




PT Mayawana Persada, a company whose shareholders include **an FSC certificate holder**, plans to clear orangutan habitat and HCV areas for the development of pulpwood plantation




When HCVRN conducted its peer review on the HCV assessment report on the concession, PT Mayawana Persada opened up HCV areas for the development of basic infrastructure for the purposes of land clearing and timber transportation.




The HCV assessment report on the concession prepared by Hatfield Indonesia would not have caused “major confusion” if all HCV areas had been recommended for protection.



JICA, as one of the parties associated with the HCV assessment in the PT Mayawana Persada concession, should have recommended that the identified HCV areas be protected in their entirety.



WWF's GFTN needs to take substantial steps, given that the FSC certificate holder which is a shareholder of PT Mayawana Persada is also a member of WWF's GFTN.



Background

The big question that arises is why PT Mayawana Persada – a pulpwood plantation concession in West Kalimantan, one of whose shareholders is PT SJM, an FSC certificate holder – elected to build basic infrastructure, such as roads and a river port, which involved the opening up of forested areas, at a time when the HCV assessment report on the concession was being peer reviewed by HCVRN? In fact, the forested areas that have been opened up form parts of large blocks of forested areas that have been identified as containing HCV areas.

The peer review by HCVRN on the HCV assessment report on the concession was requested by Hatfield Indonesia, which is the HCV assessor that prepared the said HCV assessment report. The report on the peer review conducted by HCVRN (September 2014) states that the HCV assessment report was prepared by Hatfield in June 2014.

In addition to revealing the opening up of forested areas that contain HCV areas while the HCVRN peer review was underway, the report also highlights the major confusion identified by HCVRN in respect of the HCV assessment report.

This “major confusion” is related to uncertainty over the treatment of the delineated HCV areas, which extend to some 66,900 hectares, or nearly half of the total concession area of 136,710 hectares.

HCVRN is well justified in highlighting confusion over the HCV assessment report as it not only states that the concession contains HCV areas covering some 66,900 hectares, but also states that only 20,700 hectares of the total HCV area cannot be developed for pulpwood plantation purposes.

The “major confusion” relates to the status of the other 46,200 hectares of HCV areas that are left after the abovementioned 20,700 hectares are cleared. It should be noted that, according to IUCN data, the 46,200 hectares in question are dominated by orangutan habitat.

This report provides a number of recommendations for the relevant parties in connection with the significant issues highlighted herein.

Methodology

The report is based on the findings of the HCVRN peer review on the HCV assessment report on PT Mayawana Persada (September 2014). Legal and spatial data that is relevant to this report is used as supporting data. Forest cover changes were identified using USGS Landsat 8 satellite images. Official forest cover data from the Ministry of Forestry is used to monitor forest-cover changes on a time-series basis.

Developing basic infrastructure by opening up HCV areas while HCVRN was conducting its peer review

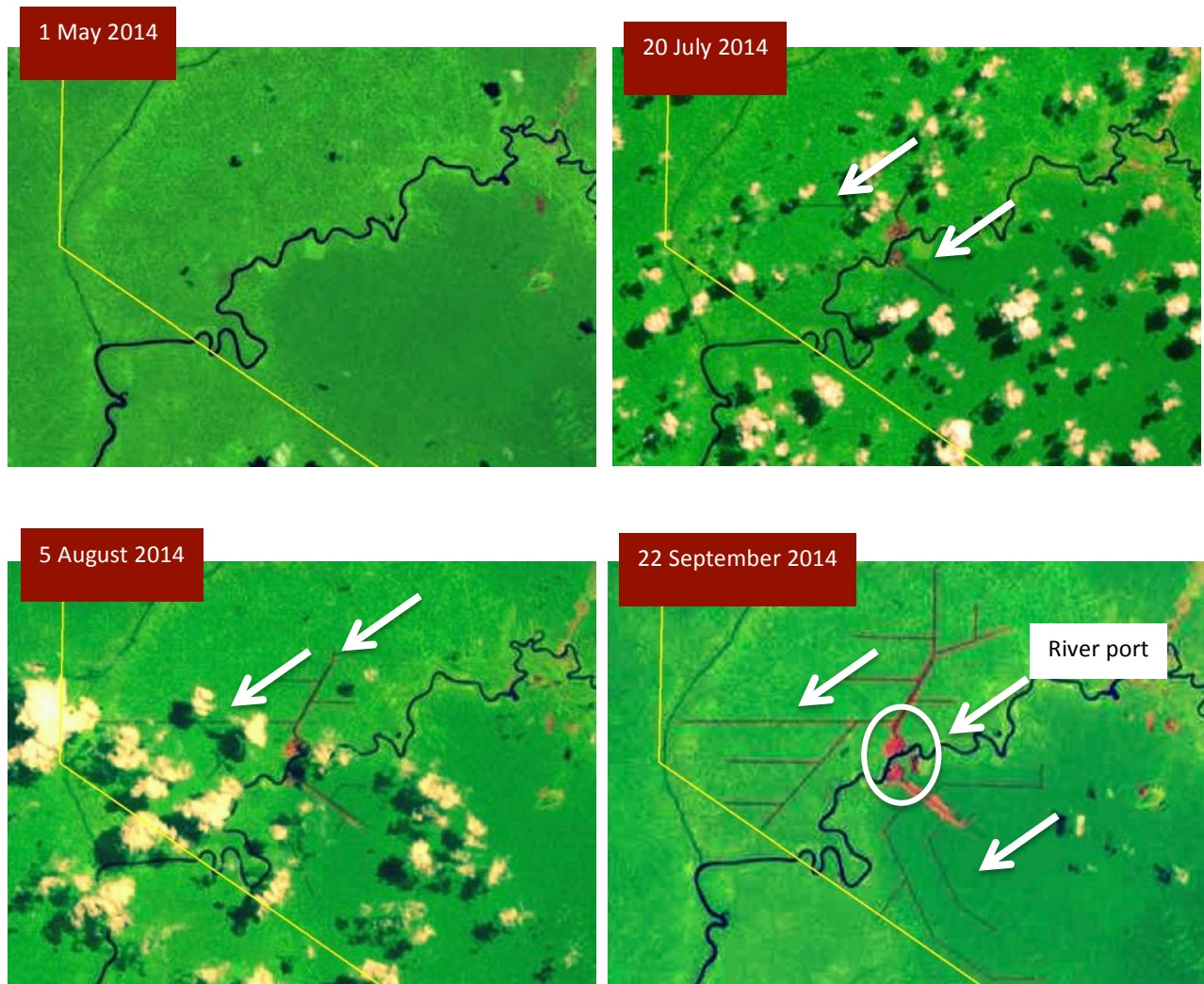
PT Mayawana Persada, a subsidiary of the Alas Kusuma Group, has been proved to have opened up HCV areas by building roads and river port infrastructure. This infrastructure will be used for the preparation of land-clearing operations and the transportation of timber by river.

