

# Aligning Company Sustainability Initiatives with Government Agenda on Peat Restoration

## A Case Study of the Peat Care Village Programme in Sungai Linau, Bengkalis



## About Proforest and the Production Landscape Programme

Proforest is an independent mission-driven organisation that specialises in practical approaches to sustainability in the production and sourcing of agricultural and forest commodities. We support companies to work both within and beyond their own supply chains, to deliver positive environmental and social outcomes in the places where commodities are produced. We foster collaboration between companies and other stakeholders, including peer companies, governments and civil society. This builds the foundation for individual companies to engage with sustainability issues across landscapes and sectors beyond their own supply chains.

The Production Landscape Programme (PLP) was established in July 2018 with support from UK Aid under the Forest Governance, Markets and Climate Programme. The programme aims to support the private sector to align their actions on deforestation and other sustainability issues with national and sub-national policies and initiatives, including those led by civil society.

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Cover photo: HCV-HCS field surveys, Focus Group Discussion and signing of Agreement of Cooperation between BRG and Proforest.  
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## Introduction - NDPE at a glance

NDPE stands for no deforestation, no development on peat, and no (human rights) exploitation. 'NDPE' is widely known as a commitment declared by companies, especially in the agricultural sector (including palm oil), and gets translated into the form of policies or certification schemes. Companies adopt NDPE as a means of expressing their serious intent in sustainable resource management. The first NDPE element, No Deforestation, encompasses a range of operational commitments: no burning practices, GHG emission reduction, and conservation. No Development of Peat is a commitment to protect the peatland ecosystem, to implement Best Management Practices on existing peatland operations, and to encourage peatland restoration where possible. The last element, No Exploitation, refers to a company's commitment to respect human rights: to uphold the rights of their workers and local communities, including local smallholders and indigenous peoples ([Proforest, 2020](#)).

### Traceability as one of the key elements

By making these commitments, companies are expected to implement them in their own operations and also gradually throughout their supply chain. This means companies need to ensure that raw materials are sourced from areas or third-party suppliers which have made a similar NDPE commitment. One of the approaches used to ensure this is 'traceability'. Traceability is a measure of how well a company is able to trace its raw materials to their original area of production. By knowing the origin area (mill or plantation), environmental and social risk analyses can be conducted to measure the risk that NDPE commitments are not being met ([Proforest, 2015](#)). The results of an analysis can be used to show suppliers the high risks in their supply chains. Companies can then plan together with their suppliers to ensure, for example, that they either supply from areas that are not considered peatland; or, if they are supplying from peatland areas, that Best Management Practices have been implemented.

### Peat restoration in Indonesia: threats to peat, policy measures, and progress to date

In 2015, Indonesia experienced a massive forest fire, the largest for the past 18 years. In this tragedy, it was

noted that approximately 2.6 million hectares burned. The economic loss due to this tragedy was estimated at around IDR 220 trillion. It was also reported that, as a result of the fire, 19 people and around 500,000 people suffered from acute respiratory infections. About 33 percent of the total area burned was peatland, which is a huge store of carbon. As a result of the near-three months of these peatland fires it is estimated that 800 mega tons to 1.6 giga tons (metric) of carbon dioxide equivalent was released as emissions.

In his speech at the Paris Climate Change Summit of 2015, President Joko Widodo emphasised Indonesia's commitment to contribute to global action to reduce greenhouse gas (GHG) emissions. This includes reducing emissions by 29% with a business-as-usual scenario by 2030, or 41% with international assistance. On January 6, 2016, President Widodo issued Presidential Regulation No.1 of 2016, establishing the Peatland Restoration Agency (BRG). As a non-structural institution, BRG operates under and reports to the President. Under the coordination of the Ministry of Environment and Forestry, BRG is mandated to manage and facilitate the restoration of 2 million hectares of peatland in seven priority provinces, namely Jambi, West Kalimantan, Central Kalimantan, South Kalimantan, Riau, South Sumatra and Papua until 2020, as stipulated in Presidential Regulation 1/2016.

BRG programmes comprise peat mapping and inventory, peat rewetting, revegetation, livelihood revitalisation, peat care village, peat restoration educational programmes, supervision, research, and monitoring. Based on 2018 data, BRG has restored more than 300,000 ha of peat by building canal blocks and artesian wells, backfilling canals, and revegetating 787 ha of land. It has also distributed 204 community economic revitalisation packages, involving 448 community groups (BRG, 2018).

