

HIGH CARBON STOCK APPROACH

HCSA PEER REVIEW REPORT

Company Name: KLK

HCS Assessment Area: Plasma PT. Karya Makmur Abadi (KMA)

Date Published: 3 May 2019

Background information:

- a) Did a Registered Practitioner Organisation lead the HCS assessment? If not, has the organisation which led the assessment started the process of registration?**

Yes, Remark Asia is a Registered Practitioner Organisation listed on the [HCSA website](#).

- b) Was the HCS Team Leader a Registered Practitioner?**

Yes, Cecep Saepulloh is a Registered Practitioner of Remark Asia.

- c) Were at least 2 HCS team members Registered Practitioners?**

Cecep Saepulloh is a Registered Practitioner and Adi Wijoyo as GIS and remote sensing analyst.

- d) Was the HCV assessment judged 'satisfactory' (highest rating) by the HCV Resource Network (HCVRN) Assessor Licensing Scheme (ALS)? (See <https://www.hcvnetwork.org/als/public-summaries>).**

Yes, the HCV report was judged Satisfactory by HCVRN ALS as of 3 January 2019.

Questions for peer reviewers

(Peer Review Panel: Ihwan Rafina, Asep Y. Firdaus)

1. Peer Review Summary

- 1.1. What are the major findings and recommendations from the peer review?

Finding:

1. Part of the plasma area are still on Forest Area (HPK), it's important to note that according to regulation that this area need license of forest release from Ministry of Forestry (KLHK) in order to fulfill the legal requirement.
2. Minimal information of land tenure, FPIC and engagement process in the report.
3. HCS conservation area definition not represent actual condition and define/limited by community agreement, to notice that there still part of the area that belong as Forest Area that community agreement are not relevant in that area.
4. No clear boundary of PT. KMA (KLK) in the report that can make comprehensive review of the report.

Reviewers Recommendation:

1. Complete information and documentation based on every section recommendation.
2. Revise the vegetation classification and re-do the patch analysis, and consider of additional plot field survey to verify the results.
3. ICLUP and management plan of conservation plan development include broader stakeholder (local government) and inclusion of local business development for community incentive as part of protection of remaining HCS area with timeline and PIC.

Company Responses:

1. The HPK area will be excluded from plantation development area until the process of forest area release has been completed. Now PT KMA is supporting to process forest status (HPK) releasing in Plasma area and convert status to APL.
2. Information of land tenure, FPIC and engagement process in the report have been enriched.
3. The HCV table on the PT KMA HCS report has been adjusted to the HCV report uploaded to the HCVRN website (with satisfactory report status), and the link has been added to the HCV report access.
4. Location map has been updated with PT. KMA refer to the landscape boundary.

Final Reviewers Recommendation:

The company still need to develop a time-bound action plan related to land use of KLK-Plasma. This plan also includes improving the FPIC process, participatory mapping of land ownership, and protection of conservation areas. This action plan is outlined in several programs that will be implemented within a period of 5 years.

Still need clarification of land status wheatear is '**Plasma or Partnership**' scheme.

In addition, reviewer recommend that KLK be more careful in establishing a partnership scheme with Cooperatives. First, make sure that the Cooperative has a goal to run a plantation business in its establishment deed, so that the cooperative has a strong legal basis and also make sure that the land (object of the MOU) has fulfilled the legal aspects within the legal framework of the plantation business, i.e. not inside the Forest area. This is to avoid legal problems in the future.

Need to include the response of PT KMA and Cooperative in this report to show the strong commitment of the company.

1.2. Did the HCS assessment team include or have adequate access to relevant expertise to undertake the HCS assessment?

Finding:

Yes, the team already had relevant expertise to undertake HCS assessment. But need more role information in inventory team.

Reviewers Recommendation:

Completed information for role in inventory team.

Company Responses:

The role in inventory team has been completed in the report.

Final Reviewers Recommendation:

No further recommendation.

- 1.3. What elements of the HCS Approach still need to be completed in order to create a final land use and conservation plan? Are there aspects which you feel need to be re-done?

Finding:

1. Legality for development of the land come from the Bupati (District Government) as part of community cooperation development, while Part of the study area that proposed for development are State Forest Area (HPK) that's need MoEF permit to release the area.
2. Conservation definition area will really depend on community agreement, since its land owned by the cooperation on behalf of the community, as part of protection of HCS this need to be addressed with clarity process with intensive consultation and FPIC involve company, local government, community.
3. Classification of vegetation still need to revise according to actual situations and field verifications.

