

# Lessons Learned Between Village Community Riding With PT Bumi Mekar Hijau

## BACKGROUND

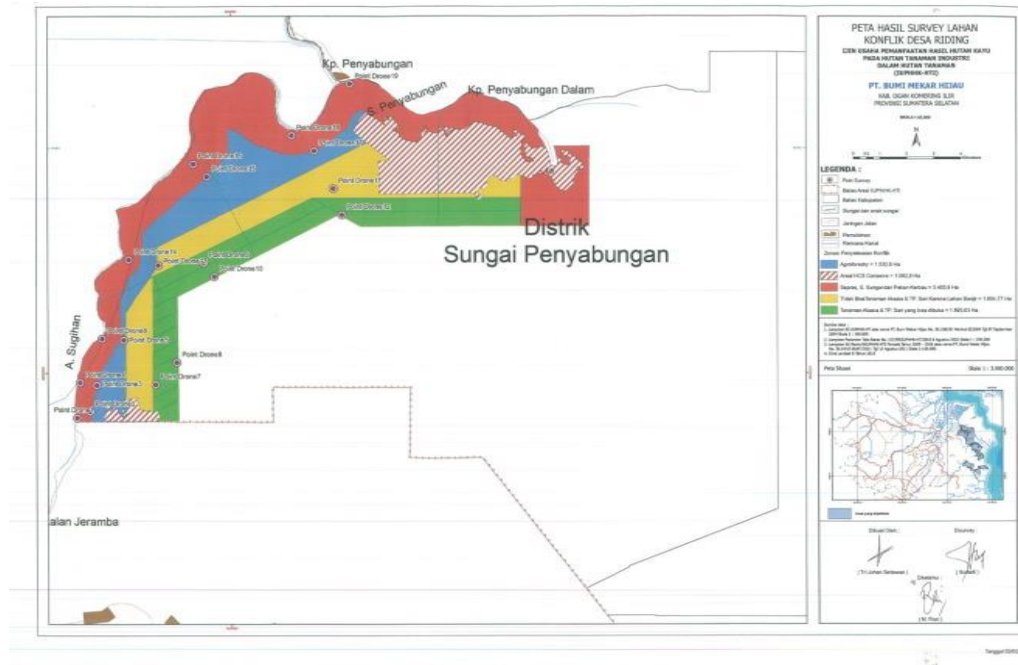
The forestry sector has contributed a lot to the Indonesian economy. Since the early 1970s, investments to utilize production forests and the development of wood processing industries have proven to be able to increase national economic growth. Industrial plantations are developed in order to meet future fiber and energy needs. Degraded and unproductive production forest, covering an area of 10 million hectares has been converted into forest plantations (APHI, 2014). The results of an analysis by Forest Watch Indonesia concluded that from the total 10 million hectares, only 5.7 million hectares had been utilized (CIFOR , 2014). One of the factors causing this non-optimal achievement is the overlapping of land ownership claims by local communities.

PT. Bumi Mekar Hijau (PT. BMH) is a wood supplier to Asia Pulp & Paper (APP) Sinar Mas located in Ogan Komering Ilir (OKI) district, South Sumatra province. PT BMH operates based on the Decree of the Minister of Forestry of the Republic of Indonesia Number 417/Menhut-II/2004 dated October 19, 2004.

When the company was about to start its operations in 2005, the people of Riding village stopped operational activities and did various other disturbances. This community action has attracted wide attention from various parties, including NGOs, the OKI district government and the South Sumatra provincial government, as well as the legislature. The reason that underlies the community to take this action is the claim to "sonor land" and the fear that some people will lose their source of livelihood from fishing in rivers and swamps that are located inside the concession.

During the dispute that lasted for more than 10 years, both the company and the community suffered losses, where the community was unable to manage the land that had been claimed as a source of livelihood while the company's operations were disrupted.

Since the announcement of the Forest Conservation Policy (FCP) on 5 February 2013, APP is committed to implementing the principles of Free Prior Informed Consent (FPIC), and Responsible Conflict Resolution, as a form of respect to the rights of local communities. Based on the FCP, PT BMH committed to resolving dispute that occurred based on applicable procedures responsibly



Map of Objects of Conflict and Forestry Partnership

## THE PARTIES INVOLVED

The parties involved in the conflict resolution are the Riding village community, PT Bumi Mekar Hijau, APP Sinar Mas, OKI Regency Government, South Sumatra Provincial Government, and the Ministry of Environment, Life and forestry of the Republic of Indonesia. The resolution process was mediated by Impartial Mediator Network (IMN) and Wahana Bumi Hijau (WBH) – a local NGO. The roles carried out by these parties have been regulated and mutually agreed upon as stated in the mediation protocol.