### Background on Sungai Linau

Sungai Linau is located in Bengkalis District, Riau Province. The (administrative) village territory is approximately 14,000 ha which includes a large overlap with the Giam – Siak Kecil Biosphere Reserve. There are still a few patches of forest also remaining outside the core area of the Biosphere Reserve. The Biosphere Reserve is facing pressure from encroachment for oil palm expansion, and lack of monitoring and patrolling.

## Case Study

More than 90 percent of the village territory is covered by peat which makes restoration and conservation for the village more urgent.

BRG listed Sungai Linau as a priority village for restoration in 2016 along with the surrounding villages such as Bandar Jaya, Tanjung Damai and Sumber Jaya.

These villages are categorised as one peat hydrological unit.

## SUNGAI LINAU AND SURROUNDING VILLAGES

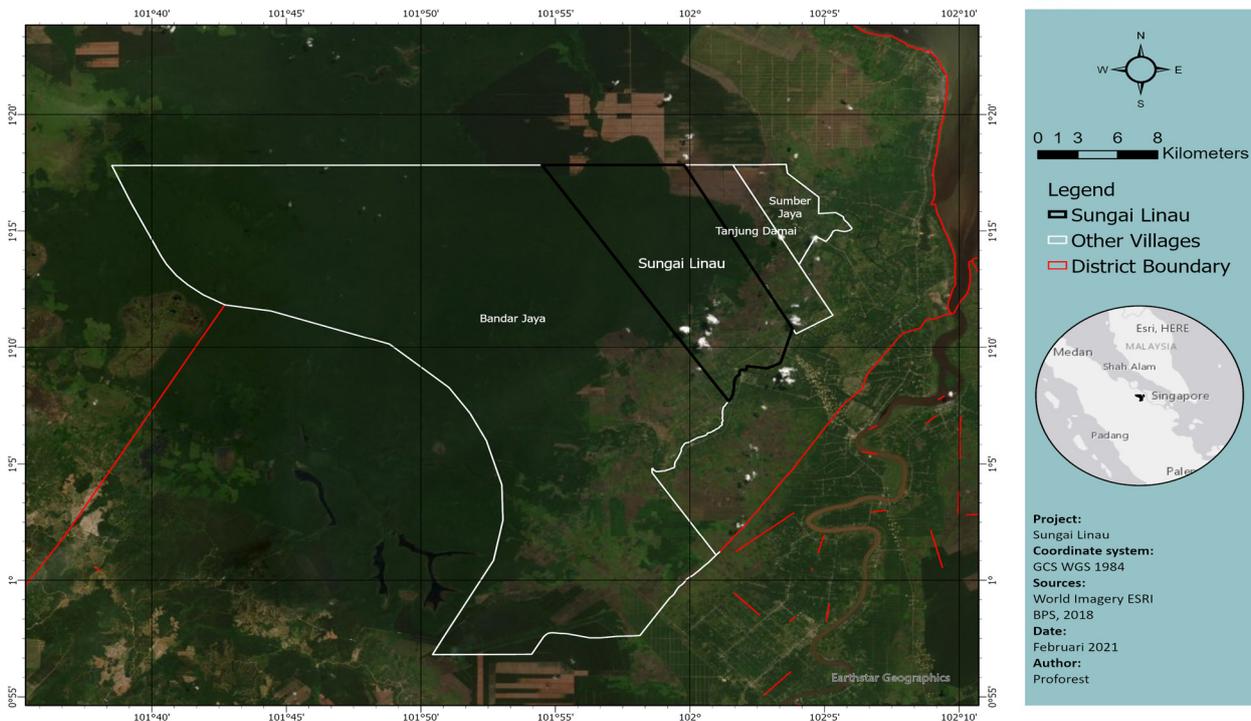


Image 1. Location map of Sungai Linau Village and its neighboring villages  
Credit - Proforest

## Company initiative vs government priority: alignment process

### Why companies undertake HCV-HCS for smallholders

From the perspective of private sector agricultural commodity operations, HCV or High Conservation Value and HCS or High Carbon Stock, are tools to ensure that biodiversity, forest, and nature-based community needs are maintained and enhanced in an agricultural development area. These tools also ensure that consent to the operations are given by any local community or indigenous peoples whose area is within and surrounded by the operation area. These tools are required by certification schemes, for example RSPO, for claiming certified palm oil for a company's operations. However, a company might receive fresh fruit bunches from various sources such as its own operation/plantation, plasma schemes, other cooperation with communities (e.g. Kredit Koperasi

Primer Kepada Anggota (KKPA)), or even independent smallholders. When a company's own operations/plantations, plasma schemes or other cooperation with communities get direct assistance from the company, independent smallholders are often sidelined.

