



***Preventing
deforestation
Region profile
Leuser***

What is needed to stop deforestation in the Leuser Ecosystem

The Leuser Ecosystem¹ in Sumatra, Indonesia, is a place of rich biodiversity where you can find elephants, rhinos, tigers and orangutans living in the wild. As such many NGOs are contributing to efforts to protect the precious forests and ecosystems of Leuser from new plantation development and are holding Golden Agri-Resources, Musim Mas and Wilmar responsible for destroying lowland rainforests in Leuser.

In order to help protect this unique ecosystem, we have been working with our members and fellow civil society organisations to better understand the specific challenges that need to be overcome in order to achieve long term protection of the Leuser Ecosystem. Through this work, 31 plantation companies have been identified whose concessions overlap to some extent with the Ecosystem. Of these companies, 24 are locally owned and 7 are associated with larger parent company groups. These companies' concessions include approximately 125,000 hectares of land within the Ecosystem boundary which are generally located on land allocated for non-forest uses. Analysis of these concessions inside the Leuser Ecosystem, indicates that as of August 2015 over 30,000 hectares of peat land and over 35,000 hectares of land covered with forest within these concessions have yet to be cleared or planted with Palm Oil. From January to August 2015, the amount of natural forest conversion for oil palm expansion observed within the Leuser Ecosystem was found to be over 3,900 hectares and eleven cases of encroachment into protected forestland were identified. However, these new land clearance areas were generally found to be outside peatland areas.

Some NGOs have urged palm oil companies to stop deforestation in the Leuser Ecosystem by calling for a supplier moratorium on new forest clearance by requiring all

¹ The Leuser Ecosystem has been declared to be Strategic Area to be protected and conserved. The Leuser Ecosystem boundary was established through two separate Indonesian Ministry of Forestry decrees released in 2002 for North Sumatra and 2001 for Aceh which affirmed that over 320,000 hectares of land inside the ecosystem boundary is allocated for non-forest uses (including Palm Oil).



producers operating in the Leuser Ecosystem to immediately halt further forest clearance. To achieve implementation of this proposed moratorium buyers of crude palm oil (CPO) have been called upon to immediately suspend any plantation operators found to have cleared or burned forest and ultimately cancel commercial relationships with companies that continue to clear forest. A moratorium framework built on these principles would likely result in the exile of non-conforming plantation companies from the consumer supply chain segments which are seeking that palm oil be delinked from deforestation. CPO is a commodity which is both easily transported and widely traded, as such, palm oil produced by a specific mill can easily shift between palm oil refineries. With more than 70 palm oil mills located around the Leuser Ecosystem, there is also competition for the Fresh Fruit Bunches produced by the plantations in the area. The makeup of this supply chain landscape is an important consideration for conservation efforts in Leuser. The implication is that if a particular mill/plantation company is suspended by one purchasing Refinery Company because of deforestation in Leuser, the suspended supplier can continue to clear forests while selling to another refinery not owned by the company imposing the suspension.

An immediate moratorium could theoretically work if every palm oil refinery and port receiving CPO from Leuser suspended any company associated with deforestation. But if independent mills are denied market access, such activity may be deemed to be anti-competitive behaviour. What's more, TFT members and other companies with No Deforestation commitments do not have direct ownership or control over the output off these estates so they cannot implement a moratorium directly. The solution is more complex and will take time to implement, bringing businesses together to find collaborative solutions. NGOs have a duty of care to blow the whistle on any forest clearance, but companies under scrutiny will only be able to find effective responses by cooperating with each other and drawing together a diverse group of impacted stakeholders.

TFT is supporting committed palm oil industry players to implement an approach that focuses on using the buying power of aggregators (palm oil refineries, crushers, ports etc.), to influence the way their supply of palm oil mills and any associated plantations are managed and thus, how the associated landscape they are active in is managed. The focus here is on communicating standards and expectations whilst also sharing best practice approaches and promoting capacity building with the parent companies of plantations and the wider base of supplying plantations, to ensure wider transformation at the landscape level. This is about achieving scalable change with an efficient use of resources. It is not about seeking to segregate 'good' suppliers from 'bad.' Traditional approaches attempt to change company practice by seeking information about plantations to be used to pressure brands and aggregators to stop buying from those suppliers. Excising these suppliers from the segment of the supply chain which is seeking



responsibly products results in a missed opportunity for those plantation companies to transform and will likely drive them towards customers not committed to responsible sourcing.