Reviewers Recommendation:

1. Solve legality issue within the area with consultation with MoF, local government and community, its maybe will take time to resolve depend on the approach. Company need to accommodate community to consult with government and its relations.
2. Re-do vegetation classifications with update and high-resolution imagery or aerial photo and patch analysis process based on participatory mapping with community and field survey.

Company Responses:

1. When the HCS assessment is being done, the Forest status still HPK (Convertible forest area), now the HPK area will be excluded from plantation development area until the process of forest area release has been completed. Now PT KMA is supporting to process forest status (HPK) releasing in Plasma area and convert status to APL.
2. The re-vegetation classification has been done by adjusting to the actual situation and field verification, the image used for the update is sentinel-2 image with a resolution of 10 meters.

Final Reviewers Recommendation:

No further recommendation.

2. Social Issues

General Recommendations:

In general, you may need to know that the plasma area will be on land owned or in the control of individuals. Thus, in the end the land will be registered and will get a certificate of ownership rights. Therefore, the development of oil palm plantations in the plasma area must obtain the approval from the land owner. The agreement is then bound in an agreement between the land owner and the company. Therefore, I did not understand why there was a Bupati Decree regarding Location Permits given to the Cooperatives? Because, location permit will only be issued for investment purposes that will be carried out by a company. Referring to Minister Regulation of Agrarian and Spatial Planning No. 5 Year 2015 juncto (in connection with) No.19 Year 2017 concerning Location Permits, Article 1:

"Location Permit is a permit granted to a company to obtain land needed in the framework of investment which also applies as a permit to transfer rights, and to use the land for the purpose of its investment business."

"A company is an individual or legal entity that has obtained a license to invest in Indonesia in accordance with statutory regulations"

The HCSA summary report written the fact that the location permit issued by the Bupati to be given to the Cooperative. The laws said that The Bupati may issue the location permit only for a company (owned by individual or legal entity) with the purpose of investment. If the cooperatives have no investment purpose, location permit has nothing to be issued. Until this point, I do not know whether these cooperatives were formed as a business entity to carry out investment or only as a forum for plasma farmers who would cooperate with the company (KLK Group).

You must be careful regarding the status of the land that will be used as plasma area. The summary said most of the land is in the forest area. It needs to be requested to be released first before use it. Means that you cannot do anything on the land without approval from the minister of environment and forestry to release the requested forest area.

Company Responses:

According to history of the legal status of land permit (izin lokasi) for each Cooperative, Bupati release the land permit (izin lokasi) to each cooperative by Bupati Decree. Then the cooperative has MOU with PT KMA in partnership to develop the palm oil plantation. The platform of partnership is not fully "Plasma" and "Inti" as government regulation but more to Partnership, because the land permits are hold by cooperatives not by PT KMA.

Final Reviewers Recommendation:

Your answer about "The platform of partnership is not fully "Plasma" and "Inti" as the government regulation but more to Partnership, because the land permits are held by cooperatives not by PT KMA", is still not consistent with the report. The report still mention that the land managed by Cooperatives has status as Plasma of PT. KMA. Please clarify about the status of "plasma or partnership".

In addition, I recommend that your company be more careful in establishing a partnership scheme with Cooperatives. First, make sure that the Cooperative has a goal to run a plantation business in its establishment deed, so that the cooperative has a strong legal basis and also make sure that the land (object of the MOU) has fulfilled the legal aspects within the legal framework of the plantation business, i.e. not inside the Forest area. This is to avoid legal problems in the future.

2.1. Does the summary provided in Section 3.1 adequately represent and explain the community engagement, FPIC processes, and participatory mapping activities carried out?

Finding:

The summary of HCSA report and the supporting documents like FPIC assessment has explained about community engagement, FPIC process and participatory mapping.

Reviewers Recommendation:

It will be very useful if the summary report could be more space to elaborate about community engagement, FPIC process and participatory mapping by refers to the supporting documents. I saw it was very short sentence in the summary report.

Company Responses:

The information about community engagement, FPIC process and participatory mapping have been enriched on the report.

Final Reviewers Recommendation:

No more recommendation.

2.2. Has a tenure study been completed and has it been vetted by independent social experts?

Finding:

A tenure study (land ownership assessment) has been done by Remark Asia as independent institutional and the result has described the ownership of the land in the community. We can refer to the FPIC assessment report done by Remark Asia.

