



INVESTIGATION REPORT

Local Communities Reject PT. Bangun Rimba Sejahtera, Potential Supplier to APP's OKI Mill

LOCAL COMMUNITIES REJECT PLANNED APP SUPPLIER, HTI (INDUSTRIAL TIMBER PLANTATION) PT. BANGUN RIMBA SEJAHTERA IN THE PROVINCE OF BANGKA BELITUNG, SUMATRA, INDONESIA

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KEY FINDINGS:

- Asia Pulp & Paper (APP) is currently considering to use PT. Bangun Rimba Sejahtera (BRS) as a fiber supplier to its new PT. OKI Pulp & Paper Mills in South Sumatra.
- Over 100,000 people in West Bangka Regency will be affected, and most of them have declared their objection to the presence of BRS. Communities have organized protests to show their objection to the activities of BRS.
- BRS has not initiated broad public consultation and the associated processes to seek community consent for the operation of the company, in accordance with the principle of Free, Prior and Informed Consent (FPIC). The socialization process managed by BRS was intimidating and involved the presence of security forces, including the national police and army.
- Most of the local communities only became aware of the existence of BRS when Ekologika, an APP consultant, conducted a study in 2015. Unfortunately, the written report of this study has not yet been publicly shared with the affected communities or other stakeholders.

- As of 2016, forest cover in the concession area of BRS is only 9,706 hectares, or 15% of the total concession area.
- APP has not been sufficiently transparent in the supplier selection process for BRS as required under APP's Forest Conservation Policy, announced in 2013.

PROFILE OF WEST BANGKA REGENCY

West Bangka Regency, in the province of Bangka Belitung, is divided into six sub-districts, four urban villages and sixty villages.¹ Topographically, West Bangka consists of mangrove swamps with sloping sandy beaches, lowlands and hills with dense forest. The population is Malay, Chinese descent, Java, Arab Melayu, Palembang, Bugis and Batak. Total population is 187,453 people. The main source of livelihoods are small scale plantations, mixed agriculture, and fisheries.

The ownership of land in West Bangka Regency in general is managed both collectively and individually through an inheritance system, land opening/pancung alas, and sale and purchase. The inheritance (or *kelekak*) system is still used and has been adopted by many people, and has resulted in the frequent occurrence of old plantation areas in many villages. People acknowledge the existence of customary forests and restricted forests, both of which are still preserved, and are used as for the production of wild sweet honey and bitter honey. The forests are also used to grow the lucrative Kayu Pelawan mushroom. Most people in West Bangka plant pepper, rubber and oil palm, intercropping these crops with vegetables and fruit trees. Durian and rubber occupy older plantations area.

PT. BANGUN RIMBA SEJAHTERA

PT. Bangun Rimba Sejahtera (BRS) is one of the potential suppliers of raw materials to PT. OKI Pulp and Paper Mills owned by Asia Pulp & Paper (APP) in Ogan Komering Ilir Regency, South Sumatra Province.² The industrial timber plantation (HTI) of BRS in West Bangka regency obtained its license in 2013 based on the Decree of IUPHHK-HTI No.336/Menhut-II/2013 for a total area of 66,460 hectares. 40 villages in 6 sub-districts in West Bangka Regency are located in and around BRS: the sub-district of Jebus, Muntok, Kelapa, Parit Tiga, Simpang Teritip and Tempilang. BRS is a domestically-owned company (PMDN) with the following shareholders: PT. Surya Wahana Sakti: 99.60 % and PT. Eka Cahaya Lestari: 0.40%. One of the previous board members of PT Surya Wahana Sakti is Margaretha Wijaya who also served as Deputy CEO Forestry Division at

¹ Source ; <http://portal.bangkabaratkab.go.id/content/sejarah> and the profile of Simpang Teritip

² TFT technical report, November – December 2016.

