



2ND SINGAPORE DIALOGUE ON
**SUSTAINABLE
WORLD RESOURCES**

Sustainability: A New Profit Driver?

CONFERENCE HIGHLIGHTS



 SINGAPORE INSTITUTE
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Second Singapore Dialogue on Sustainable World Resources

Sustainability: A New Profit Driver?

Southeast Asia is a major producer of agricultural and forestry goods. The huge influx of large-scale private investments to ASEAN, accompanied by the commodities boom in the 2000s, has created plantation jobs for tens of thousands of residents in the region. But the rapid expansion of the sector has come with trade-offs: deforestation, loss of biodiversity, transboundary haze pollution and land conflicts, among others.

These problems, if unaddressed, are set to grow given the projected increase in global population and their corresponding resource needs. How can we cope with this explosive growth without jeopardising nature, public health and the way of life of some local communities? Is there a compelling business case for sustainable corporate practices? How can traders, financiers and investors play a part in steering resource companies towards responsible growth? Should governments in Asia pursue a more active regulatory role?

To answer these questions, the Singapore Institute of International Affairs (SIIA) hosted the Second Singapore Dialogue on Sustainable World Resources (SDSWR) on 13 May 2015 at The Ritz-Carlton, Millenia Singapore. More than 300 policymakers, corporate players, activists, academics and journalists participated in the daylong conference and roundtable session.

This report aims to capture the key messages from each speaker. We would also like to thank our sponsors Temasek, Olam and City Developments Limited, our patron Lee Foundation, supporting organisation IE Singapore and official broadcaster Channel NewsAsia.

KEYNOTE SPEAKERS:

Dr Vivian Balakrishnan

Minister for the Environment and Water Resources, Singapore

Mr Arief Yuwono

Deputy Minister for Environment Degradation Control and Climate Change, Ministry of Environment and Forestry, Indonesia

His Excellency Mr Stig Traavik

Ambassador to Indonesia, Timor-Leste and ASEAN, Royal Norwegian Embassy, Indonesia



PANELLISTS:

Mr Adrian Suharto

Manager, Sustainability & Public Affairs, Neste Oil Singapore

Mr Agus Purnomo

Managing Director, Sustainability and Strategic Stakeholder Engagement, Golden Agri-Resources

Ms Aida Greenbury

Managing Director, Sustainability, Asia Pulp & Paper Group

Mr Bustar Maitar

Global Head, Indonesia Forest Campaign, Greenpeace International

Datuk Darrel Webber

Secretary-General, Roundtable on Sustainable Palm Oil

Mr David Kiu

Vice President, Communications and Sustainability, Unilever

Mr Dharsono Hartono

Chief Executive Officer, PT. Rimba Makmur Utama

Mr Ian Hay

Head of Sustainable Business (Asia), The Hongkong and Shanghai Banking Corporation

Ms Jeanne Stampe

Asia Finance and Commodities Specialist, WWF International

Mr Jeremy Goon

Chief Sustainability Officer, Wilmar International

Mr John Hartmann

Chief Executive Officer, Cargill Tropical Palm Holdings

Mr Mark Wakeford

Chief Executive Officer and Executive Director, Indofood Agri Resources

Mr Muljadi Tantra

Chief Financial Officer and Deputy Managing Director, Green Forest Product & Technology

Dr Nirarta 'Koni' Samadhi

Country Director, World Resources Institute Indonesia

Mr Stewart Lindsay

Director, Global Corporate Affairs, Bunge

Mr Vincent Choo

Chief Risk Officer, Oversea-Chinese Banking Corporation

Dato' Yeo How

President, Apical Group and AAA Oils and Fats, Royal Golden Eagle

Ms Yeo Lian Sim

Chief Regulatory Officer, Singapore Exchange

Commodities Downturn: *A boon ^{OR} bane* *FOR THE* Environment?

The global commodity market took a hit as we ushered in 2015. Rubber prices dropped to a five-year low. Palm oil prices also came under pressure with slowing demand in the food and fuel sectors.

The price downturn is likely to have dampened investor appetite, slowing down plantation expansion and reducing pressure on land use. But some have also raised concerns that governments of resource-rich countries might be

tempted to scale back environmental safeguards in a bid to boost expansions and maintain export earnings.

Indonesia, a major producer country and commodity exporter in ASEAN, recognises the concerns, and will continue to balance economic growth with the need for environmental protection, said Mr Arief Yuwono, Deputy Minister for Environment Degradation Control and Climate Change from Indonesia's Ministry of Environment and Forestry.



