

High Carbon Stock (HCS) initiative for Pulp and Paper industry

A presentation for the Ministry of Forestry

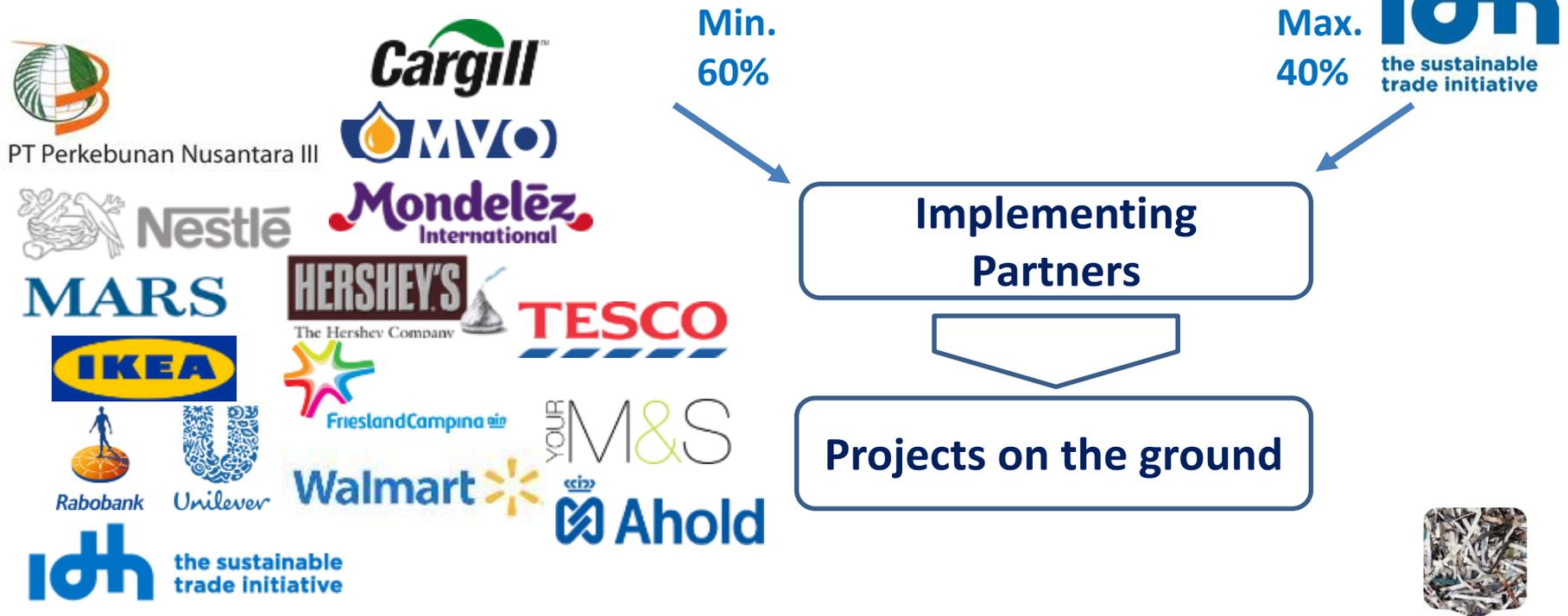
October 1st, 2014



the sustainable
trade initiative

Introducing IDH

- €135 M Public Private Partnership facility funded by Dutch, Swiss and Danish governments
- 18 commodity chains in over 50 countries, over 200 companies and 35 international NGOs
- Proven expertise in **convening** and **innovating** to improve and accelerate sustainability in commodity supply chains
- Provides **co-funding grants** in return for **public goods** delivery



IDH experience in international commodity chains



WORLD
ECONOMIC
FORUM

COMMITTED TO
IMPROVING THE STATE
OF THE WORLD



Cocoa



Palm oil



Coffee



Soy



Natural stone



Cotton



Pulp & Paper



Spices



Aquaculture



Cashew



Tourism



Electronics



Tea



Tin



**Tropical
Timber**



**Fruits &
Vegetables**



**Flowers &
Plants**



Textiles

Programs in implementation or
scoping in Indonesia



STIPP was launched on June 12th



Purpose of the launch was to announce to the public an innovative public-private partnership to mainstream the sustainability of the pulp and paper industry in Indonesia

