

# DTE

Aceh one year on - see pages 10-14



## Down to Earth International Campaign for Ecological Justice in Indonesia

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## Communities challenge palm oil industry promises of sustainability

*After a year of negotiations and pressure from Indonesian and international civil society groups, the Roundtable on Sustainable Palm Oil (RSPO) accepted the Principles & Criteria drafted by its working group at its meeting in Singapore on 22 - 23 November 2005. This decision has the potential to improve social and environmental practices in the oil palm industry and could even lead to new laws on corporate responsibility.*

Several hundred participants from different backgrounds and countries took part in the Roundtable on Sustainable Palm Oil, including plantation companies, manufacturers and retailers of palm oil products, investors, consultants and civil society groups. Two days of speeches, PowerPoint presentations, side events, Q&A sessions and discussion groups on various aspects of palm oil and sustainability, plus a multitude of opportunities for lobbying and exchanging information over meals or around the exhibition stands, culminated in the RSPO General Assembly - the real decision-making body.

### What was achieved?

The main achievement of this third Roundtable meeting (RT3) was that RSPO's members accepted the 8 Principles and 39 Criteria for Sustainable Palm Oil Production as a complete package. The industry-dominated forum was not unanimous: of 68 ordinary RSPO members, 55 accepted the whole package; one abstained (PT Agro Indomas, the Central Kalimantan plantation which received loans from CDC and Rabobank in 1999); and the rest did not attend.

The message sent out from RT3 was that sustainability can be profitable if done the right way. This was just what RSPO

members, particularly the palm oil producers, wanted to hear. But these are mostly the big companies which can best afford to implement good practice measures. Only a handful of the roughly 600 palm oil companies in Indonesia are currently RSPO members. Experience with FSC timber certification suggests national and regional legislation will make compliance hard for Indonesian plantations.

Moreover, these voluntary measures are only enforced through market forces from Europe where there is higher consumer awareness about sustainability. In contrast, India and China are huge markets which are much less demanding for Indonesian and Malaysian palm oil producers.

### Unanswered questions

NGOs and community groups received the news with a mixture of relief and suspicion. They had expected more open opposition from Malaysian and Indonesian industry associations. It was also surprising to see unlikely companies (including LonSum) rushing to volunteer for the all-important two-year field tests of the Principles & Criteria.

Did the palm oil companies only agree because they intend to hide behind weak national laws? Or because they hope the results of the pilot studies will water

down the standards in two years' time? Is the RSPO building an exclusive club to control a niche market, rather than encouraging all companies to improve their standards? Is RSPO approval just a marketing device which palm oil producers will try to implement at minimum cost? Will consumers prefer a

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cheap rather than a sustainable product? These and many other questions remain open for the present.

What is not in question is that the RSPO Principles & Criteria represent a potentially useful tool for civil society groups to evaluate companies' social and environmental practices and to hold them to account. The key issue for local communities in Indonesia is whether the RSPO's measures will provide any benefits in practice. Jakarta largely ignores local people's concerns, but it does care about foreign investment. At the same time, district government heads (*bupati*) in oil palm growing regions pay more attention to local revenues than to national policies.

### Challenges for civil society

A priority for the members of the NGO network on oil palm, Sawit Watch, other Indonesian NGOs is, therefore, to take the Principles & Criteria to local communities and explain what they mean, so that people affected by palm oil developments can leverage better conditions. NGOs also have an important role to play in ensuring that all those in decision-making positions - local



Commercial oil palm plantation (DTE)

government officials, district administrators, local assemblies and government ministers and their staff - understand better about the RSPO and its standards. At present, Indonesian CSOs only have limited capacity to monitor palm oil companies' activities in the field. Yet there is also a need to monitor the real impacts of oil palm expansion over the two-year trial period, not just the RSPO pilot projects.

A major challenge for international NGOs is to push for RSPO standards to be made mandatory at the international level. This will put pressure on the Indonesian government to change national legislation. In addition, international NGOs need to raise public awareness in consumer countries about palm oil and sustainability. This includes the investors, traders, supermarkets and food manufacturers.

It is no coincidence that, shortly after the Singapore meeting, ASDA (Britain's second largest supermarket and part of US giant US retailer Walmart) applied to join the RSPO. Friends of the Earth has been lobbying UK supermarkets to ensure that the products they sell only contain palm oil from plantations which have not caused forest destruction or human rights violations.

Developing links between civil society groups, especially those engaged in oil palm issues in the South, is another strategic priority. Some groups, including those from PNG, have boycotted the RSPO process. They see it a vehicle for the implementation of large-scale monoculture with all the attendant social and environmental problems. In their view, 'sustainable palm oil' is a contradiction in terms. NGOs and community organisations in Indonesia have also taken a strong position against oil palm plantations, notably in West Kalimantan (see DTE 66:2).

### Next steps

For those groups who see the RSPO as an opportunity, much remains to be done to ensure that there will be strict verification of compliance and control of sustainability claims; secure chain of custody procedures so that palm oil can be traced from producer to consumer; and an adequate process to engage smallholders.

The RSPO Criteria Working Group (CWG) meets in Kuala Lumpur, February 21-22, to discuss in the detail the guidance provided for the implementation of each criterion. This is important both for field testing the Principles & Criteria during the two year pilot implementation period, and for national interpretation processes. Key issues will be the position of smallholders, customary rights and the use of specific indicators - for example, to measure continuous improvement of performance (Criterion 8).

A Verification Working Group will look at methods to identify palm oil produced and supplied according to the demands of the RSPO standards. Sawit Watch and WWF will be involved in verification at the national level. Several aspects of the Principles & Criteria are far from clear. For example, will a company be able to sell its oil as sustainable if it fulfils all the environmental criteria, but none of the social ones? Is 10% compliance with all the Principles good enough or not? Moreover, the RSPO has opted for a tracing system which allows a certain amount of oil that may not meet RSPO standards to be mixed with 'sustainable' palm oil. Industry argues this is a realistic approach; critics consider that this endorses the use of unsustainable palm oil.

The RSPO Board also accepted that a Task Force on Smallholders be set up. While

(continued next page)

### 'Poisoned and Silenced'

Missing from the RSPO criteria so far is a list of banned agrochemicals (see DTE 66:9). Anti-pesticide activists from Malaysia failed in their attempt to change the RSPO's position through the Singapore meeting. The Swiss-based NGO, the Berne Declaration (a member of the Pesticide Action Network), and the IUF (International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations) released a pre-conference press statement. This criticised the RSPO criteria as too weak and called for Paraquat to be forbidden from the production of any 'sustainable' palm oil.

Syngenta, a manufacturer of Paraquat, is an affiliate RSPO-member and sponsored the official dinner at the RT3 meeting. WWF responded, on RSPO's behalf, that "such details would be part of the guidance notes" to be developed later. It refuted charges that pesticide producers influenced the criteria in their favour, explaining that the criteria were drawn up by a working group where there was no representation of the agrochemical industry.

The Berne Declaration & IUF press release (18/Nov/05) is at <http://www.evb.ch/en/p25010155.html>

## RSPO principles

1. *Commitment to transparency*
2. *Compliance with applicable laws and regulations*
3. *Commitment to long-term economic and financial viability*
4. *Use of appropriate best practice by growers and millers*
5. *Environmental responsibility and conservation of natural resources and biodiversity*
6. *Responsible consideration of employees and of individuals and communities affected by growers and mills*
7. *Responsible development of new plantings*
8. *Commitment to continuous improvement in key areas of activity.*

Each Principle has a number of Criteria attached to it with guidance on their implementation (see box, next page, for two examples).

# The borders megaproject

The government is pressing ahead with plans to create a huge plantation zone along the Indonesia-Malaysia border, despite concerns raised by Indonesian and international NGOs and forest researchers and donors.

Indonesian NGO Greenomics revealed in February that East Kalimantan has allocated 215,000ha in three districts to be cleared as part of the plantation. The area includes 17,000ha of government-funded community plantations. West Kalimantan has not made its plans public.

The plantations, which will cover 1.8 million hectares in total, are expected to require an investment of around Rp6.45 trillion (about US\$645 million), 98 percent of which would be funded by private investors.

Conservation organisations fear that the megaplantation will seriously affect at least two national parks along the length of the border with Malaysia - Betung Kerihun in West Kalimantan and Kayan Mentarang in East Kalimantan. WWF had launched its 'Heart of Borneo' campaign to protect a 22 million ha area straddling the border several months before the plantation project was announced last year.

At a major workshop on the 'Heart of Borneo' held in December in Jakarta, Forestry minister Kaban announced that he would not allow any conversion of forests for the plantation scheme along the border. Instead, investors would be required to use deforested land, replanting 40% with commercial crops - including oil palm - and

reforesting the rest. Concession rights would be granted for 25-35 years after which the companies would have to restore the areas used for plantations.

Agriculture minister, Anton Apriyantono, also told the press in early February that the government would use 'abandoned land' to set up palm oil plantations along the Kalimantan border. "There is nearly 2 million hectares of such land, and this will be our first priority," he said. Indigenous organisations in West Kalimantan are worried that government talk of 1.5 million ha of 'inactive land' potentially available for the oil palm, includes large tracts of *adat* (customary) land left fallow as part of traditional cultivation schemes.

The rugged hills which run along much the Kalimantan border are too steep or high for oil palm. A CIFOR study showed that 200 sites in the Malinau district of East Kalimantan are not suitable for oil palm cultivation. Large amounts of expensive infrastructure, in the form of roads, would also be needed to access this remote area. A Greenomics study suggests that the real motive for the project to investors could be the timber resulting from land clearance, worth an estimated Rp237.8 trillion (US\$23.78bn). Another factor driving the megaproject is the prospect of massive palm oil supplies for biofuel, in the wake of public anger over rising fuel prices.

(Sources: *Jakarta Post* 1/Dec/05, 9/Dec/05, 28/Dec/05; *Bisnis Indonesia* 7/Feb/06) ♦

(continued from page 2)

large-scale oil palm plantations are much the same in Indonesia, Malaysia or PNG, small-scale oil palm cultivators are highly diverse. In Indonesia, some 30% of production is by those designated as 'smallholders'. The term covers peasant farmers who have chosen to grow oil palms on their own certificated plots; transmigrants brought to plantations as cheap labour; indigenous people whose land has been taken from them; farmers in debt to company-led co-operatives; and many others. As the Principles & Criteria were drawn up by big companies, they are not all appropriate to smallholders, so compliance is a potential problem. Furthermore, there is, as yet, no independent body that represents smallholders' interests in Indonesia.

## Other achievements

The meeting presented an opportunity for DTE and other groups to raise concerns about the Kalimantan border plantation megaproject (see DTE 66:1 and separate item, above). However, a proposal to oppose this potentially destructive scheme - via a technical measure that that no oil palm should be planted on steep slopes above a certain altitude - was rejected on the debatable grounds that there is no firm legal basis for such a ban. Incredibly, the RSPO maintained a polite silence over the responsibility of palm oil companies for the annual forest fires and air pollution caused by burning to clear land. Genetically modified palm oil was not on the agenda either, as RSPO members believe it is so far in the future.