Reviewers Recommendation:

It will be very useful if the summary report could be more space to elaborate about a tenure study (land ownership assessment report).

Company Responses:

A tenure study (land ownership assessment report) information has been enriched on the report.

Final Reviewers Recommendation:

No more recommendation.

2.3. Is there a participatory land use map and does it contain the key components of community land use including the minimum requirement of 0.5 ha per person for future garden areas?

Finding:

The report has provided land use map of the community. However, it does not mention exactly about 0.5 ha minimum per person/farmer for future garden.

Reviewers Recommendation:

It will be very useful if the summary report could be more space to elaborate about the land use map and more detailed information about the average plasma land ownership by each farmer.

Company Responses:

Land use map has been improved.

Final Reviewers Recommendation:

No more recommendation.

- 2.4. Is there a record of consultation with affected communities and FPIC processes on the proposed development, the HCS Approach and issues/concerns they raised? Did the community nominate their own representatives?

Finding:

The report has provided that information (consultation, FPIC, selection of community representatives), it has written in the FPIC assessment report.

Reviewers Recommendation:

It will be very useful if the summary report could be more space to elaborate about consultation process, FPIC assessment and selection of community representatives by referring to the FPIC report.

Company Responses:

Information has been enriched about consultation process, FPIC assessment and selection of community representatives by referring to the FPIC report.

Final Reviewers Recommendation:

No more recommendation.

- 2.5. Were their views addressed and reflected in the plans and implementation of the plantation? Is there specific reference to the customary owners being made aware that they can say no to the development and they have the right to independent legal representation with regard to their agreements before they sign (to meet the 'prior informed' test)?

Finding:

The summary has provided also that information. It is very informative about the views / perspective of the community regarding the development plan of the plasma. However, as we can read from the summary report and supporting document the community / farmers are still confusing and doubting about the realization of the plasma. The community/farmers have not had trust to the cooperative.

Reviewers Recommendation:

This situation must be considered by the company and cooperative before continuing the development of the plasma to avoid a potential problem (social and legal) in the future.

Company Responses:

PT KMA and cooperative management will continue to communicate and socialized the partnership scheme with the member of cooperatives (masyarakat) to solve the misunderstanding communication and distrust to cooperative.

Final Reviewers Recommendation:

Please include the response of PT KMA and Cooperative in this report to show the strong commitment of the company.

2.6. What recommendations do you have for any improvements regarding community consultation and negotiation of Free, Prior and Informed Consent?

Finding:

Some issues need to be considered strongly: certainty of the plasma development realization, community trust to the cooperative and legal status of the plasma land.

Reviewers Recommendation:

Regarding the FPIC result, I very recommend the company must respond the concerns of the community especially regarding the certainty of the plasma development, Cooperative trust building, the legal status of the land of the plasma as it is still in the forest area.

Company Responses:

PT KMA and cooperative management will continue to communicate and socialized the partnership scheme with the member of cooperatives (masyarakat) to solve the misunderstanding communication and distrust to cooperative.

Final Reviewers Recommendation:

Please include the response of PT KMA and Cooperative in this report to show the strong commitment of the company.

3. Ecological and Conservation Values

3.1. Does the summary provided in Section 4.1 of the Summary Report adequately represent the findings of the HCV study?

Finding:

Summary report already represent and describe the HCV report, finding and justifications, threat and management of monitoring and its implementation. Note related to summary report: contradictive result from table and map show in the report (mainly for swamp area as limited only to HCVMA); not clear determination for each boundary of cooperation concession maps.

Reviewers Recommendation:

Revise either map or table of HCV that represent the same/typical value.

Company Responses:

The summary in section 4.1 already represents the findings of the HCV study conducted in the PT KMA area. In section 10.3, renewal of recommendations has been added that can integrate in detail the existing problems, for example working together with other parties to be able to collaborate on monitoring and management of areas that have potential HCV and HCS at PT KMA and surrounding landscape records.

Final Reviewers Recommendation:

No further recommendation.

3.2. If the HCV assessment was not judged satisfactory (highest rating) by the ALS scheme of the HCVRN (as noted in the introductory information from the HCS Secretariat – please see page one of this document), please do a cursory review of the HCV report as it relates to HCVs 1-4. Do you have any general comments on the quality of the site description, the analysis of the landscape and national or regional context, or the methods used to undertake the HCV study? Were the determinations of the absence/presence and extent of HCVs 1-4 well-justified? Are the HCV management and monitoring maps accurate?