Protecting the environment is very crucial because the damage to environmental quality will affect the sustainability of economic development itself.

– MR ARIEF YUWONO

*Deputy Minister for Environment Degradation Control and Climate Change,
Ministry of Environment and Forestry, Indonesia*

On 13 May 2015, Indonesian President Joko Widodo also extended a forestry moratorium, first launched in 2009. This would leave some 65 million hectares of primary forests and peatlands off-limits to conversion and exploitation for two more years. Many recognise the merit of the moratorium, one of whom is Mr Mark Wakeford, Chief Executive Officer and Executive Director of Indofood Agri Resources.



MR MARK WAKEFORD
 Chief Executive Officer and
 Executive Director,
 Indofood Agri Resources

“ Let’s look at the size of the new oil palm plantations by listed companies in Indonesia. In 2009, it was 120,000 hectares. In 2014, it was 59,000 hectares, so the rate of new planting has halved... Part of that has to do with the moratorium. This is a clear signal that the rate of growth of the palm plantation business in Indonesia is slowing down quite dramatically, and companies like ours have been doing more in intensifying yield, or increasing the yield per hectare. ”

Falling commodity prices, however, are still likely to have an impact on land use as smallholders tend to expand their cultivated areas to make up for the shortfall in income. As such, it is important for the main plantation groups, which often source from hundreds of smallholders, to educate their suppliers about sustainable production, said Mr Mark Wakeford.

Another big player, Asian Agri, which is part of the Royal Golden Eagle Group, also recognises that it is important to equip smallholders with improved seeds and technology to help them minimise further expansion, said Dato’ Yeo How, who now runs the Apical Group and AAA Oils and Fats, the processing and trading arms of Asian Agri.



DATO’ YEO HOW
 President,
 Apical Group and AAA Oils and Fats,
 Royal Golden Eagle

“ Asian Agri is supplying the smallholders with a new generation of seedlings that can increase yield by 50 per cent. This way, their profits double and there is therefore no incentive for them to clear more land... This is the type of structural change that our industry needs. ”

The transfer of such know-how from big players to smallholders, however, can take place only if there are no existing conflicts over land ownership between them. As such, it is important for countries such as Indonesia to sort out competing land claims through the government-led One Map initiative, said Dr Nirarta ‘Koni’ Samadhi, Country Director of World Resources Institute Indonesia. It is important to help smallholders establish legality as this will motivate more sustainable land management.

“ We try to build a bridge between smallholders and big companies in terms of ensuring clarity, legality and mapping... This is how we have clear and accountable land ownership for every party and with that, we can increase the productivity of smallholders since the private sector already has everything that needs to be handed over to support the smallholders. ”

There is also a need for a paradigm shift with respect to commodity pricing, said Mr Stewart Lindsay, Global Corporate Affairs Director of US-based agribusiness giant Bunge. Commodities have traditionally been priced without factoring in the priceless – the land and ecosystem services that allow for agricultural production in the first place. If there continues to be a lack of mechanism to price natural capital, environmental protection will still play second fiddle to commercial expansion.

“ On one side, the market is saying you should plant that land; on the other side, we are saying you should conserve that land. One option gives you money, the other option gives you nothing... If we want to preserve natural capital and ecosystems around the world, we do have to find a way to price them better. ”



DR NIRARTA 'KONI' SAMADHI
Country Director,
World Resources Institute Indonesia



MR STEWART LINDSAY
Director,
Global Corporate Affairs, Bunge

Sustainable Resource Management: Making it work in *Asia*

Sustainability has been a buzzword in the West but remains relatively new to Asian businesses and consumers. Many companies remain convinced that sustainable production is costly. Some also believe sustainable products will not have sufficient appeal to Asian consumers, many of whom are seen as more price-sensitive and less eco-conscious than their Western counterparts.

However, things may be changing. Based on a 2014 Nielsen survey, 55 per cent of online consumers across 60

countries indicated their willingness to pay more for products offered by companies that are committed to making positive social and environmental impact, said Dr Vivian Balakrishnan, Singapore's Minister for the Environment and Water Resources. This willingness to buy socially responsible brands is highest in the Asia-Pacific (64 per cent), followed by Latin America and Middle East/Africa. Paradoxically, the numbers for North America and Europe are only 42 per cent and 40 per cent, respectively.



There is a significant number of consumers who demand, and are willing to pay more for products and services that are sourced sustainably. I believe that this preference of voting with their feet and their wallets will grow stronger in the years to come. The key point is that we need to reduce the information asymmetry or the information gap between consumers and producers. Therefore, branding, labelling, packaging and marketing are all critical. Industry sectors that are first to develop standards and labels for sustainable products will have a head start.