Arguably the most significant achievement was that community

representatives lobbied companies and raised their concerns as equals in the public arena. Investment specialists and manufacturing companies were challenged by the very different perspectives and perceptive questions put directly to them by indigenous people whose livelihoods are threatened or have been destroyed by oil palm plantations.

The Principles & Criteria agreed can be viewed on the RSPO website at <http://www.sustainable-palmoil.org/> ♦



# From Singapore to West Kalimantan

*Pak Cion Alexander is a peasant farmer who also has a law degree and is a community activist in the organisation Gerakan Rakyat Pemberdayaan Kampung (GRPK). He comes from Sanggau, West Kalimantan and attended the third RSPO meeting in Singapore. The following account is his response to questions about the problems facing his community, what needs to be done and what he has gained from the RSPO meeting.*

The basic problem is when *adat* [customary] land is incorporated into a palm oil plantation as part of the main body of an estate. To indigenous communities, the loss of land means the loss of livelihoods. In my own case, all but 2ha of our property has gone and I have become a wage slave on my family land. Regional autonomy has made matters worse. The local authorities are so keen to bring oil palm plantations into their areas on the grounds that they increases local revenue, create employment, provide roads and make communities better off. There are now nearly 40 plantation companies in Sanggau alone.

It is true that Sanggau district assembly passed a local regulation on village governance (*Perda* No 4/2002) providing us with the chance to go back to our traditional system, based on the *kampung*. For generations, *adat* formed the basis of highly democratic, independent communities which had control over the natural resources within their customary lands. Decisions were taken by the whole community, not by an elite. The standardised system of village governance introduced by Suharto's regime in 1979 changed all that. But we wanted our *adat* system to be acknowledged. So we pressed for the new regulation as soon as regional autonomy was introduced.

However this regulation has itself become a problem and we are now looking to revise it. One problem is that our environment has changed radically over the past 25 years. Much of the forest has been cut down and the land allocated to companies. We have lost our livelihoods: we no longer have a ready source of timber or fish. Secondly, the version of the regulation which was passed is different from the one which had been drafted and approved by communities, so they have rejected it. Lastly, the regulation cannot be used effectively because the local government cannot make it fit within the limitations of the current version of regional autonomy, where Jakarta still has the major say over how our forests are used.

The high rate of 'forest conversion' means that even forest traditionally set aside for

## RSPO Criterion 2.2

*The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.*

## RSPO Criterion 2.3

*Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users without their free, prior and informed consent.*

future generations (*hutan cadangan*) has been cleared to make way for oil palm plantations. The government regards land left fallow under traditional cultivation systems as 'neglected' or 'critical' and ripe for conversion. Indigenous people can no longer grow their own rice, vegetables and other crops; they must buy food. So the introduction of oil palm plantations has made local communities poorer.

Plantations obscure the natural boundaries between *kampung* and this leads to more conflicts between communities. Under the 'plasma' system\*, people may be allocated plots of oil palm on *adat* land belonging to another community or even in another sub-district. So people no longer have control over their customary lands and this weakens the whole *adat* system.

Another problem is that companies misuse traditional governance systems. The government is complicit in this because it sets up its own, officially approved '*adat*' organisations and appoints the leaders. It is these people who the companies approach to sign away community rights.

It is vitally important that indigenous rights are recognised in national legislation and are further strengthened through local regulations. The right to free, prior and informed consent is part of this, so we can

choose to accept or refuse a plantation on our land. We also need to map the extent of our customary lands, so that companies cannot take it from us so easily. Plantations in Parindu, Kembayan, Tayan Hulu, Tayan Holir and Kapuas should return customary land to indigenous communities because the land procurement procedures violated national and *adat* law.

The RSPO Principles and Criteria on oil palm plantations are an important opportunity for indigenous people in Kalimantan to strengthen their customary rights. We need to have these standards translated into Bahasa Indonesia and even local languages, so that we can spread public awareness about them at the village level. It is also important that environmental organisations do not just use the Principles and Criteria to promote conservation at the expense of social issues. 'Plasma' smallholders have no bargaining power; they are unable to determine the price they get for their palm fruits. Our priority for the future must be to strengthen the position of smallholders.

*\*Large plantations used a nucleus estate/smallholder system. Newer plantations have different schemes, but the term 'plasma' is still commonly used to refer to the area cultivated by smallholders that supplies the 'nucleus' processing plant. ♦*



## West Papua resources

# Illegal military payments by Freeport/Rio Tinto

*Freeport, operator of the giant Grasberg goldmine in West Papua, is in the public spotlight once again over its financial relationship with the Indonesian security forces.*

After almost forty years of largely fruitless protest, Amungme and Kamoro indigenous owners of the Freeport concession area in West Papua can be forgiven their cynicism at the latest push for accountability from the US-based mining company, Freeport. The Amungme, the traditional landowners of the Grasberg mine site, have been protesting since negotiations over the mine began. Protests against Freeport were recorded in 1967 even before the Contract of Work was signed between General Suharto and Freeport, and protests leading to the deaths of four people were recorded in 1968.<sup>1</sup> Since then, hundreds of human rights abuses have been reported in the mine area.

During a recent interview in Jakarta, the respected Amungme traditional leader ('Mama') Yosepha Alomang demonstrated that she did not need to read the *New York Times* to know that although the government security forces [including police and military] receive three free meals a day from Freeport, they still receive generous "food allowances" and other payments. The payments were recently revealed to the wider world in an exposé by Jane Perlez and Raymond Bonner published in the *New York Times*.

According to interviews and accounting records obtained by Perlez and Bonner, Freeport paid around US\$30 million to the military and police between 1998 and 2004. Most damning, those sources indicated that Freeport made payments of tens and hundreds of thousands of dollars into the pockets of numerous senior military officers, ostensibly for food or "military projects".<sup>2</sup>

Freeport does not deny these payments in its letter responding to the *NYT* investigative report, instead asserting that "we disclose our financial support in a transparent manner" and stating that the security forces are "deployed and directed by the Government of Indonesia".<sup>3</sup> In saying this, Freeport is severely stretching the truth to avoid the obvious conclusion that it has been making illegal, clandestine payments directly to public employees. In fact, despite what Freeport says, these direct payments were not publicly known before they were unearthed by NGOs and journalists. Indeed, in several cases, they have been denied by the

recipients who seem to be aware that such payments are inappropriate.

### Spying

Nor is it convincing when Freeport claims that the security forces are only directed by the government. Although on many occasions, security forces are a nuisance for Freeport, stealing from the company and running illegal businesses in the mine area, nevertheless the military sometimes certainly acts as if in the direct employ of the company. Soldiers are to be found travelling in company vehicles, frequenting company posts and have even been photographed wearing company uniforms.<sup>4</sup> At Freeport's request, Indonesian military intelligence officers worked with Freeport to intercept phone and email communications by critical environmental NGOs.<sup>5</sup> Security forces supported the company by interfering with a lawsuit launched by the Amungme leader Tom Beanal, stealing affidavits before they could be sent to the Amungme's US lawyer Martin Regan, and having the lawyer deported from the province when he attempted to meet his clients personally. Security forces prevented Yosepha Alomang from departing to present Amungme grievances to the Rio Tinto AGM in London. Security forces also deported US human rights investigator Abigail Abrash, reportedly at the request of Tom Green, an ex-US military attaché whom Freeport recruited at the suggestion of another staffer, a former CIA operative.<sup>6</sup>

### Investigation

In 2003, Freeport was forced to admit it made payments to the Indonesian military and police of over US\$11 million during 2001-2002 (see *DTE* 57:1). Last year, Global Witness reported that the company had made payments to individual military and police officers. The NGO called for Freeport to be investigated under US and Indonesian laws (see *DTE* 66:16 and <http://www.globalwitness.org/reports/show.php/en.00077.html>). The *NYT*'s latest revelations have lent weight to this demand.

The Indonesian environmental NGO WALHI, which has engaged in legal battles with the company in the past, has welcomed the announcement of the

Parliamentary Standing Commission on Environment's plans to reopen an enquiry into Freeport. Enquiries have also been announced by the Minister for Mining and Energy and the Minister for Environment.<sup>7</sup> Finally, an internal defense investigation is underway into Freeport's direct payments to commanders. This investigation is under suspicion, however, because the Inspector General of the Indonesian Army, Major General Mahidin Simbolon, who is ordinarily responsible for such investigations, apparently received direct personal payments of one quarter of a million dollars from Freeport during his time in Papua between May 2001 and March 2003.<sup>8</sup>

Commenting on this news, Yosepha Alomang expressed little confidence in a new parliamentary enquiry, based on previous visits organised by Freeport at the request of parliamentarians. According to Alomang, such visits showcase employee residential areas such as Kuala Kencana - the construction of this area required the forced relocation of indigenous people from their traditional lands. "They (parliamentarians) don't visit where we indigenous people live, they just stay at the Sheraton and see what the company shows them. It's a waste of time," she said.<sup>9</sup>

- 1 UNCEN-ANU Baseline Studies Project, Appendix #1, Amungme Bibliography, 1998.
- 2 Perlez, Jane and Bonner, Raymond, 'Below a Mountain of Wealth, a River of Waste', *The New York Times*, Dec 27, 2005
- 3 Adkerson, Richard, CEO Freeport McMoRan Copper & Gold Inc, letter to editors of *NYT*, Jan 11, 2006.
- 4 Leith, Denise. *The Politics of Power; Freeport in Suharto's Indonesia*. University of Hawai'i Press, 2003.
- 5 Perlez and Bonner, op cit.
- 6 Leith, op cit.
- 7 Govt to Set Up Team to Study Freeport Case, ANTARA News, Feb 08 2006;
- 8 *Paying For Protection, The Freeport Mine and the Indonesian Security Forces*, Global Witness, July 2005.
- 9 Alomang, Yosepha. Interview by the author, Jakarta, February 2006.

(For more information about Yosepha Alomang, see *DTE* 63:8)♦

# ADB to fund BP's Tangguh gas project

*Despite protests from NGOs, the Asian Development Bank has approved a loan for BP's giant Tangguh gas project in West Papua.*

In December 2005, the Asian Development Bank (ADB) decided to put US\$350 million towards the \$5.5 billion gas extraction and liquefied gas processing plant, now being developed by Anglo-US multinational BP, in Bintuni Bay, in the western part of West Papua.

This project has attracted critical attention because of the actual and potential impacts on local people and the environment which supports their livelihoods. West Papua's history of violence against the indigenous population by the Indonesian security forces associated with resource extraction has also been a major concern (see DTE 65:1 for more background).

DTE's letter to the ADB Board members pointed out that the development is located in an area where indigenous Papuans were not able to exercise their right to free, prior and informed consent due to the security situation and the denial of customary land rights at the time land acquisition for the project began. The letter also highlighted:

- ♦ the fact that human rights abuses by the security forces in West Papua are widespread, with little or no attempt to bring perpetrators to justice;
- ♦ the increase in military personnel in West Papua, including a new Kostrad (Strategic Reserve Command) division in Sorong - relatively near the project location, in the western part of the territory - and the potential for an increase in human rights violations;
- ♦ the social tensions caused by the project in the impacted villages, and the fact that some affected villagers have opposed the project;
- ♦ the serious concerns expressed by civil society groups in Papua and internationally in a December 2004 letter to BP and which centred on human rights, transparency and the wider Papuan context (see <http://dte.gn.apc.org/65CSL.HTM>);
- ♦ the vehement opposition to the project by many Papuans, because they believe Indonesia has no right to make decisions over, or benefit from, resource extraction in a territory which was acquired by force and without any genuine act of self-determination for Papuans.
- ♦ the concerns over environmental impacts, which threaten mangroves, fisheries and local livelihoods.