While companies with No Deforestation commitments have a huge responsibility to implement their forest conservation policies, we need to look at how they can best do that. Many refiners, including Golden Agri Resources, Asian Agri and Wilmar have already committed to sourcing from suppliers who do not develop land containing High Carbon Stock (HCS) Forests, High Conservation Value (HCV) Areas and who do not use burning to clear land. To achieve this TFT has been working with our members to implement capacity building and working examples of land use planning which involves the identification and preservation of HCS and HCV. What is needed now is to continue to move forward with the work of implementing these commitments on the ground by improving capacity of local companies and NGOs for implementation of commitments to HCS and HCV conservation within the wider base of supplying mills and plantations.

There are many stakeholders with interests in the lands, forests and ecosystems of the landscape around Leuser who have an important part to play in the management and protection of these shared resources. TFT has been talking to these important stakeholders and is interested in being part of the dialogue and subsequent actions to manage and protect this sensitive landscape. NGOs have brought vital attention to activities that are contributing to forest loss in Leuser and provided valuable analysis of the circumstances driving land use change in Leuser. TFT has also been talking with relevant local and international NGOs working on community, labour and conservation issues in Aceh and North Sumatra, and we are in active conversations with 9 local NGOs and 4 international NGOs. TFT is encouraged by these dialogues and hopes that this will develop into a multi stakeholder approach to managing the Leuser ecosystem.

There are significant areas of oil palm smallholdings both within the Leuser Ecosystem and the Gunung Leuser National Park that have been in existence for many years. In early 2015, the Ministry of Forestry prepared a new forestland designation map for Aceh which included a number of areas within the Leuser Ecosystem that had been changed from forest use to *Land For Other Uses* (APL). This included some areas of established smallholder plantations within the National Park that have been effectively excised from the Park's jurisdiction. TFT believes that solutions for the Leuser Ecosystem require a holistic approach that is inclusive of smallholders and aims to improve their livelihoods while keeping forests standing and that there is a need to find a way forward which will allow local community members to earn a sustainable livelihood without encroaching into Protected Areas. Further, we believe there is an urgent need for a multi-stakeholder-developed spatial land use plan, supported by government and companies, which



respects the needs and rights of local peoples to a healthy ecosystem and decent standard of living.

What TFT is doing with its members in Leuser

Our work is focussed on sending palm oil growers a clear and consistent message about the demand for responsibly produced palm oil and the international focus on Leuser. GAR and Wilmar as examples have contacted all suppliers operating mills within a 50km radius of the Leuser Ecosystem, explaining the requirements of their No Deforestation policies. We have visited seven mills and their supplier bases that are in proximity to the Leuser Ecosystem.

We have and will continue supporting our members in engaging with their suppliers to improve their compliance with member's policies. Through a combination of in depth engagement, including site visit, and management level engagement with a broader group of suppliers, good progress has been made in spreading understanding of what is required. This ranges from company owners and CEOs, through to the trading teams buying palm oil, to the sustainability compliance managers and the internal communications departments. Although this process is new it has also already been trialled through the specific breach reported by Greenomics at Mopoli Raya who has stopped clearing forest in Leuser. Similarly, other suppliers named directly in RAN's November 2014 report were engaged by our members and, for example Perkebunan Dan Pertanian Pati Sari, have opened up their operations to scrutiny and have moved to exclude FFB suppliers illegally operating within the Ecosystem boundary from their supply bases.

TFT continues to engage with a broad group of stakeholders including the Indonesian Palm Oil Pledge (IPOP), TFT Members and other NGOs towards realising a more holistic landscape approach to tackling the deforestation challenge and supporting sustainable development in the Leuser Ecosystem. However, we recognise that we are still at an early stage in the process of finding a truly sustainable solution to the protection of the Leuser Ecosystem; one that balances the interests of the communities who live there, environmental imperatives and economic rationale. TFT is also committed to transparent reporting of progress in this work and remains open to the input and support of other interested parties.