Companies have made commitments to ensuring their operations are sustainable; this means that all their suppliers must also implement sustainable methods. Currently, the HCV-HCS approach is designed to be implemented at a concession scale to enable companies to identify HCS forest and HCV areas to protect, and non-HCV or HCS forest areas available for development. This model is impractical for smallholders who do not have the capacity to do

HCV-HCS assessments on a plot by plot basis, and where the burden of HCV-HCS management may be unevenly distributed across a group, and so HCSA and HCVRN have started adapting and piloting their tools for independent smallholders.

In 2017 Cargill and Musim Mas, supported by Proforest, led a novel HCV-HCS assessment pilot to test practically how to adapt these tools for independent smallholders. Desktop reviews and a scoping visit were conducted to identify 2-3 potential focal landscapes where Musim Mas or Cargill supplier mills are located. This was done by reviewing existing mill verification reports conducted in 2016/17 by Proforest, Daemeter or Rainforest Alliance. GIS mapping was used, as well as consultation of additional reports and references and visiting the pre-identified 'focal landscapes' for the pilot. A number of key parameters, such as the presence of forested areas, peat, and recent deforestation trends were analysed using remote sensing. Indicative maps were produced overlaying potential HCS forest and HCVs with mills in Cargill and Musim Mas' supply bases.

Three villages (Sadar Jaya, Bandar Jaya, and Sungai Linau) were identified based on the presence of forest village territory; clearly defined boundaries; support from village members for collaboration; current collaboration with third parties; smallholder composition; bordering biosphere reserve; ease of access to the village and supplying FFBs to TKWL. From the three villages that were visited, Sungai Linau was chosen because it met the criteria and clear boundaries have been recognised by neighbouring villages.

### **Alignment as the way forward: a stepwise approach**

As part of the process of running the initiative in Sungai Linau, Proforest has been implementing a stepwise approach. This stepwise approach includes identifying and leveraging existing initiatives, defining common goals and approaches, and planning the intervention. This approach helps to decide where to start and how to engage with the existing landscape initiatives.

#### **1. Identifying and leveraging the existing initiatives**

It is important to identify and leverage the existing initiatives after deciding on the priority landscape area. This step will help effective engagement as it

targets the supply base area to ensure the goals are met, whilst supporting the existing initiatives. After understanding the potential risk that production does not meet their responsible sourcing commitments, Cargill and Musim Mas, with Proforest's assistance, decided to run a trial of HCV-HCS for smallholders in Sungai Linau as the priority landscape. Simultaneously, BRG had an ongoing initiative to restore and conserve forest and peat in the same area. As Proforest considered that these two initiatives would complement each other, Proforest on behalf of Cargill and Musim Mas approached BRG to suggest collaboration between the initiatives.

#### **2. Defining common goals and approaches**

Proforest's intervention planning and BRG's initiative shared a similar goal of enhancing ecosystem functioning and improving livelihoods within the landscape. The communication led to an agreement of cooperation between Proforest and BRG in 2018 for further interventions to conduct a full assessment of HCV-HCS for smallholders and to support BRG in their Peat Care Village (Desa Peduli Gambut) programme. Implementation plans between BRG and Proforest were built together to ensure that conservation and restoration work was also supported by and aligned with livelihood and socio-economic priorities of village members. It is essential that common goals were shared while building on existing initiatives. This will help us to understand the perspectives, motivations, and expectations of each stakeholder on existing initiatives to ensure that the initiative will be sustained and that activities are co-designed and led by local community members.

#### **3. Planning and intervention**

It is critical to jointly discuss the planning and intervention between stakeholders. This is an important discussion to understand responsibilities, clarify expectations, and agree timelines between stakeholders while building on existing initiatives. After the agreement, Proforest, in consultation with Cargill and Musim Mas, developed a workplan in discussion with BRG. The discussion was conducted to ensure that all stakeholders have the same understanding of what will be done in the field, and how the new initiative can complement the existing initiative.

## Lessons Learned

### Box 1

Starting in early 2019, Proforest in collaboration with BRG started organising a series of sustainability training courses for the village facilitators assigned by BRG and other partners including Kemitraan in Riau Province. BRG saw the training courses as part of their exit strategy to increase the competency of the facilitators in the sustainability field since BRG is an ad-hoc organisation and may not be able to prolong their contract with the facilitators once the organisation's term ends.