The letter also stated that the project is aimed at serving the needs of

international gas consumers, rather than the Papuans' own energy needs and is based on the priorities of private companies and the Indonesian government, rather than on Papuans' own development priorities. As such the project

*"will lay the ADB open to the question why public money is being channelled to this project, when it could be used to promote sustainable, renewable energy which benefits the local population and which contributes towards poverty alleviation".*

(DTE letter to ADB Board members, 13/Dec/05)

A joint letter from Indonesian NGOs WALHI (the Indonesian Environment Forum), mining advocacy network (JATAM) and the Anti Debt Coalition (KAU); pointed to the project's flawed environmental impact assessment and to community dissatisfaction with the low compensation levels paid for their land.

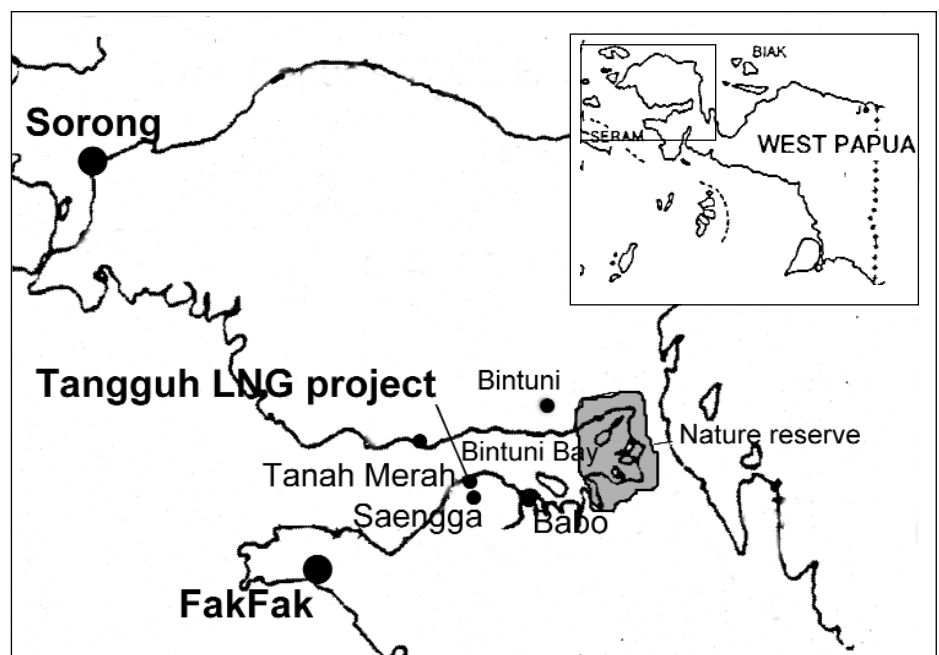
The Indonesian NGOs also protested at the total lack of information available in the Indonesian language, which was crucial to enable informed public participation in the ADB decision-making process. The NGOs called for the decision on financing Tangguh to be postponed pending the provision of complete information to the Indonesian public, including in the Indonesian language. (WALHI, JATAM, KAU letter to ADB, December 2005)

The US-based NGO, Environmental Defense, wrote to the ADB to support the Indonesian NGOs' concerns. Referring to a

November 2005 report by the ADB president, which recommends that board members approve the loan, the NGO points to concerns over access to resources restricted by the project's gas installations, plus pollution from the LNG plant. Environmental Defense was concerned that the Bank failed to prioritise identified social and environmental risks in its recommendation report, focussing instead on the project's economic risks.

Despite the many well-publicised concerns, the ADB president's report to the board argues that the loan is justified because it will, among other things, contribute to sustainable economic growth (and thereby poverty reduction); demonstrate a resumption of private sector confidence in Indonesia; and reassure the government, private investors, LNG purchasers and financiers that the project meets international standards and best practices, "with critical environment and social requirements being fully satisfied."

According to the ADB's project profile, Tangguh is also in line with the ADB's energy policy that supports the development of 'cleaner' fuels with private sector participation and will provide 'environmentally benign' LNG to support cleaner fuel usage in other countries in the region, especially China and Korea. According to Tangguh's environmental assessment documents, summarised and updated last year by ADB, the project will still produce 4.67 million tonnes of carbon dioxide per



year to produce 7.6 mt LNG per year. The CO<sub>2</sub> produced by burning the LNG will produce a further 20.9 mtpa. While this represents a reduction in CO<sub>2</sub> emissions from coal (calculated as producing 40.88 mtpa for the same amount of energy) it is still hard to see how 25.57 million tonnes of CO<sub>2</sub> can be described as environmentally benign.

Moreover, these 'benefits' will be enjoyed far from Papua, while local people suffer from increased pollution in the immediate environment. As highlighted in Environmental Defense's letter, ADB's report to the board indicates that the levels of CO<sub>2</sub>, sulphur dioxide, nitrogen oxides and particulates will contribute to local air pollution, but these environmental costs will "to some extent be offset by any environmental benefits to be gained by replacing coal or oil with LNG." Environmental Defense responds "this argument is hardly one that bodes well for the health of project-impacted peoples or for the ADB's 'development mandate' requirements." (Environmental Defense letter to ADB, December 2005, see [www.forum-adb.org](http://www.forum-adb.org)).

## Papua's wider context studiously ignored

The ADB's 30-page report to the board makes no mention of Papua's wider political context, despite its clear relevance for the project.

Issues of concern include the increasing levels of troops stationed in Papua (see DTE 65:5) and the ongoing atrocities committed by security forces against Papuans. Recent incidents include troops firing into a crowd in Paniai in January 2006, killing a 14-year old school student and seriously wounding two others.

West Papua's political turmoil too, has direct relevance for the project's legitimacy and economic impacts. Late last year, the 1969 'Act of Free Choice' in West Papua was confirmed as a sham in a report commissioned by the Dutch government. The five-year study, by Dutch academic Professor Pieter Drooglever, was launched in November. It details the fraudulent process which resulted in West Papua's illegal annexation by Indonesia. The report also documents the international political influences that led key governments to support the annexation, even though the Act of Free Choice had been anything but free. The Dutch foreign minister has since assured Indonesia that the report is 'superfluous', but it is expected to lend weight to international calls for the gross injustice of 1969 to be put right.

The report was welcomed by Papuans, but demonstrations in the capital, Jayapura, organised to highlight the findings, were broken up by police. The report is

## Poverty reduction?

Past experience in West Papua shows that resource extraction projects are not linked to poverty reduction. The Freeport/Rio Tinto gold mine has been operating for more than three decades, bringing vast profits for the company shareholders and substantial tax revenues for the Indonesian government. Officially, Papua is the second wealthiest province in Indonesia. However, it has not helped lift the West Papuan population out of poverty.

Recently published World Bank figures show that, despite an average growth rate of 10% over the past ten years, and the increased revenue flows since 'Special Autonomy' was introduced in 2002, forty percent of Papuans still live below the poverty line - more than double the national average. A third of Papuan children don't go to school and nine out of ten villages do not have basic health services with a health centre, doctor or midwife.

Given this history, what is the guarantee that Tangguh - and the public money that the ADB is contributing - will bring about meaningful poverty reduction?

(Source: *Papua Public Expenditure Analysis Overview Report, executive summary*, received 9/Nov/05, *Guardian Unlimited* 29/Nov/05)

expected to give a boost to Papua's independence movement, which Indonesia remains determined to suppress. Jakarta's half-hearted commitments to Special Autonomy for West Papua have not, as designed, undermined the pro-independence voice. There is widespread opposition to Jakarta's attempt to divide West Papua into two or more provinces, and to impose an unelected Papuan Peoples Council (MRP) to rubberstamp this process. The MRP was inaugurated on October 31st. and is supposed to give some decision-making powers to Papuan indigenous, women and church representatives. The fact that MRP members were selected, rather than elected, sparked demonstrations and more suppression by the security forces.

## A Papuan voice

The ADB's decision not to consider the wider context chimes with BP's own position - a position which has been challenged by civil society groups within Papua itself and internationally.

In a letter to BP, Papuan Baptist churches leader, Reverend Socratez Sofyan Yoman, wrote in July 2005:

"Your website and brochures say that everything in your 'Project Area' is wonderful. You tell us that you have built a new village and that you are being so careful not to harm the shrimps in our sea. You show photos of smiling Papuan children, but you do not say that outside your 'Project Area' my people are being slaughtered like pigs by the same government you share tea with in Jakarta and Jayapura. What gives you the right to split one part of our land away from the rest and say that everything in 'your area' is fine?"

He also points to the link between profit-making projects, the military and human rights abuses, warning BP that it will be difficult to avoid the mistakes made at the Freeport/Rio Tinto gold mine (see separate article, page 5).

"Whether you like it or not, wherever there is money, the TNI will be there sooner or later to lap it up. They will create an 'incident', blame the OPM\* and then insist that they provide 'protection', at a price, for a 'vital national asset'. You say that you are being so careful to avoid Freeport's mistakes, but I have to say on behalf of my people that if you really cared about us Papuans as much as you say, you would not take this very great risk with our lives." (Letter to Lord Browne, BP chief executive, 30/Jul/05)

(Additional source: Tapol letter to Jack Straw 24/Jan/2006. Tapol has also written to the British foreign secretary to protest against Indonesia's deployment in West Papua of British-made armoured personnel carriers fitted with water cannons - see <http://tapol.gn.apc.org/>)\*

\*Organisasi Papua Merdeka = Free Papua Movement



mining

# New mine will mean more marine pollution in Sulawesi

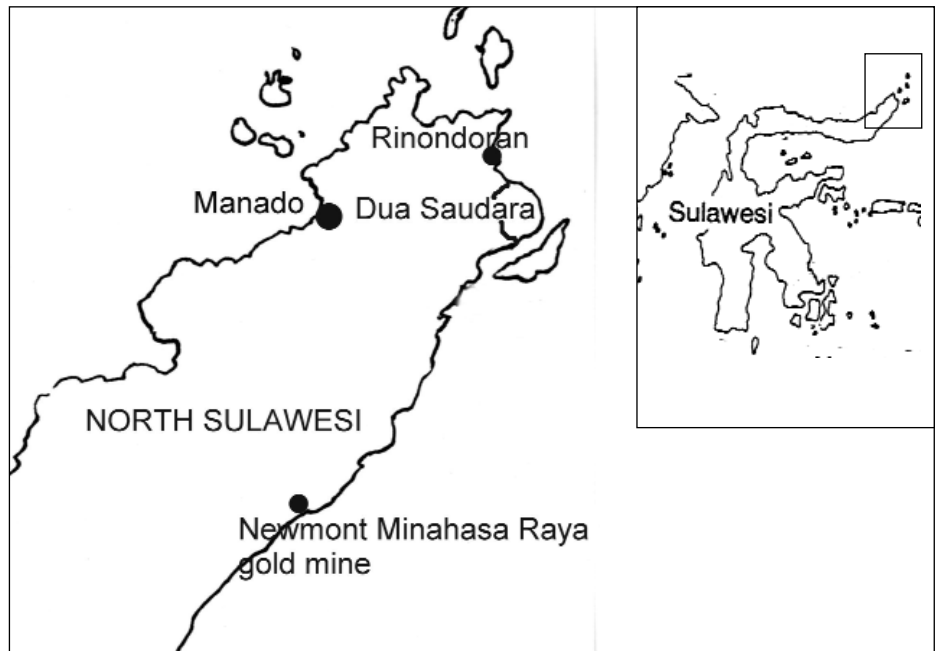
*Villagers and NGOs are trying to stop a British-registered company developing a gold mine which could drastically affect the livelihoods of fisherfolk living in Rinondoran Bay, North Sulawesi.*

Protests in Jakarta by community representatives from North Sulawesi against gold mining and its impacts on the marine environment, livelihoods and human health: the words 'Newmont', 'Buyat Bay' and 'STD' quickly spring to mind. This time it's not the US mining giant that's involved, but a UK-registered company, Archipelago Resources. And, despite the strong evidence of food-chain pollution from Newmont's mining waste dumped in Buyat Bay, the company is determined to use the same 'submarine tailings disposal' (STD) method. Jakarta's energy and mineral resources minister appears to be equally determined to allow another mining disaster to unfold.