Regrettably, this infrastructure was being developed at the same time as HCVRN was in the process of conducting its peer review on the HCV assessment report.

The development of road infrastructure for land-clearing purposes is taking place in the remaining large forested blocks contained in the concession, which includes HCV areas.

The question that needs to be asked is what precisely motivated PT Mayawana Persada to adopt this course of action before the results of the peer review were published? The company's management needs to explain what lay behind their decision.

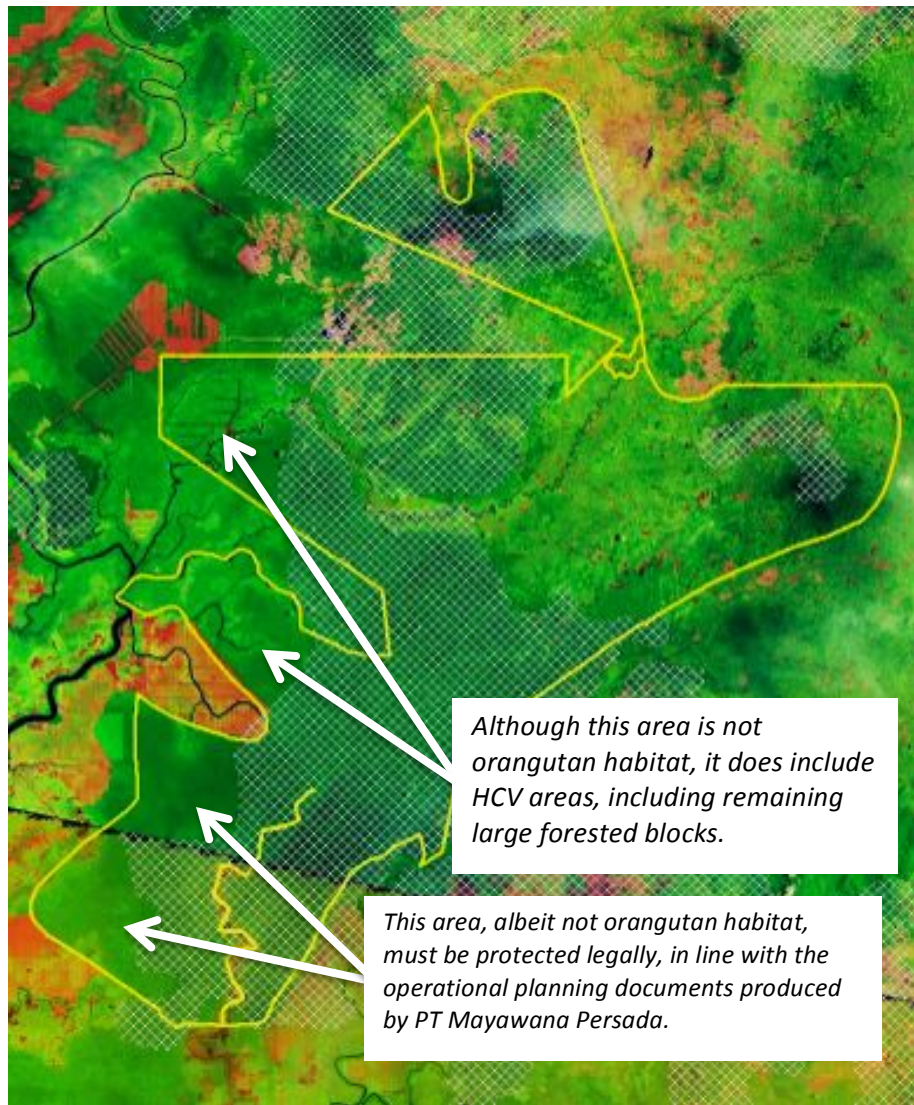
These Landsat 8 satellite images taken between 1 May and 22 September 2014 clearly demonstrate that PT Mayawana Persada had opened up forested blocks for the construction of roads that would be used to facilitate the clearance of forested areas, including areas identified by Hatfield Indonesia as HCV areas.