– DR VIVIAN BALAKRISHNAN

Minister for the Environment and Water Resources, Singapore

One company that has benefited from this awakening in consumer consciousness is Unilever. The consumer goods giant's sustainable living brands have also been its more profitable brands, said Vice President for Communications and Sustainability, Mr David Kiu.



MR DAVID KIU
Vice President, Communications and Sustainability, Unilever

“ The sustainable living brands account last year for more than 50 per cent of our growth. More importantly, they are also more than two percentage points more profitable than the average... This is a tremendous data point for us internally to demonstrate that (sustainability) is driving performance of the business. ”

Another company that recognises the business case for sustainability is Singapore-based Green Forest Product & Technology, which exports wood chips harvested from its mangrove concessions in Indonesia to countries including China and Japan. Since 2012, the company has been aiming for the Forest Stewardship Council (FSC) 100% Forest Management eco-certification, after its Japanese clients voiced concerns about possible environmental impact from mangrove harvesting.



MR MULJADI TANTRA
Chief Financial Officer and Deputy Managing Director, Green Forest Product & Technology

“ Why do we want FSC certification to justify sustainability? Because to us, sustainability is the ability to prove to the world that we can extract value from a particular resource without endangering the value for the future, and that basically requires us to balance economic value as well as the social impact and environmental impact. ”

In May 2015, the company’s exclusive suppliers, PT. Kandelia Alam and PT. Bina Ovivipari Semesta, became the first mangrove forest management enterprise in the world to receive the FSC 100% Forest Management Certification. Mr Tantra also added that he has been promised at least a 5 per cent premium for his FSC-certified products.

While companies would like to be rewarded with price premium for their certified products, they must recognise that in the long run, they are expected to meet sustainability standards even in the absence of incentives, said Mr Adrian Suharto, Sustainability & Public Affairs Manager of Finnish oil refining company Neste Oil, which requires all its suppliers to be members of the Roundtable on Sustainable Palm Oil (RSPO). The RSPO is a multi-stakeholder group set up to promote the production and consumption of certified sustainable palm oil.

“ If we look at the RSPO standard, it’s about transparency, it’s about managing the forests well, and no exploitation of the communities. These are what companies should be doing anyway, and should not be something that we have to pay a premium for... (Instead,) companies that are not achieving those minimum standards should not be given benefits. ”

Asian consumers, particularly those from high-income countries such as Singapore, must play a part for sustainability to eventually take hold in Asia, said Datuk Darrel Webber, Secretary-General of RSPO.

“ Although the impact of unsustainable development of (palm oil) is felt in this region, we have been relying on other parts of the world – the likes of Europe, the US and Australia – to support the purchasing of sustainable palm oil. This has to change. Consumers in this part of the world, the very people who are tremendously affected by unsustainable development of palm oil, should rise up to the challenge and ask for sustainable palm oil. ”



MR ADRIAN SUHARTO
Manager, Sustainability & Public Affairs,
Neste Oil Singapore



DATUK DARREL WEBBER
Secretary-General, RSPO



Sustainability Pledges: *From* Rhetoric *to* Realisation

Previously, many resource companies shied away from sustainability commitments. But this has changed in recent years as activist campaigns grow and public pressure mounts.

In 2011 and 2013 respectively, Golden Agri-Resources (GAR) and Asia Pulp & Paper (APP), both part of the Indonesian conglomerate Sinas Mas Group, rolled out forest conservation policies and pledged to minimise the impact of their business on forests and forest dependent communities.

In 2013, Wilmar announced its No Deforestation, No Peat, No Exploitation policy, while Cargill Tropical Palm Holdings followed suit in 2014. At the United Nations Climate Summit last September, Asian Agri, Cargill, GAR, Wilmar and the Indonesian Chamber of Commerce and Industry (KADIN) went on to sign the landmark Indonesia Palm Oil Pledge (IPOP). Another player, Musim Mas, signed the pact in 2015. This is a significant move as the signatories would, in principle, apply sustainability requirements to all third-party suppliers for their operations around the world.

“ The important element of this collaboration is the use of our Chamber of Commerce (KADIN) in IPOP. KADIN is the big house for all industries in Indonesia... a neutral place for the rest of us to put our cards on the table... We are still hoping that there will be five or six more other companies that can be part of IPOP, so that we can slowly build a sector with sustainable business practices. ”

Besides Mr Agus Purnomo, now Managing Director at GAR, Wilmar’s Chief Sustainability Officer Mr Jeremy Goon also highlighted the significance of IPOP. As a team, the signatories could better engage the Indonesian government to modify its regulatory framework, which is posing a huge challenge to companies that want to implement conservation policies.