The training courses were conducted throughout 2019 and 2020 focusing on High Conservation Values, High Carbon Stock, gender issues, Social Impact Assessments, and Free, Prior, & Informed Consent. Through receiving this training together, there was a growing understanding within the participants that the facilitators needed to unite under a platform to increase their role in sustainability in Riau Province. The platform is to have several objectives including serving as an information exchange platform for both local facilitators and national level practitioners in sustainability and landscape issues, as a platform to gain understanding on landscape level initiatives and multi-stakeholder roles, to further increase the competency and experience of the village facilitators in the topics trained by Proforest, and to serve as pool of resources should the need for practitioners arise in future projects and programmes by both local and national stakeholders.

On 10 November 2020, a network/association of village facilitators in Riau Province called Perkumpulan Prahu (Praktisi Rumah Hijau) was established. Proforest supported the association in its inception and legal registration under the Production Landscape Programme, funded by UK Aid through the Foreign Commonwealth & Development Office's Forest Governance, Markets and Climate (FGMC) Programme.

### Benefitting from the alignment of corporate and government initiatives

The alignment between corporate (Musim Mas & Cargill) and government (BRG) initiatives was reflected through the incorporation of the HCV-HCS assessment for smallholders within the expanded work of the Peat Care Village programme. BRG has set up three phases for the Peat Care Village programme. The first phase in Sungai Linau Village was completed in 2017. Support from the companies has allowed for the continuation of the programme into the second and third phases through the deployment of two village facilitators. Further information about the village facilitators can be found in Box 1.

In addition to Sungai Linau, three neighbouring villages (Tanjung Damai, Bandar Jaya and Sumber Jaya) are also included since they are part of the priority villages for peat restoration. This expansion should also be seen as part of the alignment process, since it was formally requested by BRG who aims to meet the coverage target for the Peat Care Village programme by 2020. The activities set for these three villages are slightly different to Sungai Linau and will start with Phase 1 because there have been no previous interventions there.

The trial of HCV-HCS assessments for smallholders in Sungai Linau Village was the first ever exercise in the village, and therefore the team involved was very enthusiastic to learn about the process and outcomes. As resources and capacity from the smallholders were quite limited, there have been some modifications or adjustments made from the typical assessment process. These include simplified methods in assessing the classifications of forests, by using Forest Integrity Assessment (FIA) and basal area sampling. The outcomes of the assessment were co-developed with community members into suggested land use plans, and a workplan for management and monitoring was developed through a consultative process with the relevant stakeholders such as the village apparatus and the farmers.

To ensure that the plan could be effectively implemented, and in turn that the environment could be protected while livelihoods are being improved, village facilitators together with the local champions have tried to incorporate the plans into the village development planning process. This is the most strategic way to obtain local commitment and funding resources for moving the agenda forward.

Some key lessons drawn from the alignment of this company initiative with the government programme on peat restoration in Sungai Linau can be outlined as follows:

**Alignment of multi-faceted objectives increases the level of commitment and support from stakeholders.**

During the scoping work, it was identified that BRG had implemented the Peat Care Village – Phase 1 programme in 2017. To better understand, and eventually align with what has been undertaken through BRG’s previous work in the village, Proforest reached out to BRG. This outreach with BRG aimed to align the aims of BRG with the traceability objectives of the companies. This led to the discussion of a potential partnership and resulted in the signing of the Agreement of Cooperation between BRG and Proforest in late 2018. BRG continues to provide a technical steer and administrative support to ensure smooth implementation on the ground, especially when it intersects with other administrations at sub-national level. The partnership has been fruitful and mutually beneficial for both parties, as we ensured and proved that the incorporation of the HCV-HCS assessment within a DPG framework could bring wider impacts.

**A participatory approach is a must for ground-level, at-scale work.**

There were mixed perceptions from the community when the team undertook the scoping work. This could be understood since there had previously been examples of external outreach that eventually did not result in anything concrete. Suspicion emerges when people come to the village and start asking questions about the number of households or location of the farms and forests. It is therefore very important to clarify the intent of the engagement, and more importantly, the objectives of the proposed intervention. And all of these could only be properly realised through a participatory or consultative approach. This process is not a one-shot exercise – it requires a continuous engagement process which was supported by having two village facilitators based in the village full time. This allowed engagement throughout the intervention cycle e.g. during planning, implementation, monitoring and reporting. As a concrete example, and to implement a gender sensitive approach, during the identification of HCV5 on livelihoods, a standalone focus group discussion (FGD) with a womens group was undertaken, to ensure that womens voices were represented.