PT Meares Sopotan Mining (MSM), 85% owned by Archipelago Resources, has already started construction at the minesite at Rinondoran on the northernmost tip of Sulawesi. The area is around 200 km from Newmont's Minahasa Raya mine. That mine dumped 2,000 tonnes of waste into Buyat Bay per day, and has been blamed for declining fish stocks and ill-health among villagers in the bay. Last year the government started criminal proceedings against the company for violating environmental law. The case continues, but a civil case, also brought by the environment ministry, is being settled out of court (see *DTE 67:1*). Newmont's mining operations ceased in 2001, while ore processing - and waste dumping - ended in 2004.

Now PT MSM is taking up where Newmont left off. It expects the mine to produce around 0.9 million ounces of gold over six years (160,000 oz/year), and during that time, it will dump an estimated 1.2 - 1.7 million tonnes of waste into the sea annually, or around 3,200 - 4,700 tonnes per day. This amounts to 6-8 million tonnes over the life of the mine. The waste is likely to contain cyanide compounds, arsenic and heavy metals - a similar toxic mix to that produced by Newmont. Yet Archipelago Resources claims that its waste will be much the same as the seabed sediment where the waste is supposed to end up.

The company also claims that its operations will comply with international standards. However, this is misleading. For example, the company's own data shows that the mine tailings will contain 23



micrograms/litre of dissolved copper, which is three times the new Marine Water Criteria for the ASEAN region. The tailings will also exceed the US National Oceanic and Atmospheric Administration (NOAA) guidelines for chromium and manganese.

## Companies involved

PT MSM obtained its 741,125 hectare 'Toka Tindung' concession in 1986. An initial plan to mine at one location, called Talawaan, failed when the local government allocated the area to small-scale miners.

Archipelago Resources registered on the London's AIM stock exchange (see box, next page) in September 2003. The company took over Toka Tindung from Australia's Aurora Gold in 2002. The same year, it acquired Aurora's interest in the Indo Muro Kencana gold mine in Central Kalimantan - although this mine, developed on indigenous Dayak land, had a long association with human rights abuses (see *DTE 55:9*). Archipelago's shares are owned by Australian business interests.

In August last year, Archipelago announced that an Indonesian subsidiary of Australia's Leighton Holdings, PT Leighton Contractor Indonesia had been awarded the mining contract for Toka Tindung. Archipelago

has secured a loan from UK-based Rothschilds worth \$35 million and is reported to be shipping a second-hand processing plant from South America for use at Toka Tindung. Indonesia mining advocacy network, JATAM, points out that the use of second-hand equipment should be a source of concern for the Indonesian government since its age and condition will influence the mine's impacts.

## Thousands object

In late November, a delegation of villagers from Rinondoran Bay arrived in Jakarta to press the central government to stop the mine and save their livelihoods. They presented a petition opposing the mine, signed by 10,000 people and held a demonstration with prayers and songs which attracted much press interest. The groups presented their case to the National Commission on Human Rights, the House of Representatives, the Regional Representative Council and the Ministries of Energy & Mineral Resources, Environment, Fisheries and Tourism. They also visited the British Embassy.

The mine concession overlaps with the Tangkoko Dua Saudara Nature Reserve, which provides protection for 13 mammal



## Reporting requirements

AIM is the London Stock Exchange's Alternative Investment Market. Launched in 1995, it aims at providing small, growing companies with access to global funding.

AIM allows firms to float shares with even fewer regulations and safeguards to those that apply on the main stock exchange.

UK-based companies must produce financial reports but, as yet, there is no legal requirement for UK-based companies to demonstrate any social and environmental responsibility.

A draft Company Law Reform Bill, introduced into the UK parliament in November 2005, focuses mainly on financial responsibility.

Friends of the Earth England, Wales & Northern Ireland forced Britain's Chancellor of the Exchequer, Gordon Brown, to do a U-turn on plans to cancel the Operating and Financial Review (OFR) reporting requirement.

From April 2006, the OFR requires the top 1,300 companies to produce an annual statement on their prospects including in relation to social and environmental issues.

A coalition of NGOs, including Friends of the Earth, Amnesty International and Christian Aid are pushing the UK government to pass new legislation to enforce corporate responsibility. (see [www.londonstockexchange.com](http://www.londonstockexchange.com); FoE EWNI press releases 3/Nov/05, 11/Jan/06, 2/Feb/06)

species, 15 bird and 17 reptile species in this unique wildlife region. Just off the tip of Northern Sulawesi lies the better known Bunaken National Marine Park, a well-managed conservation zone which is home to extensive coral reefs, teeming with marine species. The Lembeh Strait, south-east of the provincial capital Manado, is also well known among the international diving community for its pristine waters and rich marine life.

Rinondoran Bay is a focus for the local fishing industry and around 60% of the coastal population are fisherfolk, or run small guesthouses as part of an eco-tourism scheme. Concern about the impact of mining on their livelihoods has prompted coastal villagers to oppose mining in their area since exploration started in the late 1990s.

JATAM calculates that the goldmine will generate Rp19 billion (almost US\$2 million) in royalties for the North Sulawesi government, but that economic damage to local fisheries will be at least Rp 54 billion per year (more than US\$5 million).

Nevertheless, there was little sympathy from director general of geology and mineral resources, Simon Sembiring, who merely told the visiting delegation of villagers not to be 'paranoid' about the tailings. He also asserted that Buyat Bay was not polluted, implying there was no need to worry about pollution from tailings.

## EIA expired

The environment minister responded more sympathetically to the villagers' concerns by investigating the status of the company's environmental impact assessment (AMDAL/EIA). EIAs are required by law before mining operations can begin. Ministry officials found that MSM's EIA, done seven years ago, was well out of date (the EIA is invalid if operations do not start within 3 years). It was also invalid because the

proposed output from the mine was now more than twice the original estimate. The ministry said the company must halt operations until a new EIA has been completed. The new study should also comply with current law, which requires that local people are consulted about developments in their area.

The environment ministry wrote to the mines and energy ministry, recommending that it issue an instruction to stop the company's operations pending the new EIA. However, at the time of writing, the mines and energy ministry had failed to do this. The directorate general of geology and mineral resources is reported to have issued a letter saying that no further changes to the EIA were needed.

The minister's failure to act has drawn heavy criticism from NGOs, who also want a nationwide ban on submarine tailings disposal. Archipelago says the waste will be dumped 3.5 km from the shore at a depth of 150 metres below the sea's surface and that it will settle at a depth of 800-1200 metres. The company argues that land-based tailings disposal is not suited to local soils and that costs would be higher. However, JATAM says that the complex oceanography, including extremely powerful currents, makes it highly likely that the toxic elements from the tailings will mix with surface waters.

On the ground, MSM is continuing to develop the minesite, despite these activities being illegal and despite opposition from thousands of local people. Members of the notoriously brutal 'mobile brigades' police are reportedly being paid to guard the construction work, a move that will ratchet up tension and create potential for violence and human rights abuses against the community.

The company claims it has no reason to stop its activities.

In a letter to the *Jakarta Post*, DTE criticised Archipelago Resources for failing to act responsibly:

*"More than 10,000 local people have signed a petition to stop the mine. They fear they will suffer the same fate as the Buyat community where Newmont dumped its mining waste. They want to decide their own future, not to be the objects of 'socialization' and 'community development projects' determined by the company. They want sustainable livelihoods, not the promise of five years of wealth from a gold mine followed by a legacy of irreparably damaged land and poisoned waters. They want to develop their fishing, agriculture and tourism potential."*

(Source: Jatam website [www.jatam.org](http://www.jatam.org); Sharecast 12/Aug/2005; *Jakarta Post* 5,8&24/Dec/05; *Tempo Interaktif* 23/Dec/05; JATAM updates 15/Dec/05 & 12/Jan/06)♦



Protest against PT MSM mine, Jakarta

(DTE, 2005)

## Aceh

# A year after the disaster

*The following report is based on a DTE staff visit to Aceh in December 2005*

Looking over the vast expanse of mudflats that stretched to the horizon, I asked where the village had been. The man pointed towards the sea. Apart from the few ragged remaining coconut palms, it was indistinguishable from the land which had been paddy fields and shrimp ponds.

One year on from the December 26th quake-tsunami disaster and the scale of the reconstruction work needed is all too apparent. The tsunami devastated communities, their land and livelihoods along more than 800 kilometres of coastline in Aceh. It left over 168,000 people dead or missing, according to official figures. Over half a million were made homeless. Some 67,000 people are still living in tents and 30,000 in temporary barracks which were only intended for use for a year or so and were never suitable for many users. The rest are staying with relatives.

The Rehabilitation and Reconstruction Agency (BRR), headed by Kuntoro Mangkusubroto, has come under heavy criticism for being slow to act and bureaucratic. International aid agencies have also been criticised for each wanting to go its own way and for disproportionate spending on accommodation and transport - thus fuelling inflation in the local economy. Some 480 NGOs are operating in the province, ranging from small local groups to big international agencies. Even so, a slow pace of rebuilding communities that allows for consultation and consent can have advantages over a rushed, top-down reconstruction process.

Only 16,500 houses of the 120,000 planned for Aceh's 570,000 homeless had been completed by late Dec. Another 15,000 were due for completion soon, but tens of thousands of people faced their second rainy season in tents. The UN and Red Cross-Red Crescent said in December that they hoped to build as many as 20,000 temporary homes to provide more adequate shelter. Another 78,000 houses are scheduled for construction this year and the BRR aims to have everyone moved into permanent housing by mid-2007.