## DISPUTE RESOLUTION PROCESS

Efforts to resolve this dispute, that have lasted more than 10 years, can be divided into 3 (three) periods, namely:

### 1. Pre-Forest Conservation Policy Period

PT BMH started its operational activities in 2005 which began with socialization to the village community around the concession through the village government. However, the company faced rejection from the Riding village community based on the Riding Village Head's Letter No. 29/ KD-RD /II/2005 concerning Termination of Work. The reason cited for this rejection is because there has not been socialization to the village government and the community. This refusal continued with a demonstration on March 8, 2005 which included destruction of camps and equipment; looting fuel and logistics; as well as disturbing and stopping of operational activities.

On March 12, 2005, together with the OKI Regional Government and the OKI Regency Legislatives, PT BMH conducted socialization to community leaders, village administrations, and the Village

Consultative Body. Despite that, the community still rejected the company operation. In a follow-up meeting between PT BMH and the Riding village community at the sub-district office on 15 March 2005, the community made several demands, such as the establishing area boundaries, the right for the community to manage 30,000-hectare land, jobs in the plantation for the local communities - all of which must be completed within 2 months. The results of the meeting were submitted to the OKI Regent with a copy to the OKI Legislatives. A series of actions continued to be carried out by the Riding village community together with the Riding village head with the aim of stopping PT BMH's operational activities.

On December 3, 2005, the Governor of South Sumatra issued a letter No. 522.11/4696/HUT/2005 concerning the "occupation of IUPHHK-HT land", addressed to the Regent of OKI. This was followed up by the OKI Regent by issuing letter No. 0024/I/2006 concerning "the Regency Team's Schedule to conduct a direct inspection of the HTI location contested by the Riding village community". Despite the findings from the field visit by the OKI District Forestry Service and a letter from the head of the hamlet on January 12, 2006 that stated that 90% of the Riding village community had been employed at PT BMH, there were still rejection by the community of the company's operation in the area.

Various efforts to resolve conflicts had been initiated by PT BMH, including meetings and discussions involving relevant parties, such as the South Sumatra Provincial Government, the Ogan Komiring Iilir Regency Government, the District Government, the village government, the village authority as well as the community. The Regional Secretary of the OKI Regency Government, who chaired a meeting between the Riding village community and PT BMH, stated that the community's demands could not be met and PT BMH could carry out its activities based on the Work Plan that had been previously approved. Despite that, PT BMH still had difficulty carrying out its work plan as the community continued to take action against it.

## **2. Post Forest Conservation Policy**

On 5 February 2013, APP announced its Forest Conservation Policy (FCP), in which one of its commitments is to apply the principles of Responsible Conflict resolution. Since the announcement of the policy, PT BMH has implemented standard conflict resolution procedures so that conflicts that have occurred with the Riding village community can be resolved responsibly and supported by the all relevant parties.

Dispute resolution between the Riding village community and PT. BMH was carried out collaboratively, where the parties synergized to resolve conflicts. In the pre-mediation on 12 July 2013, the Riding village community and PT BMH agreed to make a joint statement to resolve land dispute through an open, concrete and effective dialogue process. In addition, both parties agreed to appoint Wahana Bumi Hijau and Imparsial Mediator Networking as mediators during the negotiation process.

- a. **Mediation I (2 October 2013)**, took place at Wisma Grand Kemala. The community representatives stated their expectations: PT BMH to develop a rubber plantation covering an area of 5,000 hectares located in the production forest area; community to receive profit sharing from plantation area of 5,000 hectares; community to receive compensation for forest plantation that had been developed by PT BMH; the community to be prioritized for labor and

subcontracting opportunities. On the requested rubber plantation, PT BMH stated that a land suitability/feasibility test had to be done first to ensure that the rubber plantation would be able to provide benefits to the community.

