



**Transforming Land Dispute to Long term Community Partnership
APRIL Lesson in Application of FPIC Principle**



**INTERNATIONAL SEMINAR ON NATURAL RESOURCE COMPANIES,
INDIGENOUS PEOPLES AND HUMAN RIGHTS: SETTING A FRAMEWORK FOR
CONSULTATION, BENEFIT-SHARING AND DISPUTE RESOLUTION**

Moscow, 3-4 December 2008

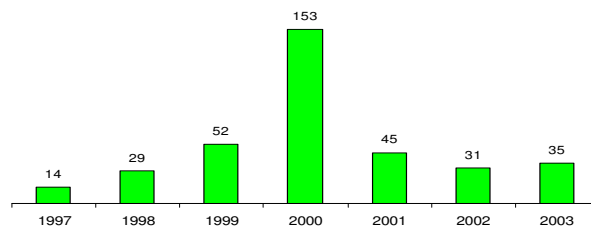
1. Personal Detail

Name and Surname : INRA GUNAWAN BIN MAJOKANDO
Organization : APRIL Group
Country : INDONESIA, Riau Province
E-mail : inra_gunawan@aprilasia.com and inra_g1@yahoo.com
Telephone number : +62761499123 and 08127574060
Address : PT RAPP (APRIL Group), Fiber Environment Department
Desa Pangkalan Kerinci, Kab Pelalawan, Riau 28000

2. Background Information

a. Country Context

Base of on observation to national media by CIFOR, 359 conflicts occurred in Indonesia Forestry sector since January 1997 till June 2003. Frequency of conflict every year show in picture 1



Picture 1 Frequency conflict 1997 – 2003¹⁾

Number of conflict increase four times during 1999 year against year 1997 base. In 2000 year number conflict happen increased till 153 conflicts. This figure decreased during 2002 and 2003 year. From 359 conflicts recorded, 39% found in Plantation Forest Industry (HTI), 27% found in Selective Logging Company (HPH) and 34% found in conservation area.

Based on frequency of conflict dispersion in national level, 30% conflict reported happen at East Kalimantan (see Table 1). Conflict occurred on Central Java (Perhutani) and North Sumatera (HPH)

Table 1 Frequency of Conflict Dispersion¹⁾

No	Province	Frequency	Percentage
1	East Kalimantan	109	30
2	Central Java	47	13
3	North Sumatera	36	10
4	West Java	25	7
5	Riau	19	5
6	Jambi	16	5
7	East Java	14	4
8	South Sumatera	12	3
9	Nangroe Aceh Darussalam	10	3
10	Central Kalimantan	10	3
11	Other Province	61	17
Total		359	100

¹⁾ CIFOR, Forest Watch Indonesia and Wageningen University Belanda, 2003 in Analisa Konflik Sektor Kehutanan di Indonesia 1997-2003

Asia Pacific Resources International Holdings Ltd (APRIL) is one of the world's leading producers of fiber, pulp and paper. The company is headquartered in Singapore and has its main production operations in Riau Province, Central Sumatera, Indonesia.

Mandau Fiber Estate is an APRIL-owned concession which is one of 8 estates in Forestry Ministry Decision Letter No. 137, certified by the Indonesian Eco-labeling Institute (LEI) Forest Certification for Sustainable Forest Plantation Management.

Mandau has a gross area of about 23,280 hectares. The present land use is earmarked for

- Conservation Areas – 3,000 hectares
- Plantation Areas – 13,700 hectares
- Remaining Land Claims – 2,330 hectares
- Infrastructures/Inoperable area – 4,250 hectares

The current land claim resolution process involves the remaining 2,330 hectares.

Lubuk Jering is one of the several villages in the vicinity of Mandau Fibre Estate and is located in the Sei Mandau Sub-District, Siak District, Riau Province – Central Sumatera Indonesia. It is 82 kilometers northeast of Pekanbaru city (Gubernur Office). Almost 60% Lubuk Jering village exist within APRIL concession. The settlement location is out concession and western area. The area of the village is about 9,000 hectares. The population is 620 comprising approximately 150 households. The main livelihood is farming, rubber and oil palm plantation.

According to village residents, Lubuk Jering was formally established in 1970. However, it is claimed that even during World War II, it already existed as Kampung Lubuk Jering.

