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PT ABT Ecosystem Restoration

ANNUAL REPORT | FY 2019

Bukit Tigapuluh – or “30 Hills” – is the kind of landscape that earned Indonesia the nickname “Emerald of the Equator”: dense jungle canopy, lush rain forests of unbelievable biodiversity and rolling green hills. The forests here offer one of the last refuges to critically endangered Sumatran tigers, elephants and orangutans on an island that is being rapidly deforested.

By virtue of its hilly terrain and remoteness, the Bukit Tigapuluh ecosystem has been less exploited by industrial plantations, encroachers and illegal loggers. That has made it one of the most-forested landscapes remaining in central Sumatra, with close to 325,000 hectares of natural forest and the largest blocks of remaining dry lowland forest on the island. However, deforestation pressures have arrived now and only 42 percent (134,000 hectares) of the landscape – in the most hilly area, undesirable to both industry and wildlife – is under protection as Bukit Tigapuluh National Park.

Using a new Forest Management framework (Ecosystem Restoration Concession) under Indonesian law, PT Alam Bukit Tigapuluh (or the 30 Hills Forest Company) is managing more than 38,000-hectare ecosystem restoration concession in the landscape on behalf of its shareholders: PT Panda Lestari and Yayasan Kehus, who are themselves connected to WWF-Indonesia, Frankfurt Zoological Society and The Orangutan Project. Now in its fourth year of operations, ABT has made significant progress this year in developing a business model that provides revenue streams that we expect to support both the concession operations and income for the local communities residing in and near the concession. ABT’s unusual business model and NGO support

is increasingly attracting the interest and support of stakeholders looking to back forest restoration and forest carbon projects.

Highlights from FY19 include:

- DFID support through Partnerships for Forests (P4F) to assist the development of a business plan and establishment of sustainable business.
- Completion of the mapping of the concession and land-use planning with local communities. This process was a major step towards overcoming communities' prior negative experiences with concession holders and engaging local people in forest restoration and sustainable business opportunities.
- Launching a new task force that brings together 28 entities—government and law enforcement agencies, companies, communities, and NGOs—to collectively protect the larger Bukit Tigapuluh landscape.

STRENGTHENING FOREST PROTECTION

When WWF, FZS and TOP acquired the concession along the border of Bukit Tigapuluh National Park, the two forest blocks had not been actively managed for years. One of the most critical early activities of ABT has been to establish its presence in the landscape, making it clear that the forest is now managed and protected to deter encroachers and illegal loggers.

Note from the CEO

I took on the leadership of PT ABT in August 2018 and am pleased to be leading this ambitious and challenging project.

It is ABT's fourth year in operation and as a not-for-profit company pioneering ecosystem restoration in Indonesia, we continue to break new ground in developing best practices for forest concession management in a challenging political and social environment.

I knew when I took this position that it would be a professional and conservation challenge: an unprecedented effort in a region with one of the world's highest rates of deforestation and little political will in the field to conserve Sumatra's breathtaking biodiversity. Nonetheless, we have forged ahead to create a commercial concession operation and build trust with local communities and neighboring concession holders.

The situation on the ground is complex, but there are signs of significant breakthroughs with local stakeholders and much to celebrate in building public and private partnerships to stitch together an unconventional, challenging, and increasingly hopeful alliance to save this amazing landscape.

PT ABT's chief priorities this year includes developing our business model for long-term success, addressing encroachment within the concession and ensuring zero tolerance for setting forest fires.

I look forward to the year ahead and working with partners, supporters and local stakeholders to secure the future of the people, forests and wildlife of Bukit Tigapuluh.



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Investigating Illegal Activities

WWF and partners have established two new Eyes on the Forest teams to strengthen surveillance and enforcement in the Bukit Tigapuluh region. These forest crime units are responsible for investigating and exposing criminal activity, including arson, illegal logging, and the illegal growing of palm oil within the forest. In early 2017, teams uncovered the most egregious encroachment into the concession to date: a 3,200-acre commercial palm oil plantation. Law enforcement agents seized the plantation's equipment and legal charges are progressing against the owner of the company.