Finding:

HCV report was judged Satisfactory by HCVRN ALS as of 3 January 2019.

Reviewers Recommendation:

None.

- 3.3. Please review Section 9.2 of the Summary Report. Was the methodology used for the Pre-RBA and the Rapid Biodiversity Assessments (if any) satisfactory? Did the RBA(s) reveal any significant biodiversity values that should have been captured in either the HCV assessment but were not, or warrant protection?

Finding:

Pre-RBA or RBA in the assessment not define according to patch analysis result and also according of agreement from community consultation that only define the conservation area only located in HCV area, however based on patch analysis process provide by the company, this information that included result from participatory mapping failed to verify by reviewer, since the document files are incomplete.

Reviewers Recommendation:

Company to provide complete dataset of patch analysis (include all relevant information in the table attribute) result and also information from participatory mapping.

Company Responses:

Pre RBA / RBA when the team takes tree inventory data in each plot. Data sets related to participatory mapping (including relevant data) will be collected and re-inputted to SharePoint.

Final Reviewers Recommendation:

No further recommendation.

3.4. Are the forest conservation management and monitoring activities outlined in Section 10.3 adequate? Do they take into account forests and protected areas outside the concession?

Finding:

Company provide 6 main activities without clarity regarding timeline, pic and milestone of each activity, also its not identified that the activity already taken into account of forest and protected area outside the concessions.

Reviewers Recommendation:

Elaboration on more comprehensive forest conservation management and monitoring activity.

Company Responses:

The management and monitoring of conservation of forest areas has been made based on landscape arrangements outside the boundaries of PT KMA, even though the time and timeline of management activities will be made by the PT. KMA.

Final Reviewers Recommendation:

No further recommendation.

4. Image Analysis

4.1. Please review Section 6.1 of the Summary Report. Was the Area of Interest correctly identified?

Finding:

AOI of HCSA study in plasma area not consider of 2 km or wider landscape approach as explains in the toolkit, however the based on landcover analysis result its already consider the landcover outside the plasma area, although not with 2 km buffer (box buffer).

Reviewers Recommendation:

Define and complete the report and landcover analysis base on the recommended AOI as explains in the toolkit (2 km buffer or landscape approach).

Company Responses:

Analysis of land cover has been improved, all maps in section 6 have been buffered 2 km from the concession boundary.

Final Reviewers Recommendation:

No further recommendation.

4.2. Please review Section 6.2 of the Summary Report. Were the images used of adequate quality, including resolution and date?

Finding:

Accessor used Landsat-8 as a basis for landcover analysis from July 2016 date, while the report produced in March 2017. This image is a minimal requirement to do the landcover analysis.

Reviewers Recommendation:

As the report produce almost a year from the initial landcover and the study, it's better to have more updated image with more higher resolutions (Sentinel e.g.), it's also considered that the study area located in plasma/community which is often to have high landcover change.

Company Responses:

The image analysis has been adjusted using sentinel-2 image with the acquisition date of November 1, 2016 (1 year from the assessment limit is done) and minimal image conditions in cloud cover.

Final Reviewers Recommendation:

No further recommendation.

- 4.3. Please do a quality check using the images provided in 6.3. Was the initial vegetation classification done properly? Do the land cover areas in the tables in Section 6 look reasonable? Are there any obvious errors in classification?

Finding:

Company do not provide sample images in the SharePoint, but based on online check with 2016 sentinel imageries provide from public source the landcover classification in the wider landscape found to be missed interpretation, example:



Reviewers Recommendation:

Used better resolution imageries and re-do the classifications.

Company Responses:

Re-classification has been done by adjusting the sentinel-2 image with a resolution of 10 meters to produce land cover information intended as a reference for the HCS inventory survey. Based on the results of the initial classification, the number of plots will be taken in the HCS activities.

Final Reviewers Recommendation:

No further recommendation.

5. Forest Inventory

- 5.1. Please review Sections 7.1 and 7.2 of the Summary Report. Were the sample plots selected, set up, and measured properly? Please check the inventory plot layout for adequacy.

Finding:

Sample plot selected, set up and measured already adequate with HCSA toolkit, with some note to methodology on sampling plot that should be defined as systematic sampling plot.

Reviewers Recommendation:

Elaboration more definition of sampling plot and how the assessor define that the plot already has proportional plot.