Ecologically, there are two types of ecosystem in this region; they are wet low plain land ecosystem and dry plain ecosystem. Local community usually called it as swamp and hill area.

b. Actors Involved

To have a certain attitude face with this heat up conflict, during November 2006 there were a **first meeting** running for this situation among representative from community of Lubuk Jering Village, NGO and Company. The result is for establishing a collaboration team which is called Badan Pekerja Resolusi Konflik (BPRK)/ Resolution Conflict Worker Agency (RCWA ~ Conflict Resolution Team) and it is assigned for 1) improving productivity and quality of livelihood tree (in this term, it is refer to oil palm tree), 2) mechanism for distribution of oil palm product and to gain a comprehensive or better understanding on land claim, 3) implementation of settlement dispute steps and also evaluation through its implementation on the field. Further to the meeting, discussion held to review this matter among NGO's (FKD, JIKALAHARI, AMAR and HAKIKI), representation of Lubuk Jering Community which is consolidated in Team 11, and APRIL to discuss on conflict settlement order, review on livelihood tree (oil palm tree) and also land settlement.

Second Round Meeting: Social Anthropology expert from the University of Indonesia has been engaged by NGO and APRIL to assist the process, starting December 2006. The Social Anthropology "Dr Iwan Tjitra" visit Lubuk Jering village and conflict location on January 2007 and continued a meeting between communities representative "team 11" and company representative "Director and Team" which facilitate by NGO and Dr Iwan Tjitra. Each party submits their claim / option. The options of communities are following:

1. Enclave land for communal purposes 700 Ha

2. Enclave land which opened, burned and planted with oil palm or rubber trees by communities
3. Compensation the land which planted acacia
4. Handover oil palm 264 ha to communities

All this option responded by company are following: company stopped all activities within conflict area, oil palm 264 ha are maintaining intensively as required communities, regarding land for village development the company agree for increasing welfare communities. This response is showing that significant commitment to resolve the conflict. Each party has trust and small formula for conflict resolution have been made. Base on this NGO "Jikalauhari and FKD" re position their function as Mediator with new name "Scale Up"

A motto: "transforming land dispute to long term community partnership" is used along the process. On February 2007, several steps have been agreed prior negotiation and handover oil palm between communities, company and independent team "Dr. Iwan Tjitradjaja & Prof. A.F. Saifudin" and mediator "Scale Up" are following:

1. Participatory mapping of the conflict area,
2. Community socio-economic study,
3. Palm-oil plantation appraisal process,
4. Strengthening the local economic institution (a cooperative),
5. Strengthening leadership among the community members, and contributing to a better village governance. to ensure the improvement of trust and collaboration between the community and the company
6. Social Infrastructure development "Clean water and water closed"

Real step taken by this group is an activity carry out by Conflict Resolution Team to visit through community house to see an opportunity to lift up to develop their economy. Result from this review of technical problem related with establishing of Koperasi Usaha Subur Lubuk Jering Village "Village Cooperative Unit". APRIL is ready to provide 3 wells, to help community with installing mosque ceiling, and to finish mosque well to the community of Lubuk Jering Village. It mechanism should be through by proposing a proposal by the community and also assistance from NGO's.

Following this settlement process, it started carry out participative mapping together; include village community, company, and NGO at land claim area on February and March 2007. During March 2007, discussion held on a cooperative enterprise is running on at Lubuk Jering Village wit keynote speaker from a cooperative enterprise practitioner, Rawa Almadi.

Therefore, encouraging by this discussion, during April 2007 Koperasi Usaha Subur Lubuk Jering Village is carry out an Annual Member Meeting (Rapat Anggota Tahunan/RAT) which discuss on this cooperative enterprise performance, dissolution of an old cooperative enterprise management and replace it with new management. Process of Annual Member Meeting (Rapat Anggota Tahunan/RAT) is assisted by Scale Up which is designated to be moderator in this conflict settlement and also as assistance for capacity building for those communities. Also on this month, Dr. Iwan Tjitradjaja, an anthropologist from University of Indonesia, together with representative from APRIL are visit Lubuk Jering Village to discuss all actual conditions on the field related with land claim and fire land claim which is done by some members of the community of Lubuk Jering.