The STIPP Launch received multi-stakeholder support

Private	Public	NGO	Association
APP (MoU) APRIL (MoU) AkzoNobel (MoU) Nestle (Panel) Unilever (Panel) Fajar Paper (Panel)	Dutch Ambassador Norwegian Ambassador Ministry of Forestry Ministry of Industry (All speakers)	WWF (Panel) Greenpeace (Panel)	APKI (MoU) Kadin (Panel)



Challenges facing Forestry Sector

- “Brand Indonesia”



Michelle Desilets @orangutans · Aug 17

Indonesian govt reiterates plan to clear 14M ha of forest by 2020 bit.ly/1taR9sa
#deforestation #despair



Irina Tikhomirova @IrinaGreenVoice · Aug 18

Despite moratorium, **Indonesia** now has world's highest #deforestation rate |
@mongabay: news.mongabay.com/2014/0629-indo...
pic.twitter.com/GkmBF3y11k



CIFOR @CIFOR · Jul 22

Fibre production drives #deforestation in **Indonesia** ow.ly/ztAfb via
@NatureNews //quoting ex #CIFOR DG @FrancesJSeymour



Michelle Desilets @orangutans · Aug 18

Brazil praised for saving forests but **Indonesia's** plans for its forests could face setbacks bit.ly/1o5vU6N #deforestation

Source: www.twitter.com

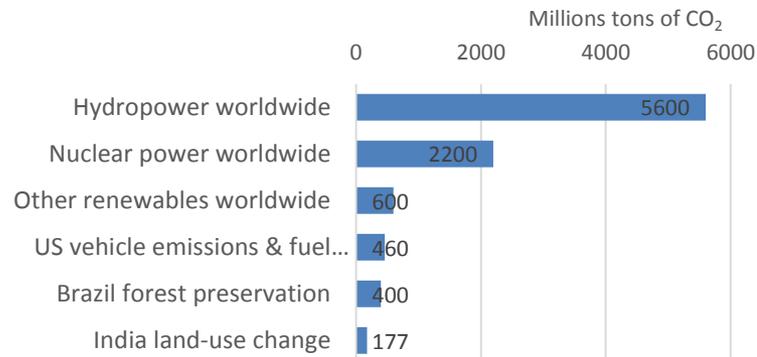
- Land classification

“As of 2011, approximately **70 percent** of Indonesia’s total land area was classified as “forest estate” (kawasan hutan) [... However] **many forest estate lands are settled or degraded, and many nonforest estate lands host rich primary forests and extensive peatlands.** A study by the World Resources Institute found that **5.3 million hectares** of suitable land are part of the forest estate.”

Source: “How to Change Legal Land Use Classifications to Support More Sustainable Palm Oil in Indonesia,” WRI, October 2013

- Emissions reduction

Global yearly emissions reductions



Source: “[Curbing climate change: The deepest cuts](#),” The Economist, Sept. 20th 2014

- Deforestation continues

“Indonesia [...] has **the highest annual increase in forest cover loss** over the study period [2000-2012], of around **1,000 square kilometres per year**. And this is coincident with you know, in **2011 they instituted a deforestation moratorium** meant to mimic in some sense the Brazilian effort [...] the first full year of our results, **inside the moratorium was the highest forest loss in Indonesia.**”

Source: “[High-Resolution Global Maps of 21st-Century Forest Cover Change](#),” Science, Nov. 15th 2013



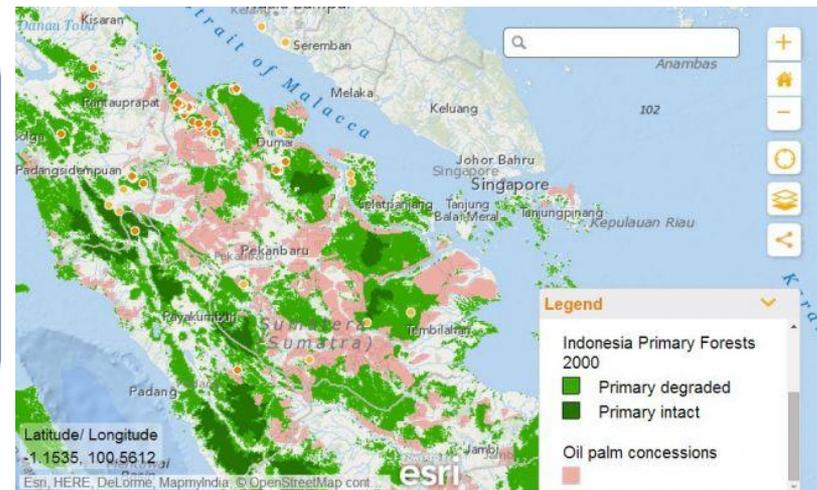
The value of HCS



Source: "High Carbon Stock Forest Conservation," GAR, PT SMART, TFT, Greenpeace, Feb. 12th 2014