### Signs of hope

While the reconstruction of Aceh - particularly new homes - is sluggish, the recovery of Aceh in other ways is phenomenal. People are remarrying and there will soon be a baby boom in Aceh. Behind these apparently happy events lie many



*JKMA secretariat and staff outside new office, Banda Aceh.*

*(DTE)*

tragedies. Women, small children and the elderly died in disproportionate numbers in the disaster. Some widowers have remarried so there is someone to take care of the home and surviving children while they go out to work. Some wives are young women who have no financial support since the death of their parents and cannot complete their studies at high school or college. Some pregnant women are desperate to have babies to help fill the space left by their lost children.

### A new direction for Aceh

The Memorandum of Understanding between the Indonesian government and the Free Aceh Movement has created real opportunities for the people of Aceh to start to recover from the three decades of conflict which preceded the tsunami. Under the MoU, a new law on Aceh's governance must be enacted before 31st March 2006. Some civil society groups are stepping aside from the relief work they have been doing since January 2005 in order to make the most of this political space. They can, for the first time, take part in decision-making on new policies and are keen to play a part in making significant changes for the better in Aceh's society and economy. They want to promote good governance and grass-roots democracy. People talk of creating a new Aceh as a 'green province' - a concept which is supported by some of the governor's staff. Some of this may be mere pipe dreams, but a tangible spirit of optimism is in the air.

A case in point is the indigenous peoples' network in Aceh, JKMA. Like other sectors of the community, indigenous people who lived along the west and north coast lost their lives, property and livelihoods. Thirty communities that belonged to JKMA's network suffered seriously; approximately 4,000 of them died. But the social and cultural impacts were particularly hard. The loss of community elders - the guardians of customary law, the keepers of family and community history and key decision-makers - and the dispersal of survivors into various camps dislocated traditional governance systems. *Adat* (customary) land, often held communally with no written documents, may have disappeared under the sea or become unusable for cultivation. Moreover, pre-tsunami, the rights of indigenous communities to land and natural resources, and their traditional institutions and laws had not been acknowledged. Technically, it was the role of local government to help the community, but it was paralysed by the loss of offices, staff, records and equipment. This made it even more difficult for villages to start rebuilding their lives.

JKMA's challenge was to help indigenous communities to recover, consolidate and plan for the future. It started by finding out the extent of the problem - which areas had been damaged the worst and who had been lost. Then it set up regional centres and trained staff to run these. In this way, JKMA rebuilt its organisation and consolidated its membership. It also organises various kinds of meeting. Last September

there was a workshop in Banda Aceh on strengthening the role of traditional district leaders (*mukim*\*) in *adat* communities. Five regional 'consolidations', involving key civil and military bodies and the BRR, have allowed open dialogue between communities and the authorities. Government representatives, including *bupati* (district heads), are keen to come because they see these gatherings as strategic. Unusually for Indonesia, they do not just make an opening speech and then leave, but take part in discussions and listen to community concerns.

As JKMA has many community and religious leaders among its members, this gives the organisation real credibility in negotiating policy decisions with the authorities. It is using its weight to try to change local regulations (commonly called the 'canon' in Aceh) so that indigenous rights are acknowledged, for example, allowing *mukim* to be responsible for natural resource management, settlements and conflict resolution. This is an important step towards regenerating traditional governance systems obliterated by the standard village administration scheme imposed in the late 1970s. In addition, JKMA has persuaded UN agencies to pay attention to *adat* land rights in reconstruction programmes, even though this principle was absent from the 'Blueprint' for rebuilding devastated areas launched early in 2005. It has encouraged aid organisations, such as OXFAM, to provide more training for its field staff so that they take account of *adat* and traditional decision-making systems in its development projects. Most importantly, JKMA and environmental groups have pressed for the inclusion of a clause in the draft Aceh Governance law that "all resource exploitation in Aceh must be with the knowledge and consent of the people". It remains to be seen whether Jakarta will approve this in the final version of the new legislation.

JKMA was one of the organisations lobbying for peace before the agreement was signed, sending representatives, including women and religious leaders, to Jakarta to talk to the media and parliament in July. Before that, Pak Yurian (see box) and Pak Geucik Amir, went to the UN's Permanent Forum on Indigenous Peoples in May to draw international attention to the need for peace as part of Aceh's post-tsunami reconstruction. One outcome has been a partnership between JKMA and Canada's indigenous Assembly of First Nations. Together with AMAN, they have conducted a rapid needs assessment for the short, medium and long terms. Future collaboration will focus on indigenous participation in government planning; rebuilding homes, schools and livelihoods; and ensuring that the principle of free, prior and informed consent is the basis for decision-making by communities.

(Serambi 2/Dec/05; Jakarta Post 7/Dec/05, 9/Dec/05; interviews with Budi Arianto, Pak Yurian, Pak Keucik Amir and JKMA secretariat staff.)

### A fly in the ointment

Two districts of Aceh - Aceh Leuser Antara (ALA) and Aceh Barat Selatan (Abas) - have declared their intention to become separate provinces. The creation of these two new provinces presents a constitutional problem since the August MoU deals with Aceh within

its current boundaries. Moreover, the revised autonomy law (No32/2004) specifies that new provinces can only be created with the permission of the governor and the provincial assembly. Supporters of ALA and Abas have shortcut this process by going straight to Jakarta to make a formal declaration in early December. They claim to represent "the wishes of the people" and have some popular support locally and from members of the national parliament. On the other hand, opponents see the hand of members of the

### Rebuilding Blangme

DTE revisited Pak Yurian, a leading member of Aceh's indigenous organisation JKMA whose harrowing personal account of the disaster featured in DTE 64:4. In August 2005, a meeting of all communities (*gampong*) in JKMA's network selected him as the head of the organisation, replacing Pak Keuchik Jailani Hasan who was lost in the tsunami. Around half the population of Pak Yurian's former home, Blangme, in Aceh Besar, died on the 26th Dec 2004 (see table).

"Blangme was wiped out. The ricefields, homes, people were all washed away. Only one *gampong* survived intact as it was on higher ground. Now more than 500 houses are being built by the NGOs Genesis and World Vision. Members of 381 households survived, but the increased number of houses is due to families dividing because of marriages and because others have returned to Blangme from other places following the peace agreement".

The survivors of Blangme continue to live in tents or in temporary barracks. They have received little help from the government, but considerable support from various aid agencies.

The people of Blangme were active participants in the rebuilding of their communities. JKMA helped them to map their land and to do spatial planning for the new settlements. The villagers selected the plan for their houses which are 6 x 7m and made of brick and cement. Some are ready; the rest should be finished by August 2006. New wells have been bored and there is a village hall provided by USAID. Pak Yurian hoped to be in his new home by January.

The main concern now is their future livelihoods. People are not sure what will happen to the support they have been receiving once they move into their new homes. CARE has been providing food for the community for the last year and rice fields are slowly being restored under a cash-for work programme. "We don't want to be beggars. We don't want money we just want to rebuild our lives and to support ourselves", Pak Yurian explained. "This is vitally important as it is people's main source of income. The fields are still full of debris including lots of broken glass from destroyed buildings which will cut farmers' feet when they cultivate the land. Sand from the seabed which was deposited on the farmland needs to be cleared out. The shrimp ponds were also destroyed. Before the disaster, we had guava, rambutan, mango and banana trees - but these were all washed away."

"We must face what fate brings us in our lives. A tsunami is not an everyday event. The main problem facing our community now is how to strengthen the local economy and make a living again. Yes, we are sad, but we must keep going. We remember all the people we lost every Friday in our prayers - the women and the children. December 26th will be a very sad day for us, but we will be patient and face the future. It is all in God's hands."

Communities	Pre-Tsunami	Deaths	Missing	Survivors
Baroh Blangme	315	216	2	97 (20 families)
Teungoh Blangme	339	236	17	86 (50 families)
Lamkuta Blangme	578	339	76	163 (31 families)
Umong Sribee	731	82	0	649 (154 families)
Baroh Geunteut	213	12	0	201 (55 families)
Teungoh Geunteut	277	15	0	262 (71 families)
Total	2453	900	94	1438 (381 families)

military who want to undermine the peace process and/or powerful interests in Jakarta who want more control over Aceh's resources. Wherever new administrative units are created in Indonesia, a parallel military command system is established, thereby increasing the numbers of troops and the opportunity for military business ventures. One legacy of thirty years of conflict in Aceh is that ordinary people, especially in rural areas, have got used to doing as they were told since voicing their true aspirations could have fatal results. (*Rakyat Aceh* 3/Dec/05 and other sources)

\* A *mukim* oversees around 10 villages (*gampong*), each with a village head (*geucik*). He is usually the reference point for all matters concerning customary law and community matters.

### Nias Neglected

Reconstruction on Nias has progressed even more slowly than in Aceh, BRR head Kuntoro admitted. The island of Nias, off the west coast of Sumatra, suffered from a major earthquake in March 2005, as well as the December quake and tsunami with devastating effects. Around 4,000 families were still living in tents or temporary shelters by December 2005 and only 200 houses had been completed of the 13,000 new homes needed. Another 50,000 houses also need to be repaired. A total of 770 schools, churches and mosques were severely damaged. A spokesman for the Reconstruction and Rehabilitation Agency said the main problem was a shortage of funds. Some Rp1.1 trillion (US\$110 million) was still required. 96% of foreign aid has been used in Aceh, leaving Nias relatively untouched.

(*Jakarta Post* 7/Dec/ 05) ♦

## Aceh's forests

Aceh's forests are being stripped in the name of post-tsunami reconstruction. In reality, the timber becomes part of lucrative international timber smuggling. The products of illegal logging from South-east Aceh are transported to Sibolga on the west coast of North Sumatra, and from South Aceh to ports near Medan in North Sumatra. From there, they are exported to Malaysia and further afield. A moratorium on logging concession activities was imposed in 2001 but, during the following four years, the local forestry department issued 24 IPK/IPHHK licences - with all the usual problems (see page 15 for IPK cases in Mentawai).

The forestry authorities in Jakarta have, by a back door route, sanctioned the resumption of large-scale logging in Aceh. The Directorate General of Forest Production increased the annual quota of legal timber from 50,000 cubic metres to 500,000 cubic metres. The forestry minister then wrote to the governor suggesting that large-scale logging companies, covering 524,644ha of forests in Aceh, should be allowed to resume their destructive activities. The governor complained that he was not consulted and only received the minister's 18th October letter in late November.

The companies include PT Krueng Sakti (115,000ha), PT Alas Aceh Perkasa (56,000ha), PT Trijasa Mas Karya Inti (41,000ha), PT Raja Garuda Mas Lestari (96,500ha), PT Koperasi Ponpes Najmussalam (30,000ha), PT Aceh Inti Timber (80,804ha), PT Wiralanao (60,440ha) and PT Lamuri Timber (44,400ha). Jakarta's argument is that the province is now much safer since the MoU between GAM and the army was signed and that timber is needed for reconstruction.

Memories are short - the biggest natural disaster to strike northern Sumatra before December 26th 2004 was the Bukit Lawang tragedy in 2003. Some 200 people lost their lives after a wall of mud and water

poured down a hillside and wiped out the village below.

Renewed legal forest destruction in Aceh also conflicts with President Yudhoyono's statements about the need to 'revitalise' Indonesia's forests. Ten people lost their lives and hundreds were made homeless in floods in Kutacane in late 2005.

### Forest campaigners speak out

Indonesian activists have called for the government to change its mind and protect Aceh's forests.