“ One simple example: If a plantation company finds out 3,000 hectares of its 10,000-hectare concession is not suitable for planting after the requisite assessments, it is technically and legally not allowed to set the land aside under the current regulatory framework. That’s why IPOP is extremely important. It will help create an enabling environment for companies like ours that want to go down this path of sustainability and successfully implement our policies on the ground. ”

Policies can be watertight. But for rhetoric to turn into action, it is important for companies to engage all their suppliers – including non-compliant ones – rather than eliminating them from the supply chain, Mr John Hartmann, Chief Executive Officer of Cargill Tropical Palm Holdings, said.

“ There are some rogue suppliers out there. What’s important for us is: How can we make them not rogue? How can we engage with them? How can we help them implement (the right policies)? ”



MR AGUS PURNOMO
Managing Director, Sustainability and Strategic Stakeholder Engagement, Golden Agri-Resources



MR JEREMY GOON
Chief Sustainability Officer, Wilmar International



MR JOHN HARTMANN
Chief Executive Officer, Cargill Tropical Palm Holdings

Besides, companies should also share their sustainability progress in a more transparent manner. In 2015, several main plantation groups partnered environmental consultancy group The Forest Trust to launch their respective online dashboards, which offer information on certification progress, supply chain traceability and grievance procedures.



MS AIDA GREENBURY
Managing Director, Sustainability,
Asia Pulp & Paper Group

“ We are the first company to have launched a comprehensive online dashboard to report our sustainability progress... In my experience, transparency and being open about the issues you face take you halfway to finding solutions... We remain the only paper business, to my knowledge, to have invited third parties and so many NGOs to scrutinise our supply chain and business model. ”

Finally, Mr Bustar Maitar from Greenpeace International, the NGO responsible for kickstarting the sustainability journeys of a number of companies, acknowledged and commended their efforts in improving their supply chain management.



MR BUSTAR MAITAR
Global Head, Indonesia Forest
Campaign, Greenpeace International

“ It’s good to see that companies are starting to clean up their supply chains and commit to no deforestation palm oil or no deforestation pulp and paper, no conflict and no peatland destruction. But out there, our forests are still under threat, so it’s very important for us to continue our fight here to protect our forests. ”



Sustainable Financing – Raising the Bar in *ASEAN*

While the sustainability commitments of resource firms and consumer goods brands have been under heavy scrutiny, financial institutions that back their operations and expansions are also increasingly on the watch list of NGOs and institutional investors.

Globally, there is a growing call for banks and investors to factor in environmental, social and governance (ESG) risks as they consider which projects to finance or invest in. In this respect, the International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability have become

a globally recognised standard. About 80 financial institutions have voluntarily adopted the Equator Principles – based on IFC's Performance Standards – while 32 export credit agencies of the Organisation for Economic Co-operation and Development (OECD) have benchmarked private-sector projects against the same standards.

Banks stand to gain if they take ESG assessment seriously because projects with low ESG risks also tend to have lower credit risks, said Mr Vincent Choo, Chief Risk Officer of Oversea-Chinese Banking Corporation (OCBC Bank).



MR VINCENT CHOO
Chief Risk Officer, OCBC Bank

“ We have just started incorporating environmental risk factors into our corporate credit policies. There are cases whereby we actually discourage lending to companies that embark on environmentally damaging projects. In some cases, we prohibit that... It makes good business sense, not just from a reputational risk perspective, but also from a credit risk perspective. ”

However, sustainable financing remains new to most financial institutions in ASEAN. A study by the World Wide Fund for Nature (WWF), titled “Sustainable Finance in Singapore, Indonesia and Malaysia: A Review of Financiers’ ESG Practices, Disclosure Standards and Regulations”, shows that financial institutions in ASEAN have been slow to move on this front. Of the 18 banks analysed, only four disclosed the use of ESG as a tool in their credit processes. Of the 12 domestic investors analysed, only two disclosed their corporate governance policy, said Ms Jeanne Stampe from WWF International, who launched the report at the dialogue.



MS JEANNE STAMPE
Asia Finance and Commodities Specialist, WWF International

“ Regional banks have been slower to act because of lack of senior-level prioritisation, lack of capacity and lack of pressure – from the regulators, from stakeholders, including their own depositors. Their shareholders also tend to be less demanding as many of these banks have large stakes held by governments, local pension funds and families who are either less aware or less willing to act on these issues. ”

Besides the need to raise stakeholder awareness, it is also important for banks to engage each other and work towards raising the sustainability bar collectively, said Mr Ian Hay, HSBC’s Head of Sustainable Business (Asia).