Company Responses:

Determination of the number of sample plots in the field is done by stratified sampling with random start method which is obtained from the results of the vegetation class stratification in the assessment area. The number of sampling plots obtained is then distributed proportionally based on land cover area in each type of vegetation class by prioritizing the representation of data in each vegetation class.

Final Reviewers Recommendation:

No further recommendation.

5.2. Please review Section 7.3 of the Summary Report. Was the forest inventory team qualified?

Finding:

Yes, the forest inventory team already qualified to conduct forest inventory activity based on short summary CV. But need to add more information regarding role of each persons (plot measure, navigator etc.), for note CV for Cecep Saepulloh seems to be incorrect (date born).

Reviewers Recommendation:

Revise the section to more correct and comprehensive information.

Company Responses:

The date of birth of the team leader Cecep Saepulloh has been corrected and the role of each team when collecting plot data in the field has been added to the forest inventory team table.

Final Reviewers Recommendation:

No further recommendation.

5.3. Please review Section 7.4 of the Summary Report. Was the allometric chosen adequate?

Finding:

Accessor used Kattering (2001) as a basis for allometric equation, several studies noted that this Equation showed highest level of over estimations of biomass calculation.

Reviewers Recommendation:

As for further consideration reviewer recommend to use allometric equation based on Forda (MoF) research (<https://www.researchgate.net/publication/261252368> Estimation of Forest Biomass for Quantifying CO2 Emissions in Central Kalimantan A comprehensive approach in determining forest carbon emission factors)

Company Responses:

Allometric calculation of biomass used has met the calculation standards and scientifically can be accounted for. The calculation method has passed the previous peer review process so that peer review cannot apply different standards to other assessments.

Final Reviewers Recommendation:

Note for other assessment to consider FORDA allometric equations.

- 5.4. Please review Sections 7.5, 7.6, 7.7 and 7.8 of the Summary Report, and do a cursory review of the forestry data and statistical analysis. Are there any obvious errors in the raw forestry data? Are there any flags where a result does not seem consistent with your rough interpretation of the land cover image? Do the final carbon classes seem accurate given what is known about other forests in the region?

Finding:

7.5 Accessor mention using Katerings et al (2001) and IPCC to estimates biomass calculation and carbon stock calculation, it's could be refined in to more accurate allometric equation, although need more species information.

7.6 Already provide documentation for each stratum (DF, YRF, SC, and OL).

7.7 Report only explain for excel used to calculate of statistical analysis, need more information (raw excel files) for further review.

7.8. No explanation on table show the result of statistical analysis.

Reviewers Recommendation:

Company to provide raw excel files to see comprehensive information and further review.

Company Responses:

7.5 Allometric calculation of biomass used has met the calculation standards and scientifically can be accounted for. The calculation method has passed the previous peer review process so that peer review cannot apply different standards to other assessments.

7.6 the documentation is in accordance with the HCS toolkit.

7.7 Raw data is available and will be uploaded back to SharePoint as review material for statistical analysis calculations.

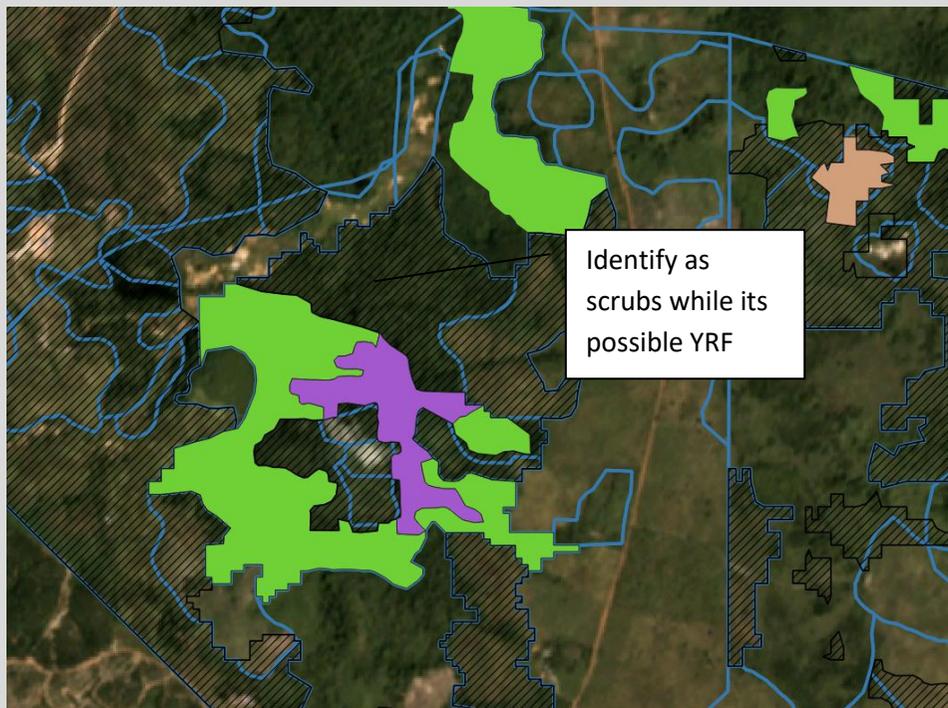
7.8 The results of statistical analysis have been included in summary reports such as variance analysis and Scheffe Pairwise Test Results.