To implement APRIL commitment, during May 2007, the second participative mapping carried out. The result is, total area of land claim/conflict area involve become 1627 hectares. Following is vegetation type base on participative mapping in 31 May 2008 (see Tabel 2)

Tabel 2. Participative mapping on 31 May 2008

No	Vegetation Type	Size (Ha)
1	Oil Palm	187
2	Rubber trees	37
3	Opened area	400
4	Scrub Land	163
5	Remaining Forest	840
	Total	1627

From this total area, community is persecuting a claim that for:

1. 700 Ha must be returned to the community (600 Ha as farming area and 100 Ha as conservation area)
2. Land is already opened or burned whether it is already planted or not should be enclave.
3. And for the rest of land claim areas (excluded 1627 Ha), where is already planted with acacia by the company have to be compensate.

This mapping participative result is raising up a common commitment between village community and company that there is not anymore new opening area working on by company as well as by community, so this area is in status quo.

As an effort to reinforce capacity of the institutional at Lubuk Jering community, APRIL asked Koperasi Usaha Subur Lubuk Jering Village to join on study tour to KUD Sialang Makmur, Pangkalan Kuras. The result is for helping all the management of Koperasi Usaha Subur to get a comprehensive knowledge on cooperative enterprise, so it will encourage them to running their own cooperative enterprise. On August 2007, according to common agreement between community and company, it is believe that it will necessary to make an assessment on plantation (palm oil plantation) that is already exist on the field by involving an independent team from Islamic University of Riau (UIR). Assessment is work on palm oil plantation for about 264 hectares consist of 8 blocks. **On October 2007, Scale Up and Dr. Iwan Tjitradjaja are made a presentation on result of social-economy study of Lubuk Jering Village for APRIL.** After discussion based on this social-economy study, company has a commitment to settle this conflict by using a partnership principle and getting success along with community. APRIL realize that for sustain their business, so they have to live together side by side with their community. **This commitment is directly implemented through discussion on Memorandum of Understanding (MoU) on handing over of management for livelihood tree (palm oil tree) to the community of Lubuk Jering through Koperasi Usaha Subur (KopUS), which is signed on December 27, 2007.**

c. Situation

Land claim from Lubuk Jering community is started on January, 1995, on district meeting at Head of District Bengkalis office which discussed on location for plantation for APRIL. The result is include the certainty of land that will be compensate after taking inventory first, value or price for this land and security guarantee for the company to carry out its business

First Phase Resolution

In the period 1997-2000, as a result of discussions and negotiations with the village, the settlement of 2,265 hectares claimed by the village was completed. The agreement with the village was compensation for agricultural plants and improvements. The agreement also included the establishment of an oil palm plantation consisting of 264 hectares (two hectares for every household for 132 households). The 264 hectares of oil palm plantation was developed in 2002.

Second Phase Resolution

In 2005-2006, the land conflict resolution for 1,237 hectares was completed. The settlement agreed upon with the village was compensation/payment (*saguh hati*) for agricultural improvements in three stages:

- First stage payment – 16 September 2005
- Second and Third payments – 05 December 2005 and 20 January 2006
- Fourth payment – 11 May 2006

Chronology of Current conflict

In 2006 Company have annual cutting plan in Block Kelantan. Felling block Kelantan vegetation is still standing forest with no rubber tress or used farming activity but the community claim that felling block Kelantan is their area. The communities persecute compensation (*saguh hati*) for land because 2006 annual cutting plan in block Kelantan excluded their persecuting in 2005. This situation getting worst because at the same time District Government of Siak is also has road construction project throughout 26 kilometers pass through APRIL owned concession at this region (cross section from Northern to Southern thru felling block Kelantan). Along with the existence of this new road, it will invite many people (outsider) to come in and open area and then establish new settlement area. The community sold the land to new comers (migrant). Migrant people are opening and burning area during land preparation. On March 2006 Company send the warning letters (1st, 2nd, 3rd) to communities regarding to stop encroachment area.

Several meeting between community and company carried out but there is no significant progress. Company suggest to community to establish team community representative. During July 2006 Camat (Head of Sub district) Sei Mandau establish Team Sebelas -11 for conflict resolution between Lubuk Jering communities with company. The member of team eleventh are head of administration village (*kepala desa*), grouped neighborhood head (*rukun tetangga*), young manhood head (*ketua pemuda*).