Sinar Mas Group from 2002 – 2008.³ One CSR and forest protection staff wrote in his LinkedIn profile (as 17/4/2016), that BRS is affiliated with Sinar Mas Group.⁴

APP is considering BRS as a potential supplier and is using its Association Policy in assessing BSR's suitability as a tier 1 supplier. In 2015, BRS hired Ekologika as consultants to conduct a socio-economic survey and High Conservation Value (HCV) assessment. The consultancy was conducted as an initial requirement for BRS to become an APP supplier. As of the publication date of this investigative report, the local communities have not received the written results of the Ekologika study or assessment. Nor has the public received a complete explanation of the purpose and intention of the study. Moreover, the company did not provide sufficient time or opportunity for the public to understand and/or ask for the opinion of other parties related to the study.

THE AREA IMPACTED by BRS

There are at least 40 villages in six sub-districts⁵ in West Bangka regency, with a total population of over 100,000 people living in or around BRS' concession area, namely;

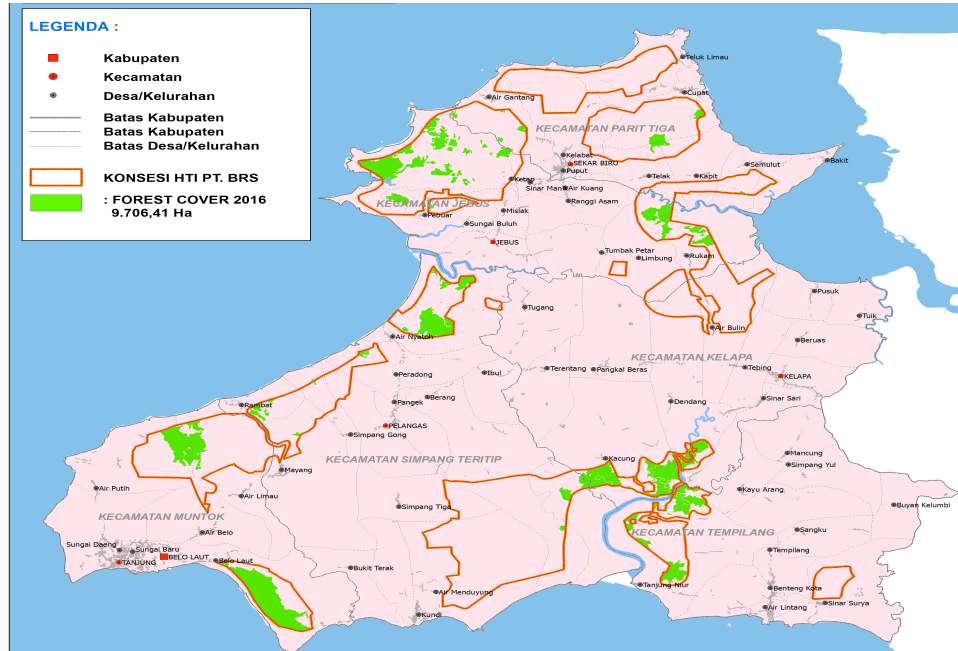
1. Jebus sub-district with an area of 12,759.65 ha or approximately 33.38 % from the total sub-district area, covering 8 villages
2. Kelapa sub-district with an area of 6,176.14 ha or approximately 10.09 % from the total sub-district area, covering 6 villages
3. Mentok sub-district with an area of approximately 9,407.10 ha or 25.71 % from the total sub-district area, covering 4 villages
4. Parit Tiga sub-district with an area of approximately 13,990.19 ha or 42.48 % from the total sub-district area, covering 9 villages
5. Simpang Teritip sub-district with an area of approximately 20,014.84 ha or 25.40 % from the total sub-district area, covering 10 villages
6. Tempilang sub-district with an area of approximately 4,292.07 ha or 9.93% from the total sub-district area, covering 13 villages

³ Based on one document that is read at <http://www.finanznachrichten.de/nachrichten-2010-12/18827675-afp-properties-limited-announcement-of-appointment-of-executive-director-027.htm>, Margaretha Wijaya (MW) is family of Franky Wijaya (Son of Eka Tjipta Wijaya, Founder of Sinar Mas Group). According to that document, MW also used to work with two companies who own shares in PT. BRS.