MR IAN HAY
Head of Sustainable Business (Asia), HSBC

“ We have exited a few customers and they have been able to go to other banks that don’t ask as many questions as we do. Ideally we would like to see a level playing field. If we can’t get it completely levelled, it would be nice to get it more levelled. If we could get more local banks or regional banks to implement similar policies, it would be good. But even if everybody has different policies... we can achieve the same objectives. ”

Besides the banks, stock exchanges also increasingly recognise their role in promoting sustainability and transparent corporate governance. The Singapore Exchange, or SGX, aims to push for sustainability reporting on a “comply or explain” basis for listed companies from FY 2017 onwards. Sustainability reporting includes disclosure on the environmental and social aspects of businesses. Such information will complement data on financial performance and help inform investors of the long-term values of the companies.

In this regard, Ms Yeo Lian Sim, Chief Regulatory Officer of SGX, hopes companies can do more than the minimum.

“ We don’t want companies to engage in reporting just because it is a precondition for remaining listed... We’d like them to think about what investors need in order to monitor their investments, to understand the company and to stay invested, because these companies should have an interest in the ‘long-termism’ of their shareholders. ”

There are also other mechanisms for sustainable finance. Indonesian forest conservation firm PT. Rimba Makmur Utama (PT. RMU) currently manages The Katingan Project in Kalimantan. PT. RMU aims to conserve and restore peat swamp forests to reduce carbon emissions and tackle climate change while generating local employment, said its Chief Executive Officer Mr Dharsono Hartono.

“ Our business model is based on carbon credits. The problem with that is there is no market for them now. But I strongly believe there should be value in conserving nature... Carbon credits can be a new asset class... there should be ways to figure out the innovative financing for this. ”



MS YEO LIAN SIM

Chief Regulatory Officer,
Singapore Exchange



MR DHARSONO HARTONO

Chief Executive Officer, PT. Rimba
Makmur Utama



Responsible Investment:

The Norwegian Experience



On sustainability – that is now considered a risk on the same level as the companies not paying taxes and having other practices that are not sustainable.

– **AMBASSADOR STIG TRAAVIK**
*Ambassador to Indonesia,
Timor-Leste and ASEAN,
Royal Norwegian Embassy,
Indonesia*

In terms of sustainable investment, one of the largest and most prominent example is the Norwegian Government Pension Fund. The fund was created in 1990 by the Norwegian parliament to manage the net proceeds from its oil and gas production. The fund initially took a neutral position looking only at the economic considerations when choosing where to invest. However, sustainability has become another key consideration for the fund today.

Ambassador Stig Traavik noted that the fund will continue to move towards environmentally friendly investments in the coming years. New criteria are in place to channel more investment towards clean energy and the other green sectors. He expressed hope that other investors would also adopt similar principles, “The most important (thing) is what the commercial actors do... I hope there will be other large banks, and also smaller fund, that will follow in the same way.” he said.



Changing Times *but* Unchanging Purpose



It is encouraging to see so many financial institutions here keen and interested... and to see companies quite boldly and publicly making pledges to move ahead. These things were not possible five years, or even three years ago. Things are changing.

– ASSOCIATE PROFESSOR
SIMON TAY
Chairman,
Singapore Institute of
International Affairs (SIIA)

The Second Singapore Dialogue on Sustainable World Resources continues to be a platform that features best sustainability practices and promotes cross-sector exchanges. The bigger presence of finance sector delegates at the dialogue is particularly encouraging, as their buy-in is crucial if the finance hub of Singapore also

aspires to be a sustainable city-state.

Against this evolving scene, SIIA Chairman Simon Tay urged all players, from both producing and consuming countries, to place the resource sector on a sustainable path that will benefit both the present and the future.

Haze Roundtable

Eye in the Sky:

Has Satellite Monitoring been Effective?

The haze that blanketed Indonesia, Singapore and parts of Malaysia in June 2013 and early 2014 showed the far-reaching impact of environmental mismanagement in this region. But despite heightened efforts to prevent another severe episode, various regions in ASEAN continue to experience bad air in 2015.

In March, air quality in Indonesia's Riau province breached hazardous levels. Ten provinces in Northern Thailand suffered choking haze. At one point, the Thai authorities had to ban local residents from entering forest zones to prevent more slash-and-burn activities. Singapore's Pollutant Standards Index (PSI) also climbed above the unhealthy mark of 100.

