the matter has been fully resolved, GAR, TFT and Greenpeace need to expose the matter to the public so that the public get a full explanation and update on the handling of the matter.

Greenomics Indonesia believes that in the second year of GAR's forest conservation policy in West Kalimantan, its implementation may be characterized as best practice that should be followed as part of the effort to reduce the carbon footprint and level of deforestation associated with the development of palm oil plantations in Indonesia.

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