On 26 August 2006, the migrants and some villagers threatened to block / stop company plantation development activity which was ongoing at that time near the vicinity of the government road but no violation incidents happened. Discussion carried out in field with community and agreed to stop operation by both parties "status quo". On 7 September 2006, Team of Eleven submit a letter to company regarding stop company operation, appreciate to company for no violation happened during demonstration on 26 August 2006 and agree to carry out a meeting for conflict resolution for remaining area. This letter is copy to Jikalahari by community. On 18 September 2006 company response community letter with content that company is not responsible to handing over land to community and reject community demand.

On 20 September 2006 Jikalahari took up the case of migrants and villagers with accused APRIL of:

- Cutting down sialang (honey bee trees), durian, cempedak, and old rubber trees;

- The delayed hand-over to the community of the 264 hectare oil palm plantation established in 2002;
- The 264 hectare oil palm plantation for the community was developed inside the concession of APRIL (in violation of forestry rules and regulations that no agricultural plantations must be established in the Permanent Production Forest Estate).
- The village representatives additionally demanded from APRIL to allocate land for the development of an oil palm plantation consisting of 700 hectares (calculated at four hectares for each of the 150 households currently in Lubuk Jering + conservation area for socio culture). This demand has informal statement from community during a meeting in Pangeran Hotel

Copies of the complaint was also sent to the Lembaga Ecolabel Indonesia (LEI) Certification Review Council which was also evaluating an earlier protest filed by Jikalauhari and other Riau NGOs on the LEI Forest Certification issued to APRIL in January 2006. These complaints were later dismissed by the Certification Review Council of LEI.

APRIL response pointed out that the accusations were not correct and requested representatives of the village, Jikalauhari and other Riau NGOs which have interests in the complaint to meet and discuss the issues with the objective of arriving at a solution that is mutually acceptable to the village and APRIL.

The first meeting with the village representatives, Jikalauhari, Hakiki, FKD and APRIL was held in Pekanbaru on October 2006. In that meeting it was agreed that representatives from Lubuk Jering, Jikalauhari, Hakiki, FKD and APRIL shall be appointed to constitute an ad hoc Conflict Resolution Team.

3. Basic Elements of the process that led to the agreement

Settlement dispute/conflict at Lubuk Jering become a pilot project of APRIL on its standard operational procedure for any other settlement dispute/settlement conflict. By using *Free, Prior, Informed and Consent (FPIC)* Principle, company recognize communities right to get information before a program or investment is running on within their region, and based on this information, community has a right to say its agreement or reject it. It is not related only with community, but it is also involve an independent team from local university such as Islamic University of Riau "UIR" in assessment activity for oil palm plantation to determine the value of credit (pagu credit). Even in all of the process, communities always get an assistant from NGO.

Openness information, intensive communication with community and many parties here practiced by APRIL. Even to get "trust", participative mapping is also conducted by the company with involve community and NGO. It is realize by the company that it has to be done along with its commitment to implement FPIC Principle.

A long process for settlement conflict of Lubuk Jering case has achieved some agreements related with oil palm plantation and land claim. To gain the best settlement conflict concept, APRIL has been through many intensive discussions within its resolution conflict internal team. Its not just to do on this way, this team has a hard duty to convince to management and commissioner that this concept is the right choice to handle situation and condition on Lubuk Jering Case. Finally, after struggle very hard, this team has succeeded to convince to management that paradigm for forest management and settlement conflict/dispute have to be change, and has got support from management (company).

APRIL has implemented FPIC principle in order to settle conflict, because they are realize that to sustain their investment in long-term and to sustain their business will be get a guarantee if community who lived surrounding its operational areas is also get recognition for their right. This concept is believe that conflict will be settle down if community necessity is being fulfill, and then it will also give company a security guarantee to carry out their business. Therefore, it will be better if all of parties who are involved in this conflict, as well as NGOs, practitioner, government institution and community itself take their own role since planning process, until its implementation and monitoring and also to evaluate it. Beside that, company also implemented partnership program with community in form of collaborative management. In order to change one conflict become an equal partner, APRIL is also encourage entrepreneurship for community in a communal way through cooperative enterprise institution (koperasi), with the result that it will be sustainability partnership within and going to get success together with community principle. This implementation is in form of *profit sharing* thru Community Base Forest Management (CBFM) and success along between company & community will be achieved. This concept is taken to every negotiation process.