In July, the haze has again returned to the region, shutting

schools and disrupting flights in Indonesia. Malaysia and Brunei were also affected.

Several innovations have been adopted to combat this longstanding issue. For example, satellite and drone technologies are increasingly used to track fire and haze. Several map display platforms have also been developed in the past year, such as the World Resources Institute's (WRI) Global Forest Watch-Fires, the SIIA's Haze Tracker and the Sustainable Palm Oil Transparency Toolkit (SPOTT) by the Zoological Society of London. Some of these platforms allow for the overlaying of thermal hotspots on companies' concession maps, with the aim of encouraging public monitoring as well as more vigorous self-monitoring among plantation owners.



More than 60 participants exchanged their views on these innovations and their effectiveness at the SIIA Haze Roundtable, held under the Chatham House rule. The following examples were discussed:

Global Forest Watch-Fires (GFW-Fires)

WRI's GFW-Fires is an online forest monitoring and fire alert system. Users can receive fire alerts for their customised areas of concern.

Spatial Monitoring and Reporting Tool (SMART)

SMART was initially developed by a consortium of global NGOs to help monitor protected areas, particularly against poaching. This has now extended to the monitoring of palm oil plantations. The system allows companies to monitor and manage threats to their high conservation value (HCV) areas.

Fire Danger Rating System (FDRS)

The FDRS seeks to provide early warnings instead of fire alerts. It operates in Malaysia and Indonesia, and is available for the whole of ASEAN. This system publishes warnings about the risk of fires based on predicted rainfall in the next seven days.

Drones

Camera-equipped drones, or unmanned aerial vehicles (UAVs) are increasingly used as a tool to monitor land use, crop yield, plantation fires and encroachment activities.

On the whole, the effectiveness of these technologies stems from how the collected data are made useful, digestible and accessible to users. A tool should also be accompanied by intensive engagement, where stakeholders can communicate with other relevant players to facilitate action on the ground. Through stronger preventive and remedial measures, fires can be kept under control and severe haze episodes minimised.

Indonesia's One Map crucial for conflict-free development

**BY CHEONG POH KWAN
AND LAU XIN YI**

Published in The Nation and TODAY, June 2015

Indra Pelani was energetic and inquisitive. After planting the fields, he often roamed the village with his camera to record life in Tebo, a district in the resource-rich Indonesian province of Jambi. Sometimes he would capture clashes between the local farming community and the plantation company that acquired the farmers' ancestral land in 2004.

"Indra was a fast learner and a very good investigator," Abdoel Seberang, an activist from environmental NGO Walhi Jambi, told us as Indra's mother Nurhayana walked away, weeping with grief. "Indra was not formally schooled but he learned how to use the GPS and read coordinates to help us with mapping," Abdoel added.

Indra became a victim of his good work some 100 days ago. The 21-year-old was stopped, taunted and struck by seven plainclothes company guards on his way to a rice harvest festival, held within the concession of PT Wira Karya Sakti (WKS), a pulpwood supplier to plantation giant Asia Pulp & Paper (APP). His companion, Nick Karim from Walhi Jambi, fled to seek help. When he returned with more villagers, Indra was gone. The next day, Indra's body was found in a swamp. It was covered with cuts and bruises, his mouth stuffed, his hand and feet bound. He left behind his widowed mother and a younger sister.

The guards have turned themselves in. APP and WKS were quick to suspend operations and offer compensation. A mass prayer ceremony for Indra was conducted on Tuesday, but there remains no closure for his family and friends. Members of Walhi Jambi and the Tebo Farmers' Union believe the assault was triggered by an incriminating picture in Indra's camera - one that

allegedly shows a local officer's involvement in a land grab. Investigations into Indra's murder are ongoing.

The case has sparked international outrage. But Indra is not the only victim of such violence. In 2014 alone, at least 116 environmental and land defenders were killed worldwide, according to international NGO Global Witness. Many more were intimidated, and more deaths have likely gone unreported. Nearly all the killings were triggered by disputes over ownership, control and use of land.

Who owns what?

In Indonesia, land conflict is a longstanding and growing problem, along with deforestation and haze pollution. These are often by-products of rapid expansion of agriculture, forestry and mining, driven by the ever-soaring demand for commodities.