ABT established a brigade to respond to forest fires, which are sometimes deliberately set by encroachers.

Meanwhile, ABT launched two of its own protection efforts: a forest protection team comprises patrol units that combs the concession for encroachers and squad of firefighters on call to respond to forest fires. They have established a guard post along the main road into Block I to prohibit unapproved access to this pristine landscape. The firefighting team has already responded to multiple fires, at least one of which was attributed to arson. The newly formed Bukit Tigapuluh Task Force will bring additional support and law enforcement to forest protection across the whole landscape, benefiting our concession as well as other forests in the area.

FOREST RESTORATION AND WILDLIFE HABITAT CONNECTIVITY

Continuous forest clearing inside and outside concession boundaries has driven more and more wildlife—particularly elephants—into populated areas. Restoring forest cover and connectivity between core areas is important for Sumatran tigers, orangutans, and elephants to move across the landscape while avoiding conflict.

Restoration Efforts

ABT has conducted a participatory land mapping exercise with local communities to distinguish and chart which areas were in use for farming and other activities, which would be set aside as off-limits, and which would be restored to natural forest. The now-completed map represents a major step forward in working with local communities to develop land-use plans and economic opportunities around forest restoration that benefit wildlife and people.

PT ABT has signed an agreement with an important local village, Suo-Suo, committing to provide employment opportunities for villagers, such as honey collection, tree nursery development, reforestation work, and patrolling. In return, villagers will help enforce regulations against persistent illegal logging, poaching, and encroachment, which threaten central Sumatra's only orangutan population. Additionally, a new community-run nursery is being established in Block I.



PT ABT works with local villages to establish and operate tree nurseries, supporting forest restoration and sustainable businesses.

Securing a 10,000-Hectare Wildlife Corridor

Our concession consists of two unconnected blocks of land, each surrounded by national park, communities, and pulpwood and rubber plantations. One of our most significant conservation accomplishments has been securing agreement from the neighboring concession, managed by PT RLU as part of a joint venture between Michelin Tire and Barito-Pacific, to protect 10,000 hectares of its rubber plantation as a Wildlife Conservation Area abutting the Bukit Tigapuluh National Park that will connect the two forest blocks of our concession. The agreement hinged on RLU securing external funding to pay for the restoration of this area, which is severely degraded and encroached due to illegal activity. That funding came through in March 2018 with the issuance of the first-ever sustainability bonds in Asia to help cover the costs.

An “Essential Ecosystem Area” was declared by the Jambi Province Natural Resource Conservation Service (BKSDA) across 54,000 hectares of Bukit Tigapuluh area, including nearly all -- 35,000 hectares -- of the ABT concession. The designation is based on the identification of elephant home ranges and key habitats of other Sumatran flagship species. Elephant distribution maps developed by FZS, based on extensive study of the population in the landscape, indicate that elephants mainly live in ABT Block I and II. Therefore, to strengthen the protection efforts over this area, the task force will conduct joint operations and activities.

COMMUNITY ENGAGEMENT AND SOCIAL FORESTRY

Indonesia emits more than 2,000 million tonnes of carbon dioxide equivalent (MtCO₂e) annually as a result of deforestation and forest fires, more than any other country emits from land use change. More than 1 million hectares of forest are lost annually in Indonesia as a result of illegal logging, planned conversion and encroachment. Despite efforts, the government is still unable to effectively curb this on the ground in Jambi.

This deforestation is a significant ongoing threat both environmentally and socially in Sumatra. Traditional communities living in the forests, including in ABT’s concession and the larger Bukit Tigapuluh landscape,

depend on forest resources for their livelihood. Yet the land rights and natural resource rights of such traditional communities are extremely difficult to be registered and are generally unrecognized by the state.