Main challenges in term of:

a. Consultation

There are two main issues which have to settle down related with settlement conflict at Lubuk Jering. They are handing-over of oil palm plantation and also land claim. First of all, community urge to company to settle down of land claim problem, but after that handing-over of oil plantation is finished first because this issue is assumed lighter than land claim issue.

Discussion on handing-over of oil palm plantation is done after go through many kind of processes, include assessment for oil palm plantation by an independent team from Islamic University of Riau (UIR) and social-economy study by an anthropologist from University of Indonesia, and reinforcement and capacity building for cooperative enterprise institution (koperasi). Based on all of that process, each party of the conflict try to make draft of Memorandum of Understanding. Community made this draft with assistance of mediator that in the same time acts as facilitator of this process. And then they exchange their draft to get common understanding. After all of parties understand it, then they are all together will carry out meeting to discuss all of the MoU. **Finnally, on December 27, 2007 a Partnership Agreement between APRIL and Koperasi Usaha Subur of Lubuk Jering Village is signed. And, on mid of January, officially handing-over of oil palm plantation between APRIL and Koperasi Usaha Subur is done.**

During January – March 2008, communities are very enthusiastic with their work on oil palm plantation management so as land claim issue is become ignore. Whereas, at the same period, company started to arrange scheme for land claim settlement dispute. Several meeting held between company and the anthropologist, as well as company with the mediator (Scale Up) to get better understanding on every expectation from all of parties who get involve in this conflict about to get the best scheme for land claim settlement dispute. Resolution Conflict Team also tries to get some information on community expectation on this matter. After compile all of information about each party expectation, company will arrange scheme for land claim settlement dispute by offering concept of long-term partnership.

Towards land claim settlement dispute of 1627 hectares and of land claim which is already planted with acacia

Company give its official answer for all of community land claim (land claim of 1627 hectares and land claim for land which is already planted with acacia ± 200 ha) by the end of May 2008. This answer is given in the meeting between company (resolution conflict team), representative of Lubuk Jering Community (Team 11), Scale Up (NGO) and Dr. Iwan Tjitradjadja

at one of Lubuk Jering citizen house. One month later, Team 11 give their response by sending a letter to resolution conflict team APRIL.

July 19, 2008, at Rindu Sempadan Hotel, Sub-District Minas, there is a negotiation process carried out to settle land claim conflict and the result is an official letter agreement. The core of this agreement is to emphasize a long term partnership between company and community with the spirit to get success together and living together. And the settlement pattern for this matter is Community Base Forest Management (CBFM), Plantation Management (HTI) with acacia species and Management of Livelihood Tree by the Community (oil palm)

This process is using up a lot of time, money and energy to gain its settlement conflict. There are two main issues, one is handing-over of oil palm plantation management from company to Koperasi Usaha Subur of Lubuk Jering Village and land claim for 1627 hectares area. We can take note from this settlement conflict process. Learning point from this case is not only as a process of conflict resolution but it is more about conflict management.

b. Benefit Sharing

Building 'trust' among all of interest party

The main aspect on preparation of this negotiation with all of parties is to build 'trust'. The purpose is to make a better communication, and to break of the curiosity among all of conflict parties. This process needs time and forbearance from all of the actor who involve in this conflict. As well as for APRIL, its Managing Director is directly visited on the field to see condition of Lubuk Jering Village and they're staying with the community.

From this, our 'trust' is building, based on good will to settle this conflict in the right manner by win-win solution with collaborative management concept. Good relationship is also build by creating personal or social relationship so as clannish feeling can be create.

Preparation for Re-enforcement and Capacity Building for Institution at Village Level

The basic concept of benefit sharing in this agreement process is re-enforcement and capacity building for institution at village level in order to prepare for settlement conflict on oil palm plantation as about 264 hectares, that will be given from contractor, which is establish by APRIL to the community to manage it. Capacity building at village level is carried out by resurrection of cooperative enterprise (koperasi) in Lubuk Jering village. This effort is started by conducted an Annual Member Meeting (Rapat Anggota Tahunan/RAT) of Koperasi Usaha Subur Lubuk Jering Village. Finally, in this meeting, facilitated by Scale Up and get a full support from APRIL, its succeed to arrange new management board for koperasi.

