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I. Introduction

The Rufford Maurice Laing Foundation's grant for 2011/2012 awarded a 2nd Rufford Small Grant (RSG) of £5,945 towards enabling Lesley McCulloch to support the work of Eye on Aceh to carry out part of proposed activities. The grant was made towards the project of – Integrating environmental justice and conservation of natural resources into natural resources management policy in the Province of Aceh.

The RSG grant has contributed to several proposed activities, most of which were the activities of Eye on Aceh to provide technical and human resources support toward government of Aceh initiatives on sustainable natural resources management, particularly on the sector of mineral and coal mining, plantation sector, and forestry sector.

The activities and description of activities that received contribution from RSG as follow:

1. *Re-registration and verification of existing concessions in the province.*

2.

This supported the second phase of the Government of Aceh (GoA) initiative on 'natural resource utilisation rights' (licenses and concessions) review.

- The re-registration process was an activity created by Aceh government which obligated all license holders to re-submit all administrative documents, together with updated reports of technical exploration or exploitation as well as performance data. This was to allow the GoA to evaluate all concession and license holders – both the process of obtaining the license as well as the practicalities in the field. The contribution made here by Rufford assisted in facilitating the re-registration of the remaining 30 percents of license holders who, for various reasons, did not participate in the earlier part of the process begun in 2010. This final phase addressed 47 of 144 mining concessions and 64 of 140 plantation concessions, as well as 2 of 15 forestry concessions.
- Following the re-registration process and after analysing the documents submitted by license holders, a special team established by a Governor Decree then conducted a series of field verification visits; in particular they targeted areas where company compliance was deemed poor.

3. *Establishing an integrated database on natural resources utilisation in the province of Aceh*

Once the Concessions Review team completed administrative verification, the database team then digitalised all documents and information submitted by license holders, including maps of the location of licenses. These digital documents form part of an integrated database; information from which is informing the new spatial planning maps of Aceh province, which will show, for the first time ever, the location of natural resource

extraction licenses in Aceh, including in conservation, protection, and development zone, as well as in areas dedicated to community settlement. This integrated concessions database will help to ensure that no overlap in concessions occurs, as has so often been the case in the past. It will play a crucial role in the management of concession holders, and in ensuring they adhere to the law regarding degradation of land, non-encroachment on protected areas, and might even be useful as an early warning system for future social conflict in the province of Aceh. In addition, the database will help the government to calculate the risk of over-exploited natural resources and over-exploited zones to ensure sustainable development in the province.

4. *Establishing minimum requirements and operational standard (MRS) on natural resources utilisation in Aceh.*

This involved a review and analysis of all existing regulations, licenses, cost benefit analysis, administrative and financial capabilities, and technical requirement for each concessions holder to be able to meet sustainable criteria and be able to mitigate any potential environmental issues within their concessions areas. On the bases of this MRS, individual concessions were reviewed to assess whether the company is able to comply with sustainability criteria. In conducting this activity, both the Steering Committee (relevant provincial government agencies) and the Organising Committee (which included Eye on Aceh), produced the draft and engaging rounds of discussion to finalise the draft of MRS so that could be signed off by the Governor. The role of Eye on Aceh on this concession review team was to ensure the integration of conservation and social mitigation aspect MRS.

II. The Implementation

1. *Re-registration and verification existing concessions in the province.*

In August 2011, the GoA officially began to conduct a second phase of natural resources based concessions review related to the plantation sectors, as well as minerals and coal mining. Officially, this exercise was known as 'Verifikasi dan Penilaian Usaha Perkebunan' (Verification and Appraisal of Plantation Licenses) and 'Verifikasi dan Penilaian Usaha Pertambangan Mineral dan Batubara' (Verification and Appraisal of Mineral and Coal Mining Licenses). Legality of this second phase review was given by two Governor Decrees: No.522/454/2011, and No. 540/486/2011, both of which were enacted in August 2011. As a result of these Decrees, the GoA was able to allocate a budget for this exercise.

There were two different ways related to license verification and appraisal between plantation sector and mineral and coal mining sector. On plantation sector, after the documents were submitted by licence holders and all those documents were analysed, the team conducted ground check especially to the sites where the licences were under perform, poorly managed, low productivity, and caused environmental and social problems in surrounding areas. Nevertheless, on mineral and coal mining sector, the method of verification and appraisals were conducted differently; all licences holders were asked to report to the Provincial Government Department of Mining and Energy of Aceh to complete appraisal forms and to deliver the required documents relating to land-use, administrative, finances, and licences. These documents were then used as the bases of verification and evaluation.