This results in ongoing land grabs and continuous encroachment of small-scale agriculture plots into natural forests across Indonesia. These marginalized communities often eke out an existence with limited access to infrastructure, power and clean water, education or health services, using slash-and-burn agriculture methods. The impact on the natural forest ecosystems and wildlife populations can be devastating.

Within the Bukit Tigapuluh landscape, there is a mix of established communities brought there through official transmigration schemes in the 1980's and 1990's and second-generation community members, as well as newcomers in search of livelihoods and others buying and encroaching village and state forest land. There is a category of encroachers who are organized (and perhaps well-funded by outsiders) and willing to fight and use violence to secure more land.

ABT took on management of two blocks of forest in 2015 that had been long-abandoned logging concessions. There was significant encroachment and forest degradation during that period and ABT has had to address the legacy of illegal activity, land "sales" and cultivation by local communities that continues. There has been tension with one village in particular that has resulted in formal complaints against ABT filed with provincial and national forest authorities. On the opposite spectrum, ABT has signed agreements with other villages and the indigenous community living within Block I to embark on social forestry projects and revenue-generating activities together.

Community Engagement in Block I

ABT's Block I hosts an indigenous Talang Mamak community, living inside the concession in a hamlet called Simerantihan. The Talang Mamak community is classified by the central government as an "underdeveloped" community with a low level of formal education. The livelihood of this community completely depends on the existence of natural forest. The projected reforestation of degraded forest and active management to prevent further deforestation will benefit the livelihood of the community and help guarantee the integrity of the indigenous community.

ABT has mapped the traditional land claims of the Talang Mamak community as a joint mission with the Indonesia indigenous rights NGO, AMAN, in the period of 2013 – 2015. In addition, a map of culturally important sites has been produced to document Talang Mamak heritage in block I.

Further assistance to the Talang Mamak community is offered by facilitating regular basic health services and education access by supporting two teachers in Simerantihan and scholarships for three Simerantihan high school students in Tebo. Immediate livelihood support for the Talang Mamak community has been provided through capacity building in practical skills, namely: training in agroforestry techniques and simple vegetable farming methods, assistance in animal breeding, and facilitating the establishment of saving and micro-loan schemes.

Community Engagement in Block II

The situation in Block II, which has far more encroachment and little indigenous community presence, is quite different from Block I. Before the ecosystem restoration license was granted in 2015, the forest block was left unprotected and migrant people increased around 2012, especially in Pemayungan village. A significant amount of Block II's natural forest cover was cleared in the years it took to acquire the license for ABT. Collaboration with local communities has been extremely challenging.

Many community members are aware that they have opened land in state production forest areas, selling and buying land that is designated as part of the government's forest estate. ABT staff routinely patrol Block II to deter expansion of illegal logging.

ABT deals with encroachment issues by gathering intelligence to support law enforcement interventions by responsible government agents, but depends primarily on dialogue, discussion, socialization and conflict mediation. An assessment of key social issues was done here in collaboration with local NGOs.

To mediate with the Pemayungan-based group that has been most vocal against ABT's efforts to protect the concession, ABT has brought in outside parties – including a highly respected advocate from a local legal support organisation, a prominent and trusted lawyer, and the national community mediation agency KESBANGPOL. A good relationship has now been established with the leader of customary rights in the Pemayungan village. The official village chief who was allegedly selling the lands to migrants has been jailed on an unrelated charges, which has also helped defuse tensions.

A formal grievance mechanism was created by ABT and promoted to the community, though no individual complaints have been lodged with ABT to date. ABT's community development staff is working to engage with Pemayungan to proceed with a joint planning process for concession activities.

Identifying Commodities for Sustainable Production

Our intention is to enable collaborating villagers to form forest-compatible businesses that can be contracted by our concession management company and provide a sustainable source of revenue.