Image 2. Explaining the process to ensure understanding regarding the proposed intervention and buy-in from local stakeholders



Image 3. The signing of the Agreement of Cooperation between BRG and Proforest in Jakarta, December 2018  
Credit - Proforest

**A simplified HCV-HCS assessment for smallholders is feasible and would strengthen local capacity to manage their own natural resources.**

From this case study, it is shown that through transfer of knowledge and capacity building, smallholders can play a greater role in assessing their natural resources and making decisions on how to best to manage their lands. Consensus can be established after seeing the bigger picture, to which they often do not have access. The HCV-HCS assessment has allowed farmers to get exposed to a broader spectrum of conservation principles.

Through the Forest Integrity Assessment and basal area sampling some complex elements of the HCSA methodology could be adapted without compromising the robustness of the approach. From the buying company’s perspective, a simplified HCV-HCS methodology will help them ensure that their supply chain remains compliant with sustainability requirements and could be more cost-effective—particularly for mid-scale mills and refiners.

**What could be done differently?**

Some important lessons from this pilot HCV-HCS assessment for smallholders have been fed back to HCSA and HCVRN. These are that 1. The methodology should place greater emphasis on participatory assessment and capacity building with community members and farmers, with support from external facilitators, 2. This support should be comprehensive through the process and where possible minimise time between assessment and implementation. Seamless transition would minimise anxiety within the communities, so that the proposed conservation and land use plan could eventually be realised. Risks or threats around encroachment, poor agricultural practices, and opening peatland for cultivation could be further avoided, 3. The technical requirements should be simplified as much as possible to reduce complexity by using pre-developed, indicative maps and replacing costly field surveys with simplified field tools for farmers and community members. Ultimately, if the approach is to be scalable then it will be vital to simplify the technical requirements & cost, and focus on local ownership and implementation by communities.

## The way forward

### Harnessing buy-in from stakeholders: finding the common ground

Financial support from supply chain companies can help with initial assessment and engagement, but the challenge lays on how to identify and secure more sustained sources of funding. The village development budget (APBDes) has also been targeted, by ensuring that the elements of conservation and land use plans are covered within the village development work plan (RKPDs). Finding the right balance amongst varied interests is the key challenge. And the village facilitators play a strategic role in facilitating and synthesising the shared vision towards a sustainable landscape.

Initial discussions are underway with supply chain companies and other partners about a next phase of support for Sungai Linau and surrounding villages to finalise and implement management and monitoring plans across the landscape.

### Village forest as an option for better land use: a potential area for support by companies

There are five schemes under the social forestry programme, a national agenda launched by the President in 2016 and implemented by the Ministry of Environment and Forestry (MoEF). According to

its definition (MoEF ministerial decree 83/2016), social forestry is a sustainable management system implemented in state forests or forest rights concessions/ customary forests, undertaken by local communities or legal customary communities as the main stakeholders, in order to increase their prosperity, ensure environmental balance and social cultural dynamics, in the form of Village Forest, Community Managed Forest, Community Plantation Forest, Community Forest, Customary Forest and Forestry Partnership.

One of the schemes, the village forest (hutan desa), refers to state forest which is managed by a village board to improve the wellbeing of the community. This option has been explored and later been identified by the villagers in Sungai Linau as the preferred scheme to manage their forests. A local NGO, Yayasan Mitra Insani (YMI), facilitated the application process to MoEF starting late 2017. However, it is not a straightforward process, as this involves a series of reviews and technical verification by the ministry, which was achieved in late 2020. The community is optimistic that this option will provide them with legitimate access and rights to the forest resources.

Having a management right under social forestry, including the village forest, would enable the community to access finance and partnership



Image 4. The village development planning process has also been fed by the outcomes from the field assessment.

opportunities. There are many initiatives or projects that focus on the conservation and livelihoods agenda, and they require the possession of such management rights from the state i.e. MoEF to ensure clarity on claims. A village forest, for example, would qualify to become the project site for the Remediation and Compensation Procedure (RaCP) of RSPO. One concrete example is Nanga Lauk Village in Kapuas Hulu District, West Kalimantan, in which Cargill implements its RaCP project for the duration of 25 years through the Sustainable Commodities Conservation Mechanism (SCCM) run by Lestari Capital. The respective village forest in Nanga Lauk is home to endangered species, including orangutans, and a highly biodiverse wetland. To give a comparison, Sungai Linau hosts sun bears,

gibbons and flatheaded cats and there are known to be Sumatran tigers and elephants in the connected Biosphere Reserve. Sungai Linau also lies on peatland (95% of the total area). Everyone would agree that it is very important to protect the biodiversity and at the same time improve the livelihoods of the people of Sungai Linau. And in a broader context, provision of company support towards promotion of the village forests could serve as sensible option, as well as low hanging fruit, to both companies and government, given that social forestry is one of the prominent agendas of the Ministry of Environment and Forestry.

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