Verification and appraisal of mineral and coal mining licenses were allocated from the government budget, however, other actors made in-kind contributions to this process by their involvement in the design and day-to-day monitoring and evaluation. Related to verification and appraisals on plantation sector, the government also allocated the budget to conduct ground check, and there were also contribution RSG in finalising the design of verification and appraisals activities, including the design of concept and software or modules.

The role of RSG also significantly contributed digitalizing all the documents submitted both by plantation license holders and mineral and coal license holders, and then extracting information from the documents and then to be entered into integrated database, which also received substantial contribution from RSG.

2. *Establishing an integrated database on natural resources utilisation in the province of Aceh*

3.

The initial establishment of integrated database on forestry, plantation, and mining sector were initiated in 2010, but then due to financial constrain, the plan were then postponed. RSG has allowed this work to construct an integrated database on those sectors to continue.

In plantation sector, RSG has paid for the creation of database and data entering which contain all the data such as commodity licenses and it's operational such as environmental management, companies' administrative documents (taxation, capital, technical capacity, commerce related licenses, and company's legality), and location/land use related (location permit, plantation permit, land permit, land clearing permit, and all cadastral information). This database on plantation sector consisted by 140 plantation licenses, which is the entire number of plantation licences operated in the province. Nevertheless, due to the recent approval of licensing protocol on minimum requirement and operational standards on plantation sector, it was discovered that systems and processes must be improved.

Such improvements include making it a requirement for the license application to identify the habitat of wildlife in surrounding areas to be applied for plantation and to make a plan to designate a wildlife corridor surrounding plantation. Also, the license applicants should provide a list of equipment and infrastructure to prevent and control fires. The work on these, and other areas of improvement continues until now, being financed by the GoA.

The database related to mining (mineral and coal) sector was also created as part of this project. The format of database on this sector are:

- Administration data; which include the information related to legal entity, capital and shareholders, general companies operational permits.
- Mining related operational licences; which include the information on mining licences, exploration operational licences such airwave utilisation licence, utilisation of explosive material licences, land related information, and other technical relation information.
- Benefit sharing mechanism and royalty payment obligation of licence holders

With support from RSG, based on this database format, all existing data related to mining that was gathered as the result of re-registration activity conducted in 2010 has all been entered on this database. Also, this database has also been integrated into spatial data of the province of Aceh. Meanwhile, the data that was gathered from 2011 verification and appraisals of mining (mineral and coal) sector has not yet been entered into this database due to recent regulatory changes in the sector, which require the database to be technically updated.

Currently, the GoA is maintaining the database and continues to improve it in line with recently regulation changes in the mining sector.

4. *Establishing minimum requirements and operational standard (MRS) on natural resources utilisation in Aceh.*

In effort to ensure the utilisation of natural resources in Aceh can be utilised sustainably, effective, and efficient, and better managed, a set of standards and criteria have to be made. Currently – both in processing the new licences and supervising the existing licences, there has been various discrepancy legal basis toward processing and supervising the licences, including in mineral and coal sector and plantation sector. These discrepancies are between sectoral and cross sectoral laws and regulations, which has led into a practise of certain laws are being uphold while others laws are being violated. Sectoral laws are normally only specify on technical aspects, and less spesific on general aspects, such as the legality of companies and the legality of it's trading and operational practises beyond technical aspect.

In order to create better governance mechanism on natural resources utilisation, therefore, it needs to have a platform where both sectoral and multi sectoral laws and regulations are integrated into one platform. This platform is known and minimum requirement and operational standards on natural resources utilisation in the province of Aceh. This minimum requirement and operational standards also allows all conservatives aspects and prevention on social degradation aspects to be integrated. From mid of 2011 to January 2012, RSG grant allow the work to start the creation of minimum requirement and operational standards to start. Such as analysing all existing licences that were gathered during 2010 and 2011 natural resources concession reviews, analysing the role and responsibility of different government agencies in monitoring, issuing, and supervising the licences and analysing all existing local and national regulation and other forms of legal procedures.

This protocol was completed by the end of June 2012 after it was supported by UNDP AGTP (Aceh Government Transformation Project) that took place from February 2012 – June 2012.