ABT is collaborating with the Talang Mamak community to bring NTFP products to market by 2020 and is providing tangible benefits like entrepreneurship training and educational enhancements for the village children. Grants from the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) as part of the International Climate Initiative (IKI), provided via KfW Development Bank, and the UK Department for International Development in FY18 and 19, via Partnerships for Forests (P4F), have allowed ABT to develop business models for a variety of NTFP products. P4F is also providing technical assistance and business development support through FY20.

Working with P4F, ABT completed a business development assessment looking at the current use and production of non-timber forest products by local communities in and around ABT's concession. Among the top candidates that emerged from the assessment are honey, vanilla, and "dragon's blood," a vivid red resin from the rattan palm tree that is highly valued as a natural dye and for traditional Chinese medicine. The study results are being used to prepare a long-term business strategy for sustainable commodities in the concession. A deal has already been finalized with a high-end gourmet food company in Jakarta to market wild honey from ABT.



ABT is working with local communities to produce and market forest-friendly handicrafts made from bamboo and rattan.

In FY19, P4F underwrote the participation of 10 members of the Talang Mamak community in a micro-enterprise training workshop that specializes in providing entrepreneurial training to indigenous people across the country. This training is serving as a pilot project for members of the community interested in improving their livelihoods from NTFPs.

CONTINUING WILDLIFE CONSERVATION

Orangutan Monitoring

A total of 39 orangutans were encountered in 2018 around the Frankfurt Zoological Society reintroduction center in Block I, including two babies and 5 juvenile orangutans. The numbers are within the range of the previous year's numbers, confirming a stable population around the center. As a highlight, another five young adult females were reported pregnant, indicating population growth in the Bukit Tigapuluh orangutan population.

Elephant Monitoring

A total of 15 rangers, three community officers, and one field coordinator have been focused on elephant monitoring, anti-poaching patrols, and human-elephant conflict mitigation.

From July to December 2018, a total of four GPS-collared female elephants and their herds with approx. 100 animals were monitored and safeguarded in the Bukit Tigapuluh landscape, with about 3,000 elephant positions recorded and processed. One additional herd with approximately 30 animals is monitored directly by field teams. Since May 2018, all five resident herds -- with a total of about 130 animals -- have spent most of their time within Block I, with occasional visits to concession areas of the neighboring rubber and pulp plantations. One group with about 12 animals spent time in Block II, near the Pelayungan village fields.

Increasing human-elephant conflict within the wildlife corridor in the RLU concession led to the death of one elephant and injury to at least two encroachers in FY19.

Tiger and Medium-Sized Mammal Camera Trap Surveys

A total of ten rangers and one field coordinator focus on wildlife monitoring using camera traps and foot patrols to detect and prevent wildlife poaching within the Bukit Tigapuluh forest.

A total of 33 camera traps were active in Block I, with more than 2,700 pictures processed an average month. This resulted in more than 500 individual records in FY19, with 35 different species commonly photographed, including:

- four species listed as critically endangered (e.g. Sumatran elephant, Sunda pangolin) by the IUCN
- four species listed as endangered (e.g. Asian tapir) and
- 13 species listed as near threatened or vulnerable.

The tiger database currently includes 189 records of tiger (data collected since 2013), with three individual tigers identified in the current reporting period based on stripe-pattern analysis. A landscape-wide tiger survey will be conducted beginning in FY20.

BUILD EFFECTIVE LONG-TERM MANAGEMENT

The heart of ABT's long-term plan is a market-based approach: to manage the concession like a forestry business rather than strictly as a protected area. Starting up a commercial company in Indonesia to manage a forest in a nontraditional way has been a complex task. Navigating national forestry regulations, addressing local and provincial political challenges, establishing the trust of skeptical local communities long used to abusive treatment by concession holders, and appropriately staffing the company have all proved challenging and time-consuming. ABT has hit its stride in operations in FY19.

Building a Start-Up Company

In FY19, ABT completed a field camp to allow researchers, forest patrol units, and guests to visit a part of the concession previously hard to access. Establishing a physical presence in the concession is important to show "ownership" and deter encroachers, and it will give staff a base during field visits.