- Simple and transparent methodology (thresholds still needed)
- Classification of “go, no-go” areas

- Utility of satellite observation
- Potentially huge, easily quantified, emissions savings



Source: [WRI Global Forest Watch](#)



Other existing HCS initiatives

Sustainable Palm Oil Manifesto

Offtaker: Unilever
Producers: Sime Darby, Musim Mas, KLK, Asian Agri, IOI, Cargill

Objectives: Accepted HCS methodology; industry accepted HCS definition; accreditation process established; social and peat management addressed
Status: Have selected a scientist but have not yet designed or piloted projects. Yearlong moratorium agreed to by producers to.

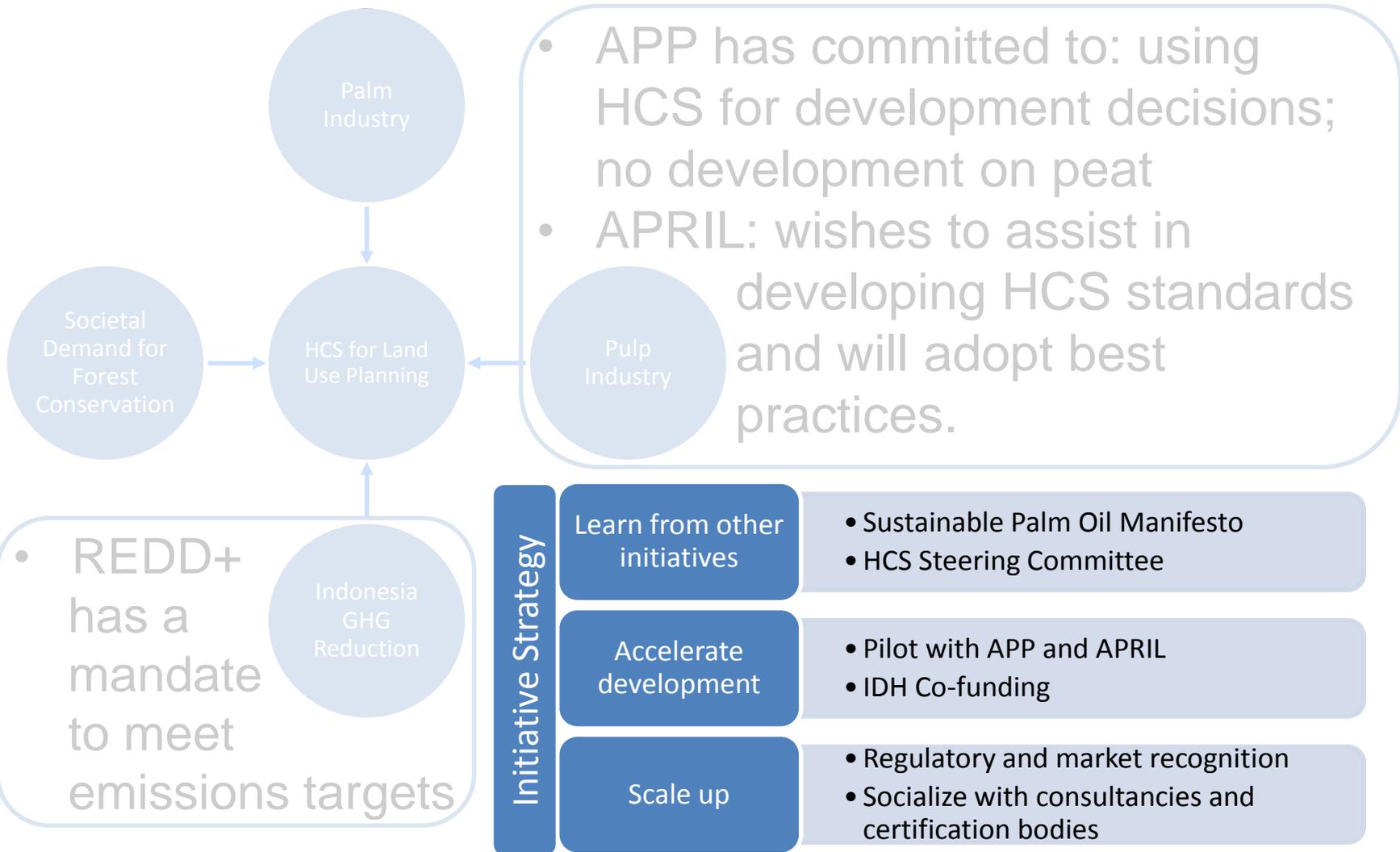
HCS Steering Group

Civil Society: Greenpeace, TFT, WWF, HCV resource network
Producer: GAR, Wilmar, Asia Pulp and Paper