6. Land use planning

- 6.1. Please review Section 8.1 of the Summary Report. Was the initial vegetation classification map adequately calibrated and adjusted to take into account forest inventory results?

Finding:

Accessor made calibrated of the vegetation classes according to forest inventory results, however still there possible miss-interpretation in several area that don't have plot to verify.



Reviewers Recommendation:

Revise the vegetation classification based on recent high-resolution images or put an additional plot in the area that missed interpretation. Will affect on patch analysis section and ICLUP process.

Company Responses:

Re-classification has been done referring to sentinel-2 images with a resolution of 10 meters. Patch analysis is also adapted to changes in vegetation class.

Final Reviewers Recommendation:

No further recommendation.

- 6.2. Please review Section 9 of the Summary Report. Was participatory mapping data used in step one to identify community lands that should be enclaved? Were patches merged correctly? Was the core area correctly identified? Was the connectivity analysis done correctly?

Finding:

Company provide results of patch analysis with datasets to analyse, its mention in the report that for conservation area inside the plasma allocated area will consult with the community and agree to only define the conservation area in HCV area. In order to have justification on this term, company need to provide more documentation from consultation and FPIC process in detail for each patch that consider as HCS classes.

Reviewers Recommendation:

More elaboration and information on the consultation and FPIC process complete with note from the meeting, list participant and formal agreement if any, also need to label the id patch on table with id patch on the maps.

Company Responses:

Information on the consultation and FPIC process complete with note from the meeting, list participant has been added to the report.

Final Reviewers Recommendation:

No further recommendation.

- 6.3. Please review Section 9 of the Summary Report, and select a few sample patches to test that the Decision Tree was used correctly. Were the patches correctly identified as High, Medium, or Low Priority? Was the Patch Analysis done according to the HCS Approach Decision Tree?

Finding:

Company provide results of patch analysis with datasets to analyse and done the patch analysis according to the toolkit.

Reviewers Recommendation:

Revise map of patch analysis result with label from ID patch.

Company Responses:

The ID label has been added to the patch analysis map in the summary report.

Final Reviewers Recommendation:

No further recommendation.

- 6.4. Please review Sections 10.1 and 10.2 of the Summary Report. Were the final integrated conservation and land use planning steps completed to maximize the ecological and social viability of the conservation areas (HCV, HCS, peatland, riparian zones, customary forest, etc.)? Were the results of the final ground verification (if any) adequately incorporated into the land use plan and final HCS map?

Finding:

No information from 10.1 section, left a question if the field verification already conducted or not, according to patch analysis section that all allocated conservation area already agrees with community only define within the HCV area. It is important that field verifications along with consultation process take in to account to provide more consideration of defining of conservation/development area and inclusion of other stakeholders in land use plan discussion.

Reviewers Recommendation:

Important that PT. KMA (KLK) group have more responsible approach/engagement with community with development and implementation of community incentive to protect the remaining HCS area (Social forestry programme, alternative business model e.g.), also engagement with broader stakeholder (Government, other company) to promote sustainable landscape in the area.

Company Responses:

HCS and HCV management plan will be involving any stakeholders including community, government to protect the conservation area (HCV and HCS) and promote in the landscape level as also planned in HCV management and monitoring plan.

Final Reviewers Recommendation:

The company still need to develop a time-bound action plan related to land use of KLK-Plasma. This plan also includes improving the FPIC process, participatory mapping of land ownership, and protection of conservation areas. This action plan is outlined in several programs that will be implemented within a period of 5 years.