

SUSTAINABILITY BRIEF

Update from the field

November 2014

Balikpapan Bay

PT Wilmar Nabati Indonesia (PT WINA), a subsidiary of Wilmar International, and The Forest Trust (TFT) have been working together to better understand and address a number of conservation issues concerning PT WINA's development in Balikpapan Bay, East Kalimantan, Indonesia.

These issues included a complaint to the RSPO in 2013 by a group of non-governmental organisations (NGOs) calling for the restoration of mangrove areas, and alleging that PT WINA had violated the RSPO Principles and Criteria by building a crude palm oil processing unit at the site.

Committed to No Deforestation and engaging with local communities, Wilmar is working closely with stakeholders, including the local community, to determine the best steps forward for the sustainable future of the area.

The Site

In 2006 PT WINA was invited by the East Kalimantan government to invest in a refinery and bulking station facilities in the Balikpapan Bay. This 150-hectare site included some abandoned aquaculture projects, some development to the northeast, a road being developed to the south, along with mangrove swamps and mixed vegetation.

The PT WINA site is located in the designated industrial zone within 20 kilometres of the Balikpapan city. Once an abandoned aquaculture project, the site is considered degraded and not a primary mangrove area. As a non-plantation facility, a High Conservation Value (HCV) assessment has not been required under RSPO criteria.

As part of the government public works programme for East Kalimantan, a road is being constructed to connect the towns of Balikpapan and Penajam. A track through the eastern part of the PT WINA site has already been cleared by the government as part of this road construction work. The proposed route of the road from Balikpapan to the south through the PT WINA site and onto the north is shown below.



The PT WINA Industrial Site at Balikpapan and Government Road.

Following the concerns raised by stakeholders, in mid-2012, Wilmar adopted a self-imposed moratorium on development of the area to allow for further site investigations and dialogue with stakeholders. The moratorium remains in place today.

The Issues

PT WINA had plans to develop a refinery and bulking station at the site in Balikpapan Bay, East Kalimantan. Original plans included the construction of a bulking station and refinery with a jetty into Balikpapan Bay. With all necessary legal permits obtained, including an AMDAL (Environmental Impact Assessment) approval, clearance of the area began in 2007/2008. The area cleared to date covers almost six hectares.

Some individuals, community groups and local NGOs are concerned about the environmental damage caused by the development on the site and have raised their objection toward the development plan and the ongoing development in the area. In addition, stakeholders are also concerned with the government road-building activities which pose conservation threats to areas both inside and outside PT WINA's boundaries.

Based on these grievances, PT WINA, with support from TFT, has been engaging with stakeholders in Balikpapan Bay to listen to their concerns and gather further information to develop a way forward.

The Process

A High Conservation Value (HCV) assessment was undertaken by ReMark Asia in February 2013. The assessment identified limited areas for conservation. In response to stakeholder concerns about the HCV analysis, the HCV Resource Network was invited to review this assessment. ReMark Asia responded to all issues identified in the review. In their response, ReMark Asia concluded that all mangrove areas should be identified as HCV areas requiring conservation and that PT WINA should also retain buffer zones for the mangrove areas.

In March 2014 a High Carbon Stock (HCS) assessment was carried out by TFT. Five biodiversity experts visited the site in August 2014 to conduct a Rapid Biodiversity Assessment of forest patches and to enhance the HCV assessment produced by ReMark Asia. This HCS assessment has identified 44 hectares of high priority HCS forest for protection.

Next Steps

The RSPO closed its complaint in July 2014 on the basis that PT WINA undertakes restoration work on an area of mangroves in the northern part of the site and reports on progress. The RSPO stated 'the Panel is satisfied that Wilmar has undertaken positive action to resolve the complaint and is recommending that this complaint be closed for monitoring.'

Going forward, Wilmar will incorporate the findings of both the HCV and ongoing HCS assessments into its site development plan and, if necessary, prepare a new AMDAL.

Consultation with local communities and NGOs confirmed concerns over the potential loss of forest, and the impacts on coral reef and endangered aquatic species

A community feedback meeting was held in a local village in the second week of September, attended by 28 community representatives including representatives from numerous local NGOs and the local land authority. The results of the HCS study were discussed and future plans were outlined. To address stakeholder concerns around potential social impacts from the site, a Social Impact Assessment has commenced in November 2014.

To accommodate stakeholders' concern about the development of the area, PT WINA has committed to scaling down its operations, concentrating on building infrastructure on existing areas that have already been developed. In order to proceed with implementation of the site management recommendations described in the HCS study, PT WINA submitted an application for extension of the Location License (Izin Lokasi) which is the legal basis for further land acquisition. In response to the application, the local land authority advised PT WINA that the Izin Lokasi boundary would be revised and that PT WINA would be issued a significantly smaller land allocation. PT WINA is awaiting further clarification from the local land authority prior to finalizing the land use plan.

Plans are being developed for construction of a new road to link the current facilities with a newly constructed government road on the eastern area of the site. This is being carefully planned to minimise potential impacts from construction and use. Construction of the road is conditional upon receipt of the necessary government approvals

Further updates on progress at this site will be provided next year.