To enhance the capacity of this new board of koperasi, there is a discussion on cooperation enterprise (perkoperasian) is carried out within Lubuk Jering Village to give comprehensive knowledge both for management and its community. Management of Koperasi Usaha Subur is also taken part on study tour to the similar cooperative enterprise at Pangkalan Kuras.

As an implementation of Corporate Social Responsibility, APRIL is encourage to improve community development through many kind of programs that launched for Lubuk Jering Village, such as Central Program Bokhasi, Assistance on supplying rubber plant, cultivation of salak fruit, infrastructure, medical check-up, and assistance for operational on cooperative enterprise (koperasi) program.

c. Dispute Resolution

On July 19, 2008, meeting held to discuss for settlement dispute on land claim area 1627 hectares and land claim which is already planted with acacia by company is conducted at Rindu Sempadan Hotel. The result is an agreement on pattern of partnership for settlement dispute in long term period. This concept of sustainability partnership is written on an official letter with its details are in table 3

Table 3. Letter of Intents Land Dispute Resolution (19 July 2008)

No.	Components	Size (Ha)	Remarks
1.	CBFM Plus 400 Ha a. Acacia b. Oil palm	240 160	CBFM Scheme 60:40%, Fee IDR 3,500,000,00/hectares/harvest. it will pay 10%/year for 5 year. And the rest 50% will be pay after harvesting. Oil palm develop by APRIL using soft loan to community
2.	CBFM Pure <i>Community Base Forest Management</i>	400	Fee IDR 3,000,000,00/hectares/ harvest. it will pay 10%/year for 5 year. And the rest 50% will be pay after harvesting
3.	Forest Plantation (Acacia)	603	- 503 ha Forest plantation manage by APRIL - 100 Ha conservation area will manage as collaboration management thru Village Conservation Institution (access utilize Non Timber Forest Product)
5.	Livelihood trees	224	Oil palm 187 ha & rubber trees 37 ha own community isolated as company livelihood trees. This area managed by community and is not allow to selling.
	Total	1627	
6	Compensation the land which planted acacia	± 200	- APRIL offer this land for IDR 2 million/ hectares - This area will be re-measuring

Note : Total amount of land claim by community is 1324 hectares, the remaining area of about 303 hectares for plantation of APRIL because its outside the community land claim area

4. Elements of the agreement

At the beginning, this settlement dispute process is only to compensate so as there is one or more party that get suffer or loss from this process. However, along with the process, the concept is changed and become win-win solution concept and finally, all of the party became an equal partner. Like oil palm plantation management that is developed by the company, that changed and developed as livelihood tree by the company and its management is given to the community using soft loan system. Later the land claim area is being cooperation between community and company under Community Base Forest Management model.

Achievements in term of :

a. Consultation

Towards MoU review, negotiation agreement in form of an official letter is made at Rindu Sempadan, July 19, 2008 become a guideline among all, PT.RAPP, Community or Mediator. Several discussion is conduct before the MoU is taken within PT.RAPP internal team, PT.RAPP and mediator, or even between community and mediator/facilitator.

PT. RAPP provide a draft of MoU, and so the community with assistance from mediator/facilitator. Two draft is exchanged between all parties in order to get a comprehensive knowledge on this. Finally, it come up with a draft of MoU comprise of joined initiative from both parties.

This joint draft of MoU will be consulted to Dr. Iwan Tjitradjadja as an anthropologist, till it came up with key point of MoU that can bring interest from all of parties.

Finally, on September 26, at Perawang, community representative and the company conduct meeting again and discuss on draft of MoU. It is really hard process, because at the beginning each party is defend their own argument. There is a fact came up in this discussion because of a new opening area find on the field and it has been working by member of community village. After had argued for several times, they came up with an agreement of MoU, and it is signed by each party, PT.RAPP as well as community or even the mediator.