- b. **Mediation II** (21 November 2013), the Riding village community and PT. BMH agreed on the object of the conflict, which is a land of  $\pm 10,000$  hectares. The parties agreed to conduct a field survey.
- c. **Field Visit** (16 December 2013) to the Sembawa Research Institute in Banyuasin Regency, South Sumatra to seek information on the suitability of rubber plantations on peatlands.
- d. **Mediation III** (20 June 2014) took place at the Grand Duta Hotel Palembang. The negotiation team from the community side was reshuffled because some of the members has passed away or resigned, and their representation was not in a quorum. As a result, the agreed mediation schedule was canceled.
- e. **Mediation IV** (26 November 2014) took place at the Grand Duta Hotel Palembang, the Riding village community and PT BMH agreed on the results of spatial delineation over the dispute object covering an area of  $\pm 10,000$  hectares, which was divided into two zones:
  - (1) zone 1, an area of 4,390 hectares will not be developed into plantation by PT BMH.
  - (2) zone 2 covering an area of  $\pm 5,610$  Ha, would be jointly managed by PT BMH and the community, with the following spatial designation :  $\pm 3,500$  Ha as an acacia partnership area;  $\pm 1,500$  Ha as an agroforestry area; and  $\pm 610$  Ha for infrastructure for drainage system.

### 3. Forestry Partnership between PT. Bumi Mekar Hijau and Riding Village Community

In the Minister of Forestry and the Environment Regulation Number 83 year 2016 concerning Social Forestry, it is stated that Social Forestry is divided into 2 (two) schemes:

- a. Licensing scheme, which is the scheme for granting permits by the Ministry of Environment and Forestry for the utilization of forest areas as Community Forest Plantation (HTR), Village Forests (HD), and Community Forests (HKm).
- b. Recognition and protection scheme, which is the scheme for granting recognition and protection by the Ministry of Environment and Forestry for the Partnership for Forestry and Customary Forests (HA).

As stated in Article 40 point (1) of the regulation, permit holders and managers are required to implement forestry partnerships. Areas that can be used as locations for forestry partnerships includes conflict areas and area with potential for conflict between managers or permit holders and the local communities (article 43 point (1)). Therefore, in supporting the Social Forestry program, PT. Bumi Mekar Hijau encouraged forestry partnership scheme as the outcome of this conflict resolution.

On April 21, 2017, PT. Bumi Mekar Hijau and the Riding village community signed the Forestry Partnership Cooperation Agreement (NKK). The document contained a work plan, and the distribution of rights and obligations of the parties in the forestry partnership. At the signing ceremony, the Director General of Social Forestry and Environmental Partnerships (PSKL) attended as

witness and issued Decree No. SK.2311/Menlhk-PSKL/PKPS/PSL.0/4/2017 on Recognition and Protection of Forestry Partnerships.

## **SUPPORTING FACTORS**

Despite the length of the dispute resolution process, the most important thing is that an agreement can be reached with the parties. Various factors contributed to this achievement, including:

1. Commitment of the parties to end and resolve the dispute,
2. The awareness of the parties that a long and continuous conflict basically did not benefit anyone and only create frustration and emotion, as well as disharmony,
3. The national political situation and the state's commitment to be present in the dispute resolution process, particularly those with potential to interfere with national interests,
4. The emergence of new policies and regulations that serve as guidelines for the parties in dispute resolution efforts,
5. Third party support in guarding, facilitating, and supporting the mediation process.

## **LEARNING**

Some lessons that could be learned from this very long dispute resolution effort include:

1. **Equal perception of the parties on the conflict.** In dispute resolution, achieving a relatively equal perception and good understanding of the dispute is an key for the basis for seeking the best resolution by the parties.
2. **Representation of the parties.** In disputes that involve large community, it is important that a selection process is carried out to determine the best representatives. Representatives who are selected through a good process have the potential to bring broad support and public trust, as well as creating spaces for communication process.
3. **Information and Communication.** Information that is well understood and based on field facts is required to enable thinking and acting proportionally and professionally. A clear and credible information is also needed to minimize the occurrence of bias in understanding towards the parties.
4. **Community interests and group interests.** The effort should be based on the honest interests of the wider community, which should be put in a way that is easily understood to be able to reach the best solution. If the effort by community is loaded by specific group interests, then efforts to find a way out tend to be stuck and difficult to find a way out, and even potentially fail.
5. **Critical awareness.** Dispute oftentime occur due to different understandings. Thus, dispute resolution process basically requires critical awareness from the parties to consciously and independently seek the best options and not force each other's will.