⁴ One BRS employee, Mr. Gredi Alfonso, CSR and forest protection of PT. BRS, mentioned in his profile as published at www.linkedin.com/in/gredi-alfonso-aa025b57/en read on 4/17/2016, that BRS is a part of Sinar Mas Group/Forestry.

⁵ Analysis of landsat images by Hutan Kita Institute, using maps from various resources such as Administrative Boundary Map from BPS, Forest Cover Map from MOEF of 2016 and concession map of PT. BRS.

Forest Cover Map of PT. BRS Concession in 2016



Out of the total concession area of BRS (66,460 ha), only 9,706.4 hectares are forested (based on analysis of satellite imagery by HAKI). The remaining 85.4% of the area is community gardens planted with pepper, palm oil, rubber, fruit trees and/or occupied by settlements. Some parts of

the area are important for the community as a source of water. Several forests also have customary and cultural value; these are referred to as the Restricted Forest. These forests are located in Air Menduyung (1,430 ha), Simpang Tiga (100 ha) and Pelangas village (900 ha). The forests have been protected and preserved by the communities, and are used only for non-timber products, such as sweet and bitter honey from bees, Pelawan mushrooms, bamboo and its palm cabbage, rattan, fruits and natural medicines.

LOCAL COMMUNITIES REJECT THE PRESENCE OF PT. BRS



Communities have erected banners rejecting BRS and its operations

Most of the people in the 40 villages impacted by PT. BRS reject the company's presence. 21 villages⁶ have sent a letter expressing their concerns to the Regent of West Bangka and forwarded a copy to relevant institutions such as Ministry of Environment and Forestry (MOEF). The reasons for the

rejection include the absence of meaningful consultation about BRS's industrial

plantation development plans and failure to request or get approval from these communities for the development of an Industrial Timber Estate on community owned land. The socialization arranged by BRS in August 2015 in Air Gantang village involved intimidation by the national police and army.⁷ Many communities only became aware of the existence of BRS after Ekologika conducted a social survey and High Conservation Value assessment in 2015 two years after the licence was granted.

Land and forest in the West Bangka regency is very limited, due to the presence of palm oil and mining companies, as well as ongoing use of lands by communities. Therefore, the areas used and claimed by communities including remaining forest areas are the only hope the community has to ensure that there will be land for farming to support their livelihoods and needs in the future. The PT. BRS operation threatens the economic foundation of the society. Much of the area in BRS concession are rubber, pepper, oil palm and fruit plantations owned by local communities and that serve as the source of livelihood in 6 districts.

Communities are also concerned that the existence of BRS will cause friction within the community and raise social tension among community members, as stated in several letters (e.g. statement from Simpang Tritip Society) from communities to government.

⁶ Villages that have submitted written rejection statement are Simpang Tiga, Bulin, Ibul, Sungai Buluh, Berang, Ketap, Kapit, Pebuar, Telak, Rukam, Pelangas, Cupat, Rambat, Sekar Biru, Selumut, Mayang, Air Nyantoh, Air Belo, Limbung, Kelabat, and Air Limau village.

⁷ <http://bangka.tribunnews.com/2015/08/08/pt-brs-uraikan-manfaat-kehadiran-hutan-tanaman-industri>

BRS has pressured community members to accept the project, in some cases by threatening to take legal action against community members that reject BRS and to drag them into expensive legal disputes concerning land. This is according to the experience of several villages that interacted with BRS, such as that of Berang village visited by three representatives of BRS in November 2016.