The uncertainty over who owns what is mainly due to the absence of a comprehensive and up-to-date reference map that could accurately account for all land use in the vast archipelago. Up until late last year, different ministries and government agencies were using their own maps to make decisions on land use. Information on the allocation of land-use permits is seldom shared across agencies, making it possible for multiple permits to be legally issued for the same area, creating multiple legal concession holders, upsetting local residents and fuelling conflicts that have sometimes turned deadly.

The lack of coordination between the central government and district governments is even more pronounced. The heads of district governments have enjoyed considerable autonomy in natural-resource management since the authoritarian rule of Suharto gave way to a decentralised power structure in the late 1990s. Some district heads have used the opportunity to maximise revenue by granting permits even within the boundaries of existing concessions, adding to the confusion. The ambiguity creates a convenient excuse for companies to blame one another or the local communities for any environmental violations. Consequently, people who live in the most resource-rich provinces often bear the brunt of the worst haze pollution and associated problems.

Recognising the need to tackle the land tenure chaos, the Indonesian government is implementing its One Map initiative, first conceived under former president

Susilo Bambang Yudhoyono. In late 2014, Indonesia's Geospatial Information Agency rolled out a standard land cover map after consolidating spatial data from 13 government agencies. This is a good start, but the country is still a long way from sorting out its many overlapping concession boundaries and competing land claims.

Mapping an urgent undertaking

A practical step forward for the government is to deploy more resources to map the conflict-prone provinces. For example, World Resources Institute's Indonesia Country Director (WRI) Nirarta "Koni" Samadhi suggests that mapping should begin in Riau, a province long dogged by severe bouts of haze and a host of other issues, including land conflicts.

At the recently held Singapore Dialogue on Sustainable World Resources, a Singapore Institute of International Affairs' (SIIA) flagship forum, Koni appealed to all major companies to release their concession maps. Beyond that, the government must also put boots on the ground to drive the mapping of smallholders' concessions as well as indigenous people and local community's customary land. "This is how we can have a clear and accountable land ownership for every part of the country, and every party involved," he said.

Following the 2013 haze crisis, Singapore tried rallying Asean leaders to agree to the sharing of official land use and concession maps under the joint Haze Monitoring System. There was initial resistance from countries including Indonesia and Malaysia, which cited domestic laws that bar the disclosure of national assets including forest resources.

Asean leaders eventually agreed to the sharing of official maps at the government-to-government level, on a case-by-case basis. But many have since realised the bigger question lies in whether the haze-prone countries have an accurate and comprehensive map to begin with.

One Map is a huge undertaking and is certainly labour-intensive and time-consuming. But the benefits of acting on it with a greater sense of urgency are obvious.

First, accurate concession maps can be fed to satellite monitoring tools such as the WRI's Global Forest Watch-Fire and the SIIA's Haze Tracker. This would give more teeth to domestic laws against illegal logging and

environmental violations, as well as to Singapore's Transboundary Haze Pollution Act.

Second, One Map is also instrumental to the work of other Indonesian government agencies, such as the National Agency for Disaster Management and the new Investment Coordinating Board, a one-stop licence service centre for foreign investors. More importantly, only with One Map can the longstanding conflicts over land ownership between communities, smallholders and large concession holders be better managed, and tragedies like Indra's death avoided in the future.



AUTHORS

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Catch highlights from their field visit to Jambi and the Singapore Dialogue on Sustainable World Resources on **Channel NewsAsia** on **June 30 at 8.30pm**.

Tackling haze: Look beyond words to action taken

**BY SIMON TAY AND
CHEONG POH KWAN**

Published in *The Nation* and *TODAY*, March 2015

The recurring haze from fires in Indonesia has returned, visibly and early, even if not as thickly as in past years. The politics around the issue may also heat up following a recent comment by Indonesia's Vice-President Jusuf Kalla.

The respected political veteran last week chided Malaysia and Singapore for overreacting about the haze, largely a by-product of peat fires in Sumatra and Kalimantan.

"For 11 months, they enjoyed nice air from Indonesia and they never thanked us," he was quoted as saying in Indonesian media. "They have suffered because of the haze for one month and they get upset."

His remarks triggered a predictable torrent of criticism on social media and satire websites.

It was also a flashback to past acrimony on this issue among the neighbours. In 2010, an Indonesian official told the two countries to quit complaining about the fumes and just be grateful for the oxygen from Indonesian forests. In 2013, at the height of the worst haze levels, an Indonesian minister hit out at grumbling Singaporeans for "behaving like children".

While we are against the haze and fires, overreacting to such comments may lead to an unhelpful tit-for-tat war of words.

In addition, we may fail to recognise the positive signs for better environmental protection and resource management that are emerging under the current administration of Indonesian President Joko Widodo.