One of these is the forest and indigenous campaigner, Bestari Raden, released from prison in the amnesty which accompanied Aceh's August peace agreement. In a letter to the forestry minister, Bestari Raden urges Kaban to stop the logging and to set up a multi-stakeholder team to investigate the condition of Aceh's forests, before more natural disasters in the form of landslides and floods affect the province. He finishes: "We hope that all parties throughout Indonesia will approve and support these measures in order to conserve Indonesia's forests where 59 million ha of a total 120 million ha of forests have suffered degradation, as the minister himself said in a recent speech."

According to WALHI Aceh campaigner, Dewa Gumai, the logging concessions will soon be stripped due to the increase in permitted annual cut. Satellite data shows that there is 3,265,000ha of forest in Aceh. Of this 1.8 million ha is zoned protection forest; 825ha protected forest; and only 640ha production forest. Dewa suggests that the government could use timber confiscated from raids on illegal loggers or encourage the use of materials other than wood in the reconstruction programme. Head of the BRR, Kuntoro has said publicly that timber from Aceh should not be used to meet reconstruction needs as local forests were in a 'critical condition'.

Environmental activists researching illegal logging in South-east Aceh have received death threats. Members of Walhi Aceh were phoned and visited in November, after a documentary they made on forest destruction around Kutacane and the Gunung Leuser National Park was shown on TV. Between 10 and 30 cubic metres of timber a day may be leaving the district illegally. WALHI Aceh's evidence points to the involvement of senior figures in the district assembly and local police. The son of South-east Aceh's administrator was arrested on a charge of illegal logging in late November.

(Sources: *Bisnis Indonesia* 23/Nov/05; *Serambi* 1/Dec/05; Bestari Raden letter to Kaban 25/Nov/05; *Rakyat Aceh* 3/Dec/05; *Suara Pembaruan* 6/Dec/05; *Jakarta Post* 7/Dec/05; *Antara* 10/Feb/06) ♦



Scavenging timber near Alue Naga survivors camp

(DTE 2005)

# Reconstruction of Aceh Land Administration System (RALAS)

*Questions are being raised over a World Bank-funded land titling project in post-tsunami Aceh.*

Securing land tenure has become one of the priorities in the reconstruction of Aceh, post-tsunami. More than half a million affected people have had to endure changes to the landscape and have been left without evidence of their property rights. According to the national land agency, BPN, approximately 300,000 land parcels have been affected by the tsunami. Of these, only around 60,000 - less than 25% - were titled<sup>i</sup>.

When the tsunami hit Aceh, none of the land records stored in BPN offices across the province escaped the calamity. All were either damaged or destroyed. An initial JICA-funded project attempted to recover and reproduce the damaged documents. BPN reported around 80% of the damaged documents had been recovered by December 2005. Unfortunately, all the cadastral index maps were irretrievably lost.

The World Bank, as coordinator of the Multi-Donor Trust Fund for Aceh and North Sumatra (MDTFANS), is providing a US\$28.5 million grant for a project called 'Reconstruction of Aceh Land Administration System' - RALAS. BPN is the responsible agency for the project that will run for more than 3 years from 1st July 2005 until 31st December 2008. The project consists of three components: a) Reconstruction of property rights and issuance of land titles; b) Reconstruction of BPN institutions in Aceh; and c) Project management.

Besides rebuilding the infrastructure of BPN in the aftermath of the tsunami, including recruitment of new BPN personnel and capacity building, the project involves the registration of land ownership rights. BPN aims to title 300,000 land parcels in the tsunami-affected areas within 18 months and expects to complete titling a further 300,000 parcels located in the unaffected areas<sup>ii</sup>. The Minister of Finance has agreed to waive taxes, fees and charges for land registration to guarantee land titling at no cost for the people of Aceh. By the first anniversary of the tsunami, approximately 5,000 land certificates had been distributed and reported to the President of Indonesia<sup>iii</sup>.



Relocation barrack under construction, early 2005  
(DTE)

## Community mapping

This project has thrown up several important issues that need to be addressed. A number of NGOs working on the reconstruction of Aceh have taken the initiative to carry out community land mapping in response to the urgency of resettlement. However, there are indications of dissimilar approaches between some NGOs and BPN. Whilst NGOs, such as UP-Link, are focusing more on participatory planning and land consolidation, BPN focuses on identification and adjudication of pre-tsunami land rights. This led to a protest staged by villagers from the area of Banda Aceh and Aceh Besar facilitated by UP-Link. The protest was against BPN's approach, which is seen as a waste of time and money and creating uncertainty about the legal status of community maps produced or facilitated by NGOs<sup>iv</sup>. The incident prompted

a suggestion to improve the effectiveness of an NGO Forum set up as a coordination point between BPN and NGOs.

Relocation of displaced people affected by the tsunami is not straight forward. Relocating people - sometimes against their will - from their lands, which have become unsafe after the tsunami, compensation for lands designated for relocating displaced people, claims of pre-tsunami land holders and their heirs, are only a few examples of potential problems.

Particularly in rural areas, there are also some complex issues raised by systematised land titling on lands that were uncertified before the tsunami, some of which were lands belonging to poor people who could not afford titling and hence have no evidence of rights, and some of which were lands held under customary communal tenures (*tanah ulayat*). The RALAS project proposal does include a conflict resolution procedure which may help sort out some of these issues. When a land is subject to conflict, registration of the land parcel will not take place. A UNDP/ Oxfam report<sup>v</sup> suggests a reform of the law so that there is "clarification of the boundaries of State land and the status of communal land rights".

Bearing in mind that land titling tends to convert diverse forms of communal rights into simplistic property rights in line with 'positive' laws, the burning question is: what kind of land rights should be granted to non-individual or communal lands under the BPN's land titling project?

- i WB Appraisal Report for a proposed MDTFANS Grant to the GoI for a RALAS Project, 22 June 2005.
- ii Fitzpatrick, D. 14 July 2005. 'Restoring and Confirming Rights to Land in Tsunami-Affected Aceh'. A UNDP/OXFAM Report
- iii 'Ratusan Bendel Buku Tanah Dikembalikan ke Aceh', hukumonline.com, 25 December 2005.
- iv 'Wardah Hafidz Koordinir Demo Tuntut BPN Hentikan Pengukuran Tanah', <http://www.clgi.or.id/aceh/?p=158> 31 October 2005, quoted from *Serambi Indonesia*.
- v Fitzpatrick, op cit ♦

# KAU - "government has no sense of urgency"

*Indonesia's Anti-Debt Coalition (KAU) has accused the Indonesian government of lacking any sense of urgency in its post-tsunami reconstruction work. In a statement issued exactly one year after the disaster struck, KAU criticised the government of President Susilo Bambang Yudhoyono for failing to seize opportunities to reduce Indonesia's debt. The group also pointed to the slow pace of spending on rehabilitation and raised questions over how public donations were being used.*

KAU's statement says the Indonesian government failed to make use of the momentum created in the aftermath of December 2004 tsunami. Soon after the disaster, the German and British governments offered Indonesia debt repayment postponement and the opportunity for debt relief - reducing both capital and interest payments on the amount owed.

Indonesia's total external debt stood at US\$135bn at the time of the tsunami, most of which was owed by the government. The amount owed to the UK was US\$1.76 billion (see DTE 64: 17-21).

KAU says the government neglected the opportunity to negotiate a debt reduction or debt cancellation at its meetings with the Paris Club - the grouping of Indonesia's creditors that meets to agree on debt rescheduling. KAU says Jakarta could at least have proposed debt cancellation amounting to the damage and losses caused by the tsunami estimated at Rp 46.56 trillion (around US\$4.6 billion).

Instead, what came out of the Paris Club meetings was merely a deferment of payments on debts payable in 2005, which amounted to US\$2.7 billion. Under an agreement signed May 10th, Indonesia will need to start repaying the capital and interest payments on this amount by December 2006. According to the World Bank, Indonesia gained US\$350 million by not paying interest on the deferred amount. However, KAU argues that rather than easing the debt burden, the deal actually stores up more debt for later, thus increasing the debt burden. New and reallocated debts amounting US\$500 million, agreed at the meeting of the CGI creditor group, will make matters worse, asserts KAU.

KAU also accuses the Indonesian government of not having the capacity to manage the existing grant aid, amounting to US\$4.1 billion. "If it had made use of this large amount of grant aid, the government wouldn't have needed to take on more debt to finance rehabilitation and reconstruction projects."

These, according to national planning agency, Bappenas, amount to 48.7

trillion or around US\$5.4 billion. The government could have used domestic sources of aid to make this up to the \$4.1 billion required, argues KAU.

## Public donations

KAU also questions the whereabouts of the public money raised through collection posts. These amount to Rp1.21 trillion (US\$134 million) according to Indonesia's Supreme Audit Agency (BKK). KAU says that a large portion of the government-run collection posts have not yet reported to the BPK and questions the continued use of billions of Rupiah from these funds, after the emergency and relief phase of the government post-tsunami work was officially ended in late March.

The statement highlights the slow payments from allocated funds to the state-owned companies and agencies carrying out various kinds of work including clearing the debris, repairing roads and bridges, building temporary housing and for operational costs of hospitals. Implementation of

internationally-funded projects such as repairing or rebuilding schools agreed with the government's education department have also been slow. In July 2005, for example, the education minister reported that only 335 schools from a total of 2,323 schools destroyed in Aceh and Nias had been rebuilt.

KAU's statement concludes:

*"From this analysis it is very clear that the government has no sense of urgency in its reconstruction programme in the tsunami-hit region. The government has also given no indication that it has the will to speed up the recovery process in the disaster zone. This attitude has meant the people of Aceh and Nias are suffering for longer as a result of government inaction. At the same time, the government has plunged the Indonesian nation deeper into debt, which itself breeds poverty."*

(KAU Statement, 26/Dec/05. For more information on the Paris Club see <http://dte.gn.apc.org/Af17.htm> ♦



international aid for fishing community, Alue Naga, Aceh Besar, December 2005

(DTE)

*indigenous peoples / forests*

# Struggle against logging goes on in Mentawai

*Will legal action help save forests and livelihoods in the Mentawai Islands? The following is adapted from an Indonesian language report by WALHI West Sumatra and interviews with Yayasan Citra Mandiri, an NGO which focuses on Mentawai issues.*

The Mentawai Islands, off Sumatra's western coast, are renowned for the unique culture of their indigenous communities and the rare species that have evolved in this isolated rainforest archipelago. They are also famous for the struggle to save all this from being wiped out.

In 1981 the main island, Siberut, was declared a Man and Biosphere Reserve by UNESCO, and a decade later, in 1993, the Indonesian government extended what had been a 56,000 hectare nature reserve into to 190,500 hectare National Park, covering more than half the island's land area. Still, logging remains a serious threat to Siberut and its smaller neighbouring islands, despite the many attempts to safeguard its forests. Mentawaians continue to face encroachment by profit-seeking outsiders and major threats to their livelihoods.

Large-scale logging outfits form part of the destructive picture. These include PT Salaki Summa Sejahtera, a company which has a concession (HPH) covering 49,440ha in North Siberut. This indigenous-owned area borders the core zone of the national park and forms the water catchment area for rivers in the eastern side of the island. The indigenous communities have opposed logging in the concession since the central government approved a controversial environmental impact assessment in 2001. The renewal of its licence is currently the subject of a review by an independent review team (see below).