ACTIONS TAKEN BY COMMUNITIES

Since 2015, communities affected by the BRS concession have taken many actions to reject the project and withdraw the presence of PT. BRS, including for example:

1. On October 29, 2015, about 5,000 residents of 21 villages made a massive demonstration opposing PT. BRS concession outside the West Bangka District office.
2. On December 3, 2015, representatives from 21 villages submitted letters rejecting BRS concession and operations to the regent (bupati) of West Bangka District, H. Zuhri M Syazali. The regent and communities forwarded the letters to the Provincial Forest Agency and the Governor of Bangka Belitung.
3. At the end of 2015, the residents of Simpang Teritip, Mentok and at least 10 other villages put up public banners rejecting BRS.
4. On August 25, 2016, about 100 residents⁸ from the villages Simpang Teritip, Pelangas and Berang conducted a protest against BRS outside the House of Representatives (DPRD) of West Bangka District. They submitted a proposal for the DPRD to reject the BRS concession. The group met Hendra Kurniady, the Chairman of the House, M. Ali Purwanto, the Deputy Chairman, and a number of other members of the House of Representatives.⁹
5. On 22 November 2016, about a hundred community representative from villages in the Sub district Simpang Teritip carried out a protest outside the West Bangka District office demanding that the district regent, H. Parhan Ali (elected in February 2016) review the operational license of Industrial Plantation Estate (HTI) of BRS in West Bangka District.¹⁰

CONCLUSION

1. Much of the area included in the BRS concession has been community owned land since long before the BRS license was issued. This land is the

⁸<http://koranbabel.com/blog/2016/08/25/warga-tiga-desa-tolak-hti>

⁹<http://bangka.tribunnews.com/2016/08/25/ada-beking-penolakan-hutan-tanam-industri>

¹⁰<http://bangka.tribunnews.com/2016/11/22/warga-minta-bupati-babar-tinjau-izin-hti-pt-brs>

main source of livelihood for affected communities. In addition, some of the forested areas in the concession still have high cultural value.

2. BRS has failed to adequately inform and consult with affected communities prior to securing its Industrial Timber Plantation license. It has not adhered to the principles of FPIC either prior or subsequent to getting its license and has failed to get consent of affected communities for the use of their lands and resources. On the contrary, there is widespread and clear opposition to BRS operations and the establishment of the concession.
3. APP has not adequately consulted with affected communities or key Banka Belitung based or other NGOs in its assessment of whether to bring on BRS a tier one supplier. Given the findings of this investigation, it is clear that BRS has not met APP's commitments to Free, Prior and Informed Consent, conflict resolution or respect for community rights.
4. With substantial evidence suggesting that BRS cannot meet APP's policy relating to association with new suppliers, the question remains as to why APP appears to be rushing its association with BRS and whether this may be attributed to an urgent need to secure fiber supply for its new OKI mill¹¹.
5. APP has not disclosed the financial and management ties it has with BRS. Preliminary research suggests the APP has substantial control over BRS but the lack of transparency about the relationship between the two companies prevents an open assessment and scrutiny about the degree of responsibility APP has for the ongoing social conflict, past forest clearance and other issues associated with the concession.

RECOMMENDATIONS

1. APP should immediately stop the association process with BRS. The process is not transparent and is strongly opposed by local people who claim and manage much of the area within the BRS concession. These communities have cultivated these lands before the existence of BRS. The company has failed to consult and receive consent from these communities in a direct and open manner as mandated by the principles of FPIC
2. Stakeholders who are concerned about APP's implementation of its FCP, including the Forest Stewardship Council (FSC), should persuade APP to: disclose its relationship with BRS; publicly explain the association process and reject BRS as a supplier; disclose and explain APP's relationship with other suppliers including current first and second tier

¹¹ <https://www.wetlands.org/publications/will-asia-pulp-paper-default-on-its-zero-deforestation-commitment/>

suppliers, as well as those being considered via the association process or outside it.

3. The government is encouraged to recognize the BRS concession area as community owned and managed land through social forestry schemes such as Village Forests, Community Forest (HKm) or Customary Forest.
4. Participatory mapping should be done without delay to identify and verify community land claims and to assure the public about their land rights.