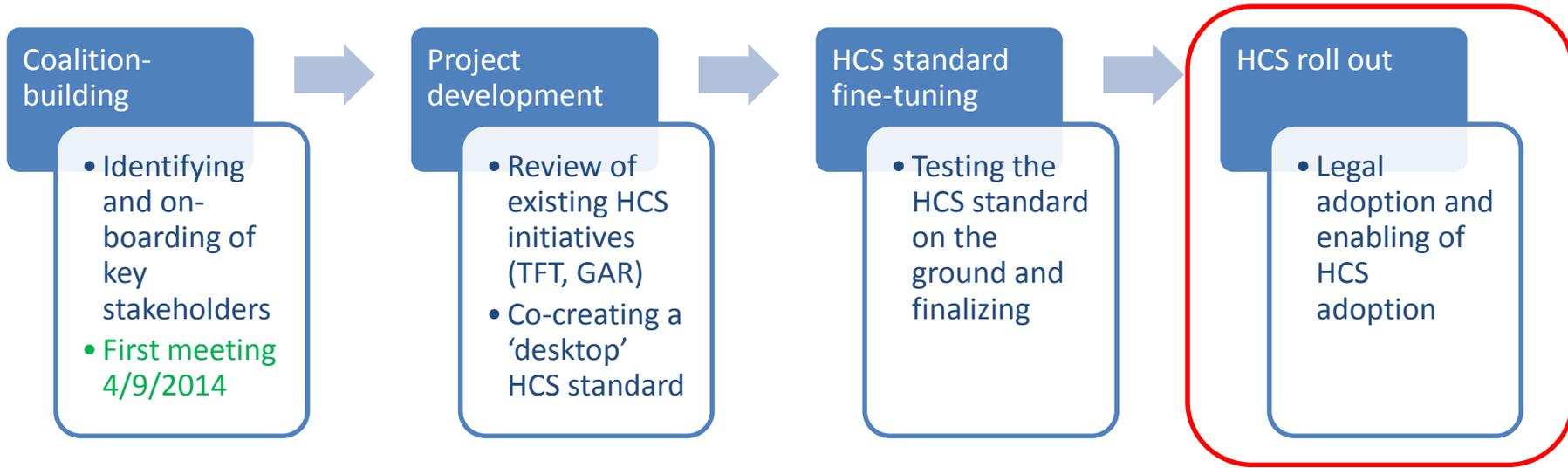
Objectives: Global HCS methodology; coordination with other institutions (RSPO, FSC, HCV, etc.); willing to coordinate with other efforts
Status: Completed pilots for palm and P&P, toolkits in development



Demand for HCS and IDH's strategy



Process and MoF's potential role



- IDH's role: convener, facilitator, project manager (as needed)
- Eventually, MoF might recognize an HCS standard, and recognize that set-asides by private companies are protected by law (PHPL?)
- During the initiative MoF could:
 - Function as an observer/advisor to ensure standards are easy to adopt into regulatory framework
 - Provide advice on relevant stakeholders, which division of MoF should have ownership, and what other agencies to involve



In summary

- The Indonesian Forestry sector faces a number of challenges related to deforestation and greenhouse gas emissions.
- HCS can potentially help these challenges by providing a simple and useful tool to quantitatively define various strata of forests, informing producers and government bodies in land-use planning, 'go/no go' areas for development, conservation, etc.
- Various industries, among them pulp and paper, want to develop this tool.
- The P&P industry wants to partner with regulators in realizing this tool

Annex

HCS: current understanding

Carbon inventory is calculated by looking at above ground trees with trunks 15cm in diameter or larger. Calculations for carbon per tree exist and then, based on foliage density, a carbon stock per hectare inventory is calculated.

Questions for the industry to determine:

What are inventory thresholds to classify forest strata?

Which strata can be converted for production?

Which strata should be conserved?

What minimum area constitutes a “patch” of strata?

How do we deal with multiple unattached “patches”?

(Patch: an HCS area smaller than X hectares)