The second large concession (49,640 hectares) slightly further south is held by KAM, a cooperative of Andalas University in the West Sumatran provincial capital, Padang. This development provoked strong opposition from Mentawai students as well as local people. In the ensuing conflict, the company base camp was burned down and protesters forced the contractors to remove heavy equipment and take it back to the mainland. Soon after this action, in 2001, the company was reported to have persuaded some indigenous clans who held land in the concession to hand over their lands for around Rp25,000/sq m (approx US\$2.5 at the time). (See DTE 50:8 for more background on this and other cases in Mentawai). KAM now has plans to extend its operations to Katurei,

Tailelu, Salappak, Saliguma and Saibi in South Siberut.

The other large HPH concession (83,330 hectares) is held by Minas Pagai Lumber Corporation, on the neighbouring islands of North and South Pagai.

Other logging companies use the much-abused 'wood use permit' (IPK) system to extract timber. Some of these are these are genuine local companies or co-operatives set up by Mentawai communities. Others are the product of pressure from timber dealers on the mainland. The military are said to be investors in these ventures. The local people who fell the trees get very little benefit - around Rp20,000/cubic metre (approx US\$2) for wood which sells at 50 times that amount on the international market. The understaffed forestry department carries out no supervision of their activities, so it cannot challenge the fictitious documents about the amount of timber extracted. According to environmental group WALHI West Sumatra, thirty licences covering 53,183 ha were issued by the district head (*bupati*) or were in the approval process during 2002-2004. Seven of these permits are on Siberut.

## Illegal logging investigation

In 2004, Yayasan Citra Mandiri (YCM) conducted a field investigation into these seven IPK logging operations. Almost all of these licences were in locations officially classified as 'Other Use Areas' (APL), the forests that are indeed allowed to be allocated for IPK licences. However, YCM's investigation found evidence that these 7 IPK

licence holders were logging outside their licensed areas. YCM found indications that another 14 licence-holders were doing the same.

The investigation results were submitted to the West Sumatra high court, which responded by sending a team in May 2005 to seize evidence of illegal logging by three logging operations: CV ATN, KSU Simatorai Monga Sioban and village cooperative (KUD) Mina Awera in Berimanau village, Sipora subdistrict. The team impounded 1,100 logs, a vessel, 310 logs still in the logpond plus several pieces of heavy machinery and documents belonging to the three companies.

On May 26, the company heads were arrested on charges of corruption and causing loss to the state. The detainees objected successfully and were released on 9th June, along with the impounded evidence.

The following week, a West Sumatra civil society grouping, People Against Illegal Logging (MAIL), held a demonstration at the provincial police headquarters, pressing the police to deal with illegal logging cases on the Mentawai Islands. The police initially argued there was insufficient evidence, but eventually did start to take action. When they returned to seize the evidence originally impounded in May, only 310 logs were left. The boat that was to transport them had been grounded in a freak storm, and the other 1,100 logs plus the heavy equipment had disappeared.

At the time of writing, the heads of the three operations (CV ATN, KSU Simatorai and KUD Mina Awera) were alleged

## Forest classifications in the Mentawai Islands

Function	Size
Protection Forest <i>Hutan Lindung (HL)</i>	3,197.00 ha
Production Forest <i>Hutan Produksi (HP)</i>	273,805.00 ha
Conversion production forest <i>Hutan Produksi Konversi (HPK)</i>	46,276,00 ha
Nature Reserve Forest <i>Hutan Suaka Alam (HSAW)</i>	6,533,65 ha
National Park <i>Taman Nasional (TN)</i>	190,500,00 ha
Other Uses <i>Areal Penggunaan Lain (APL)</i>	93,043,37 ha
<b>Total</b>	<b>613.355,02 ha</b>

(Source: Dinas Kehutan Kabupaten Kepulauan Mentawai, via WALHI Sumbar)

to have sold the illegally felled timber through companies in Medan and Jambi. They are being charged with corruption and illegal logging. Two local forestry officials are also accused of falsifying documents.

The Mentawai governor reluctantly stopped all logging under IPK licences from April 2005, following a government clampdown on illegal logging. The dilemma now is how can communities which had become dependent on logging develop more sustainable livelihoods. Unlike previous generations, people in the Mentawai islands

### Profile

Ten years ago, if you had said to Kortanius Sabeleakek that he would be a leading member of the local government, he would have laughed. But now, he is the leader of the Mentawai district assembly (DPRD). Korta (as he is usually called) played a leading role in the campaign for Mentawai to become an administrative district in its own right, rather than part of mainland Padang-Pariaman. He was a founder, and for many years director of the Padang-based NGO Yayasan Citra Mandiri (YCM) which worked to support Mentawai communities. (Citra Mandiri means 'Vision of Autonomy' in Indonesian). When the new district of Mentawai was created in 1999, Korta felt that the way to bring about real change was to enter the world of politics full time. He stood for the local assembly (DPRD Mentawai) in the 2004 elections on the Local Unity Party ticket (Partai Persatuan Daerah) and won.

His supporters attribute Korta's success to work he had done with Mentawai communities in Siberut and Sipora, as well as on the mainland, over many years. YCM had been doing political education work in the Mentawai islands since 2002. Korta also kept good links with his NGO roots in the run-up to the election. Local people knew him and his record and voted for him personally, rather than for the party. He is planning to stand for election as *bupati* (district administrator) in 2006.

Since the downfall of Suharto, a growing number of activists have decided to stand for the local or national parliaments and there is talk of setting up an Indonesian Green Party. So, over the past year Korta has shared his experience of the campaign trail and his position in the Mentawais with others, including members of WALHI's national network.

Interviewed soon after his appointment in 2004, Korta said "The money in the local budget is the people's money. So the main issue is how to use that money is the best possible way. That's the key - all local government programmes and projects must be based on their benefit ...to the community." (*Gaung AMAN XII* at [www.aman.or.id](http://www.aman.or.id))

now need cash to send their children to school and to pay for transport and medicines. In Siberut, sago stands still provide families with sufficient food and people can make a living by selling rattan and making handicrafts. However, the half of the island outside the national park is still officially zoned as 'production forest' so there is the threat that small logging operations could be replaced by larger ones.

In Sipora and Sikakap, the situation is even more serious as there is less natural forest and people had neglected their fields in favour of a ready income from timber operations. They are now looking at cultivating coconuts, rattan and cocoa, a new crop for the islands, but are also asking for training for alternatives to farming. Tourism has obvious potential, especially for surfing, but this brings its own problems.

WALHI West Sumatra says the struggle against illegal logging and the fight to stop the government issuing large-scale logging permits and maintain indigenous rights to the forests, goes on. They point to the need for some legal framework to control resource use at the district level as a means of resolving the legal conflict between local and central government. On the one hand, the department of forestry has used the 1999 Forestry Act to prevent local authorities from issuing logging permits. On the other, regional autonomy legislation (No32/2004) gives the regions the authority to use local resources to generate revenues. Forestry - via IPK logging permits - was intended to raise Rp2.5bn (approx US\$250,000) for local government coffers in 2004, (though the NGO coalition reckons that only a fraction of this amount was realised due to non-payment of fees and corruption).

At the same time, there is another threat to Siberut's forests, in the form of large-scale oil palm plantations. West Sumatra's governor has already given the all-important 'permission in principle' to oil palm plantations on Siberut. The head of the company involved is rumoured to be a relative. The use of Siberut's forests has been the subject of a study set up in late 2004. The independent team, headed by Indonesia's research body, LIPI, included members of the Forestry Department, YCM and the indigenous community, has concluded that the project should not go ahead. Even more controversially, it will recommend that large-scale logging should be reduced by 70%. The report was due to be presented in mid-December 2005 to an expert panel which includes former environment minister, Emil Salim, but no news has been received at the time this newsletter went to print.

(Adapted from: *Segeral Selamatkan Kepulauan Mentawai*, by Prasetyo Dan Saiful (Walhi Sumbar). Additional source: *Gaung AMAN XI*. See also YCM website <http://www.ycm-mentawai.org/>)♦

### Strengthening Mentawai autonomy

West Sumatra was one of the first to use regional autonomy legislation to pass local regulations based on customary law. Local regulation 9/2000 decreed that the administration of villages in West Sumatra should be based on the Minangkabau *nagari* system. It had long been a bone of contention for Mentawai people that 'culture' in the eyes of the provincial authorities meant the Minangkabau traditions that prevailed on the mainland. But the *adat* (customary) system is quite different in the Mentawai islands. In Siberut, where customary practices are strongest, the *uma* (synonymous for longhouse, clan and village) owns the land and natural resources around it while the *laggai* controls the land and shared resources of a number of settlements. So it was a considerable step forward that the regulation specified that the Mentawai islands would be managed according to their own customs and culture.

However, the Mentawai administration has yet to pass a similar local regulation. The *bupati* has rejected a draft version because the term *laggai* does not adequately represent the system of *adat* governance on the islands. There were still problems with the wording of a revised draft before the local assembly in late 2005.

Meanwhile, there have been moves to strengthen the position of the indigenous community. *Adat* leaders from Siberut have held exchange visits with their counterparts from Orang Rimba communities in Jambi. Also, around 50 community organisations, based on the *laggai*, have gradually been established through the work of indigenous activists. These are due to form the first Mentawai indigenous alliance in a congress to be held in Sipora in late February. The intention is that this alliance will form a vehicle for Mentawai communities to push their own agendas with the district, provincial and national administrations.

The new Mentawai alliance will mean changes in YCM's role. Students from Padang have now taken over much of the education for political awareness which YCM initiated in 2002. YCM will now focus on providing technical support for the new alliance and doing more policy lobbying on indigenous rights and good governance. It has set up four local offices in the Mentawai islands to facilitate the indigenous organisations through regular meetings and discussions. It also continues to produce the fortnightly Mentawai newspaper, *Puailiggoubat*. In addition, YCM is developing a curriculum and teaching materials to strengthen children's awareness of and pride in their own culture, and lobbying the West Sumatra authorities so that these become part of primary education throughout the Mentawais.



*coastal communities*

# The challenge of making a living

*Ruslani Ruslan has depended on fishing for most of his life. He has produced dried fish and has been a wholesaler of fresh and dried fish in North Jakarta for nearly forty years. He is now head of a fishing co-operative and the NGO Expindo, which supports fisherfolk and coastal communities. The following piece is a summary of his presentation at the opening session of conference held by the International NGO Forum on Indonesian Development (INFID) in November 2005.*

In general, the one thing that does not change for fishermen is that we have to live from day to day. When the westerly winds bring the rains and rough seas for four months a year, fishing communities face hard times. They sell whatever they can and sometimes have to live on handouts. Also, boats do not put to sea for about ten days at full moon as there are few fish to be caught. So when people's food supplies are finished, they depend on credit.

Fishing communities pay off their debts when it is the season of plenty. When the catches are good, people spend money like water and indulge in whatever they have dreamed of during the long hard months before. Then they feel free from poverty! Fishermen's lives are tough and full of challenges. They risk their lives at sea and, when their nets are empty day after day, they often wish they could give up their jobs. But when the alternative is unemployment, what else can they do?