This MoU has agreed by each party and be witnessed by mediator and then it will be communicated to District Government of Siak to be noted. This long way for discussion and negotiation has to faced with many obstacles, but it it also as learning process that has through together within transparation, and to internalize our understanding to information to all of related parties here. Especially, it give a chance for community to get a better understanding on information and so everything can be done in transparancy way, without any coercion or pressure. On the other side, internalizing of understanding is related with an assistance given by NGO as mediator so as there is an equal position within negotiation.

b. Benefit Sharing

There are certain benefits sharing within the process achieved affirmation on conflict finishing point. This benefit sharing later was printed in MOU. Those are as follows:

- I. Unambiguous Information, including honesty, is the most priority in this case of Lubuk Jering. Unambiguous Information is has to be done by everyone in which is related society, mediator, even from village organization, sub district, and to regency. The society of the village is having chance to value information that had been given. Moreover, they are having a picture on what impact of offers submitted in negotiation. From here, they will have decided what they will say for the offer.
- II. Long term partnership through settlement conflict by using an instrument of Community Base Forest Management (Pengelolaan Hutan Bersama Masyarakat-PHBM) for communal. In order to implement CBFM with acacia as main commodity, and the result is for communal interest and then it has to managed by Koperasi Usaha Subur Lubuk Jering Village. Concept from company is to make CBFM as a way to interlace sustainability cooperation to fulfill both parties interest.
- III. Community economy requirement in long term and raw material supply for company are fulfilled. Koperasi (cooperative enterprise) institution here will be reinforcing through Company CSR Program. Its management board will get training, e.g. character building, management trainee, etc. Long term partnership within CBFM is a kind of collaborative management which is encourage by APRIL.
- IV. Institution reinforcement through Koperasi as a form community development with concept SRBE (Social Responsibility Based Entrepreneurship). This reinforcement is going to initiative to create Village Small Medium Enterprises (Badan Usaha Milik Desa - BUMDes). In the future, every kind of cooperation between community and company within BUMDes mechanisms. Now, Koperasi Usaha Subur is changed and become BUMDes Lubuk Jering. As a place for business institution for community, koperasi is encouraged to create even distribution of economy welfare for Lubuk Jering society. This purpose is to avoid of creating social gap within society.

- V. An equal partner in consider of justice and proper values so as settlement concept to be implemented is win-win solution. It can be seen from number of area that becomes the content of agreement. Livelihood tree area consist of both oil palm and rubber which is isolated or even oil palm plantation that will be develop by APRIL for community, with total area 588 hectares. Area for pure plantation is 603 hectares; area for CBFM Program is 400 hectares. It is clear that APRIL hold its commitment to grow and success with its local community and always consider to justice and proper values so as an equal partnership in settlement conflict process will be implemented.

c. Dispute Resolution

There are some achievement from agreement reached processes that finnaly it is written in form of MoU: MoU on handing-over between APRIL and Koperasi Usaha Subur Lubuk Jering Village on management for livelihood tree with oil palm as main commodity and MoU Settlement Conflict for land claim area of about 1627 hectares and area outside this 1627 hectares which is planted with acacia.

Meeting held on review of handing-over management for livelihood tree (oil palm), December 15, 2007.

In case of oil palm plantation of about 264 hectares (it is used to be KKPA (Kredit Koperasi Primer Anggota)), its management transfer from APRIL to community of Lubuk Jering through Koperasi Usaha Subur Lubuk Jering Village.

Oil palm plantation managed by Kopus became livelihood tree for APRIL. There is not “enclave” term in this context, so it will keep land status as a forest. Formally, this handing over is on December 30, 2007.

Meeting held on Review of MoU, August 30, 2008

At review of MoU, Lubuk Jering community is propose an additional areas for oil palm plantation, so remaining areas of about 224 hectares that is already opened by community will be taken for CBFM.

Reason from community:

1. Team 11 has no capability to warn their community not to open or work on area at status quo condition. *(As agreed before both parties is not continuing work or open area “status quo”. APRIL has been proposed joint patrol within land dispute area but the communities “Team 11” does not interest)*
2. Community asked for legality of superior rubber area owned by community include within the result of measuring and participative mapping. Several article have to discuss more and it will be postponed temporary.