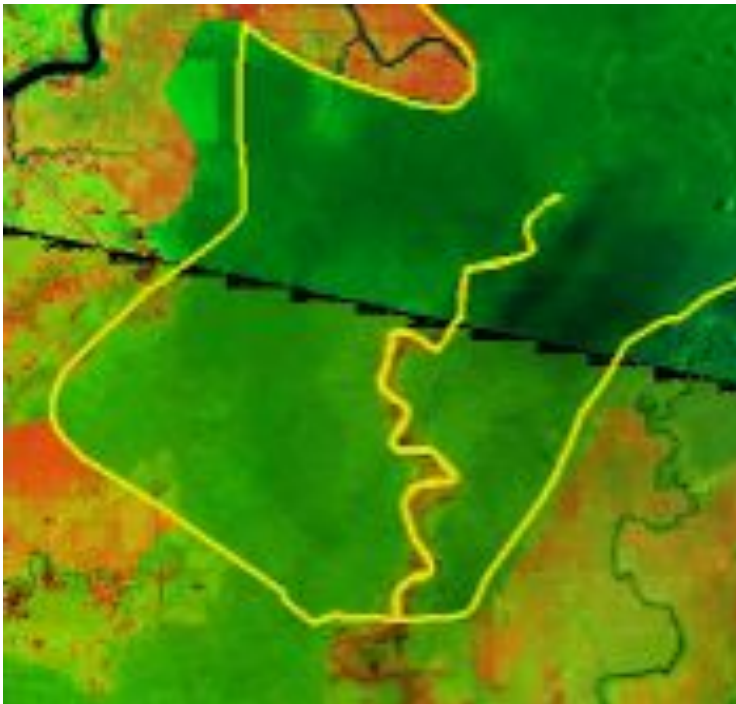


Such “major confusion” would not have ensued if all of the HCV areas (more or less equal in area to Singapore) had been recommended for protection

Hatfield Indonesia also needs to respond to the “major confusion” identified by the peer review conducted by HCVRN. The confusion need not have arisen if Hatfield Indonesia had explicitly stated that all of the HCV areas (covering an area of some 66,900 hectares – more or less the same size as Singapore) should be protected by PT Mayawana Persada. That is, Hatfield Indonesia would no longer need to classify the HCV areas which may be cleared for pulpwood plantation development and those that may not be cleared.

This map shows the distribution of orangutan habitat (shaded in white) in the PT Mayawana Persada concession and forest cover revealed by a Landsat 8 satellite image taken on 22 September 2014.





In conducting its HCV assessment on PT Mayawana Persada, Hatfield Indonesia should also have referred to the company's operations plan map, so that those areas that are required by law to be protected would automatically be included as HCV areas that must be protected.

JICA, which took part in the HCV assessment, needs to raise this issue so that no more areas that must by law be protected end up be cleared through the HCV assessment mechanism.

Recommendations

- As the assessor that conducted the HCV assessment on the PT Mayawana Persada concession, Hatfield Indonesia should clarify its recommendations using explicit and unambiguous language, namely, that all of the identified HCV areas, extending to some 66,900 hectares, must be protected.
- PT Mayawana Persada should explain why it launched its infrastructure development work prior to the publication of the findings of the HCVRN peer review. In addition, the company clearly needs to protect all of the HCV areas identified by Hatfield Indonesia, amounting to some 66,900 hectares. PT Mayawana Persada also needs to protect those areas that are legally defined as areas that may not be cleared, in line with the operations plan that has been approved by the Ministry of Forestry.
- JICA needs to play a significant role in encouraging PT Mayawana Persada to protect the entire HCV area that has have been identified in the HCV assessment report, including those areas that are legally required to be protected.
- WWF's GFTN needs to closely observe operations in the PT Mayawana Persada concession, considering that one of the shareholders of the company is PT SJM, which was facilitated by WWF GFTN in successfully obtaining FSC certification and which is also a member of WWF GFTN.



For further discussion please contact:

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