Mr Kalla's words should be understood in context. The Vice-President was speaking at a ceremony to launch a

national programme for judicial reform in natural resources and environmental management last Tuesday.

While he made that comment most likely in response to a question from the press, his key point was on the need to adapt the country's laws to changing times and public perception, reported Indonesian media such as Kompas and Metro TV.

The Vice-President recalled how Indonesian businessmen were once looked at with pride for being good at exporting the country's forestry products, but are now often seen as public enemies, profiteering from national assets. Similarly, while people used to see black smoke rising from factory chimneys as signs of progress, they now fight to stop the discharge of such health-threatening industrial waste. Such changing expectations should be reflected in new laws, he said.

TAKING ACTION

As Mr Kalla spoke last week, the haze was thick in northern Riau, reaching an alarming level of 300 on the Pollutant Standards Index (PSI) at one point.

Vast swathes of peatlands in Riau have been deforested and drained for plantations by both corporates and smallholders alike. But recognition is growing about the need to stop commercial expansion into virgin peatland. The Indonesian government has stopped such permits.

It has also moved on a new law for the protection and management of peatland, which is often drained for planting and then becomes especially vulnerable to fires and haze. The new law with more stringent criteria for peatland management is expected to start from May.

Commercial interests have lobbied against the new criteria and pushed for lower standards. The final details remain to be seen, but it is nevertheless noteworthy that the government is moving ahead to address a long-standing environmental and public health concern for Indonesians.

The increased attention on this issue is also signalled by Mr Widodo and supported by his Cabinet. The President, a forestry graduate, personally made a high-profile visit to a haze-prone zone in Riau late last year. This followed a petition filed by an ordinary citizen against one of the more controversial concessions in the region.

Notably, the President's Cabinet has fused the ministries of Environment and Forestry to seek to balance and

align their interests for a more sustainable industry. The new minister, Dr Siti Nurbaya, has won praise for her frequent consultations with non-governmental organisations as well as business groups.

She has also launched a standard geospatial map for use across all ministries to increase coordination in the administration of Indonesia's forested areas. For Riau, a new forest and land fire mitigation and prevention action plan has also been launched under her watch.

Her ministry is also closely monitoring lawsuits brought against forest-burning suspects over the past two years. When a state court recently dismissed charges against a firm in Riau's Meranti Islands regency, the minister personally challenged the verdict.

For many long-time observers of the forestry industry, this goes beyond business as usual. The new administration has shown that it is taking charge and is prepared to do things differently.

More needs to be done. The many and often complex concession boundaries across this vast country need to be mapped and this will take time, resources and attention. Pressures are also felt as the land needed for commercial plantations will probably expand, despite the softening of commodity prices. The risks of fires and haze continue.

But steps forward are being made for judicial reform, improved legal enforcement and better monitoring technology. Indonesia is increasingly committed to a resource sector that can be sustainable and good for its own people.

So rather than focusing on words that might fan divisions, look instead at Indonesia's actions that seem to align its interests with those of its neighbours and the global community.



AUTHORS

SIMON TAY and **CHEONG POH KWAN** are, respectively, Chairman and Assistant Director of the Singapore Institute of International Affairs (SIIA). On May 13, the SIIA will host the second Singapore Dialogue on Sustainable World Resources and launch the Haze Tracker (www.hazetracker.org), a one-stop Web portal that offers haze-related information and analyses.



About Singapore Institute of International Affairs (SIIA)

The SIIA is a non-profit, non-governmental organisation dedicated to the research, analysis and discussion of regional and international issues. Founded in 1961, it is Singapore's oldest think tank. In 2013, the institute was ranked as the top think tank in Asia and the Pacific in Global Go To Think Tank Index, compiled by the University of Pennsylvania. The SIIA has organised key dialogues on the subject of transboundary haze since 1997 – when large-scale fires in Kalimantan and Sumatra led to one of the worst haze episodes in Southeast Asia.

In May 2014, the SIIA hosted the First Singapore Dialogue on Sustainable World Resources (SWR), a multi-stakeholder forum that aims to promote exchanges of best practices to deal with haze pollution and other issues of sustainability in the plantation sector. This was followed by a second edition in May 2015, at which the SIIA also launched its Haze Tracker website (www.hazetracker.org).

The event attracted significant media coverage, with broadcasts on the BBC and Channel NewsAsia and over 20 reports in news outlets including Bangkok Post, Bernama, Eco-Business, Jakarta Globe, Lianhe Zaobao, Tempo, The Borneo Post, The Nation, The Straits Times and TODAY.

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