As agreed with facilitator “Scale Up” company require to re-measuring vegetation type within dispute area. There is significant increasing open or plan area by communities

Meeting held on Review of MoU September 26, 2008

As following review for MoU August 30, 2008. They make a deal for settlement concept in form of sustainability partnership with any requirements are :

- a. CBFM Plus (400 hectares) with formula : 160 hectares for livelihood tree oil palm with soft loan system and 240 hectares for acacia with PHBM pattern.
- b. CBFM – Pure (400 hectares). This area is decrease from 204 hectare to 196 hectares because there is additional area for livelihood tree for about 204 hectares by the community on May 2007 till September 2008.
- c. Management for livelihood tree (oil palm) of about 187 hectares and rubber for about 37 hectares (224 hectares). This area is extended of about 204 hectares and become

428 hectares, as addition of livelihood tree area 204 hectares by the community from May 2007 till September 2008.

- d. Plantation (HTI) (603 hectares) includes conservation areas (100 hectares).
- e. Compensation for land claim and personal farm land claim outside the main land claim area 1627 hectares will be finished maximum in 2 month after participative measurement carry out by all of parties, with financial cost as much as IDR 2,000,000,00/hectar.

Table 4. Partnership Agreement (MoU) of Land Dispute Resolution (26 September 2008)

No.	Components	Size (Ha)	Remarks
1.	CBFM Plus 400 Ha a. Acacia b. Oil palm	240 160	CBFM Scheme 60:40%, Fee IDR 3,500,000,00/hectares/harvest. it will pay 10%/year for 5 year. And the rest 50% will be pay after harvesting. Oil palm develop by APRIL using soft loan to community
2.	CBFM Pure (400 Ha → 196 Ha) <i>Community Base Forest Management</i>	196	- Fee IDR 3,000,000,00/hectares/harvest. it will pay 10%/year for 5 year. And the rest 50% will be pay after harvesting - There is additional area for livelihood tree for about 204 hectares by the community on May 2007 till September 2008.
3.	Forest Plantation (Acacia)	603	- 503 ha Forest plantation manage by APRIL - 100 Ha conservation area will manage as collaboration management thru Village Conservation Institution (access utilize Non Timber Forest Product)
5.	Livelihood trees (224 → 428 Ha) <i>Oil palm and Rubber trees</i>	428	Management for livelihood tree (oil palm) of about 187 hectares and rubber for about 37 hectares (224 hectares). This area is extended of about 204 hectares and become 428 hectares, as addition of livelihood tree area 204 hectares by the community from May 2007 till September 2008
Total		1627	
6	Compensation the land which planted acacia	± 200	- APRIL offer this land for IDR 2 million/hectares - This area will be re-measuring

5. Lesson Learn

Best practise and guideness of the case study that could be useful for interaction between the extractive industry and indigenous people

Case study of Lubuk Jering Conflict is arising very important lesson for conflict management:

1. Conflict makes us realize that there is a problem. This conflict bring over that there is a problem that has not been settle. Process for settlement conflict like this encourage us to learn for many choices that come up from our decision and finally it will create a new concept and idea.
2. Lubuk Jering conflict shows us many claims will arise and mixed with social political issue within village, sub-district or even at district level. As well as social issue on newcomer and

local community. Political issue on commutation of head of village or head of sub-district that believe that have no relation within the process, will be hamper MoU settlement. In addition, there is an issue on road construction by District Government within concession area, and also accusation from District Government that company not give its supported in village development.

3. Transparency of information to all parties is necessary to go through comprehensive understanding of information process so as there is no any curiosity and incorrect opinion.
4. Involving many parties especially formal leader both in village or sub-district or district level for doing process legitimating of agreement (MoU).
5. A neutral position of mediator is important, but it is not an easy way if there is any involvement of mediator within earlier conflict, e.g. people who assigned as mediator has ever been as provocator in demonstration against company.
6. Interlacing an intensive communication will be develop a good social and personal relation so as it will be helpful to the settlement conflict process. Developed communication is not only in a formal way, but also informal such as from conversation at coffe shop that will be a triggered for creating new strategy and agreement.
7. Several interest group feel in threat because of this settlement conflict resolution.
8. In many settlement conflicts, we can't see it only from position of each party but also consider their interest and impact from those interests.
9. Win-win solution settlement conflict and sustainability partnership will make it easier for negotiation. Sometimes, from our experience doing negotiation is not easy, especially when each party is stand on its own interest, it will break up negotiation process. In negotiation, when concept of win-win solution and sustainability partnership is clear, it will be easier for carrying out a negotiation, we already to discuss the numbers.