Fisherfolk are used to surviving on their unreliable incomes. Things have been much the same for them since Indonesia became independent. But that does not stop them hoping, like everyone else does, for a better future.

During the early years of independence, fisherfolk depended on canoes and sailing boats and used fishing platforms, fish traps, hooks & lines, simple nets and traps for small crabs and shrimps.

They caught enough to live at subsistence levels and lived along the shores in fairly squalid conditions. From 1966 onwards, Suharto's New Order regime promoted a 'motorising fishermen movement': sailing boats were put aside and fishing became industrialised. There were fish processing units and housing for fishing communities; we were encouraged to set up fishing co-operatives and got access to credit. Since 1998, foreign fishing boats have been coming into our waters and exports of fish are increasing - some types of fish are becoming very expensive. Fishermen are beginning to question the policy of motorisation, especially with the rises in fuel prices. We are really feeling the effects. The costs of putting to sea are hardly worth it, especially with diminishing catches.

It is not facilities that are the issue: we've got more than enough infrastructure in the form of fish markets, housing, fishing gear, credit facilities and financial support from charities. There is even a special fuel subsidy for fishing boats. So why is our fishing community complaining about hard times?

One reason in North Jakarta is corruption. Members of the security forces collect illegal levies at the fish markets instead of enforcing regulations and ensuring our safety at sea and on dry land. Also, certain officials have asked for our fishing passes. Some boat owners hand them over,

thinking this will help them get loans. Instead, these are used to claim fuel allowances which are then sold illegally to Singapore.

But the main reason is that fish are much harder to come by. These days it seems that only the trawlers can make a decent living.

Nearly all leaders of fishing fleets will pray for a good catch and protection against danger before putting out to sea. It is not uncommon for captains to use magic, even black magic. The Koran also reminds us that we should be thankful for all the wealth of the seas that Allah has provided for our benefit (Q16/14). So it is right that we should donate a proportion of our catches to those in need. But despite all our prayers and offerings, it is ironic that fish are harder to catch than in the old days when we didn't have all this modern equipment.

Why are fish so scarce? There are many reasons. Mangroves, which are the breeding grounds for fish, have been destroyed along coasts and estuaries. The seas and rivers are being polluted with rubbish and industrial wastes. Although 'bomb fishing' is now prohibited, it has destroyed marine habitats like coral reefs. Fishing platforms may be reducing catches of large fish by removing the small fish on which they feed. Certain types of trawlers scrape the sea floor of all living things and damage the livelihoods of fisherfolk who depend on more traditional methods of fishing. Small-scale fishermen have held demonstrations against these trawlers, but the owners are wealthy people who have no problems in meeting their loan repayments. So the ordinary fishermen have just accepted their fate. It is crucially important that there is proper marine zoning which takes into account different locations; fishing techniques; the time of day; seasons; and the types and amounts of catch.

Finally, it is important that all sectors of the community work together for the future to tackle the challenges that fishing communities are confronted with, not just leave this to the coastal communities and fisherfolk themselves. ♦



Sails in Java Sea

(DTE)

## pulp

# One step forward, two steps back

*United Fiber System (UFS) is going ahead with a wood chip mill and paper pulp plant in South Kalimantan as well as running the Kiani Kertas plant in East Kalimantan - all in the face of international opposition.*

UFS received a boost to its plans to become one of the world's major paper pulp producers when the Indonesian Supreme Court ruled in its favour in a dispute between the company and the Indonesian government in early October 2005. This decision ended a legal battle that started in November 2002 after a former forestry minister withdrew the concession rights of the South Kalimantan industrial timber plantation PT Menara Hutan Buana. Due to corruption, the company had made insufficient contributions to the Reforestation Fund. The department of forestry argued that UFS was responsible for the missing payments. The court rejected this claim.

UFS has a complicated history. It was originally owned by Singapore construction company, Poh Lian, then a group of Finnish, Swedish and Indonesian investors took control in April 2002 in a reverse takeover. The company's assets, then estimated at US\$330 million, were the plantation concession, now called PT Hutan Rindang Banua (HRB) and a pulp mill licence. The value of its shares surged then crashed as UFS was unable to get access to the timber plantation.

UFS can now use wood from the 268,000ha timber plantation (HTI) concession in South Kalimantan for its wood chip plant, currently under construction on Pulau Laut (see DTE 67:10). Alternatively, the

concession could become the main source of raw material for UFS' proposed Satui pulp mill, controlled by PT Marga Buana Bumi Mulia (MBBM). The 600,000 tonne/year pulp plant was scheduled to start production in 2007, but the legal tussle over PT HRB's funds had been a serious stumbling block. It is likely that UFS will soon try to get the plantation certified, in an attempt to convince investors and future customers that the pulp plant has a legal and sustainable source of timber.

## Rainforest threat

European and Indonesian NGOs have been saying for some time that UFS' figures don't add up. Their conclusions are supported by a report from the international forest research body, CIFOR. The company assigns the same plantations (their own PT HRB areas plus state-owned Inhutani II and Inhutani III areas) to all three of its projects - the chip mill, the pulp mill at Satui and the Kiani Kertas pulp mill - depending on whom it is talking to. The figures are largely supplied by the giant Finnish forestry consultancy Jaakko Pöyry. It looks as though UFS has under-estimated the total amount of timber needed for the three plants and over-estimated wood production from its acacia plantation. If these three projects go ahead, they could destroy over 100,000 hectares of natural rainforest in South Kalimantan and would threaten additional forest elsewhere. The NGOs argue

## Coming soon...

A DTE report on the UFS chip plant in South Kalimantan will be available in March 2006.

Based on field visits and a study of available documents, *Tidak Ada Chip Mill Tanpa Kayu* describes the background to the chip plant, its links to UFS' other projects and the likely social and environmental impacts.

The report highlights the lack of free, prior, informed consent by the local community for the project.

This Indonesian language report will be posted on our website. A printed version will be available from DTE. Contact [dteindocamp@gn.apc.org](mailto:dteindocamp@gn.apc.org) for further details.

An English version will be available later in the year.

that the chip mill and two pulp mills should be considered in the context of an Indonesian pulp industry with a structurally unsustainable wood supply.

## Protests against Deutsche Bank

UFS must have thought all its Christmases had come at once when, also in October last year, Deutsche Bank announced it would head a consortium to buy PT Kiani Kertas, the bankrupt East Kalimantan pulp plant which UFS has been operating since September 2005. The buyout was reported to cost US\$200 million plus another US\$170 million to pay off Kiani's debts to Indonesia's Bank Mandiri.

The German campaigning NGOs, Robin Wood, Rettet den Regenwald, Watch!Indonesia and Urgewald worked closely together to put pressure on Deutsche Bank to review its planned loans to help UFS procure Kiani Kertas. Letters requesting a meeting to discuss the issue were backed with demonstrations outside Deutsche Bank's main office. Deutsche Bank announced in late December that it was putting its involvement "on hold".



Jetty construction on Pulau Laut, for the UFS chip mill.

(DTE, 2005)

In January 2006, PT Sampoerna Strategic (an arm of the giant Indonesian clove cigarette company) announced that it would not be investing in Kiani Kertas. The deal had foundered over the repayment of debts due to Bank Mandiri.

Austrian groups are continuing to lobby Andritz AG, which is supplying some of the equipment, and Raiffeisen Zentralbank (RZB). Global2000 (FoE Austria) and the US NGO Environmental Defense launched a letter-writing campaign to Andritz and RZB in November. Among other points, the letter said: "Every major pulp mill in Indonesia has caused either major social problems, pollution or deforestation -- in most cases all of these. Research indicates that the proposed pulp mill in South Kalimantan will be no exception". It calls on the companies to carry out appropriate due diligence and withdraw from the project.

A similar letter, signed by 65 NGOs from 19 countries, was sent to the World Bank agency MIGA (Multilateral Investment

Guarantee Agency) in 2003 to persuade MIGA against the project. UFS withdrew their application from MIGA, but may be considering a new application. NGOs are also preparing to brief the Austrian export credit agency, OeKB, in case they were thinking of entering the game.

The Austrian bank RZB has agreed to fund US\$21 million (53%) of the chip mill and says that it cannot pull out of the deal. Apparently US\$5 million has already been transferred to UFS and the bank has guaranteed the remaining US\$16 million. The bank went ahead with its investment even though it had received a report by Jaakko Pöyry that stated that environmental management by government authorities is not effective and that legal confusion over indigenous people's land rights prevails. As a signatory to the UN Environmental Programme Finance Initiative, RZB has a commitment to prevent environmental damage and to apply the precautionary approach. It now faces the uncomfortable

choice of writing off a substantial amount of money or its good reputation.

Andritz AG, which has supplied machinery to several controversial pulp mills in Indonesia and in other parts of the world, has yet to respond to the NGO letter.

Meanwhile, Dutch NGOs have been pressing chemical manufacturer EKA, a subsidiary of Azko Nobel, not to go back on its decision to withdraw from plans to supply UFS' Satui plant with a unit to produce bleaching agents. At a meeting with NGOs in October, EKA made a clear commitment that it would not get involved unless the mill was operating on a sustainable wood supply.

(Straits Times 31/Oct/05; Dow Jones 31/Oct/05; K 19/Jan/06; pers com with Global 2000, Environmental Defense, Watch!Indonesia, Milieu Defensie. The NGO letter to Andritz AG and RZB is available at <http://forests.org/action/alert.asp?id=indonesia>.)♦

(continued from page 20)

state-owned plantation withdrew. Thirty-four families live and farm there. Now a businessman claims he has bought the land to build a warehouse. He has evicted all the inhabitants, built a huge fence round the area and uses local thugs (*preman*) to guard it. Families concerned that the guards were ransacking their property broke down the fence. As a result, three people were arrested, including one woman, and are now accused of criminal damage. The rest of the community has no access to its land or crops. The court forbade the farmers to take down the fence until it has reached its verdict, so they used ladders to climb over it. The businessman's response was to make the

barrier higher and more solid - it now stands at 4m - and to destroy most of the houses within the enclosure. In desperation, some farmers have tunnelled under the fence "like rabbits" and reoccupied the two remaining houses. Abah Nawi went to Jakarta in December to help to defend these people against being criminalised for wanting to use their homes and land. The actual land dispute case has yet to start.

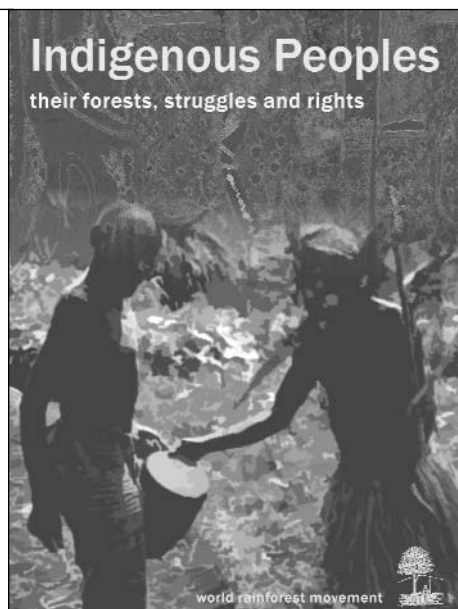
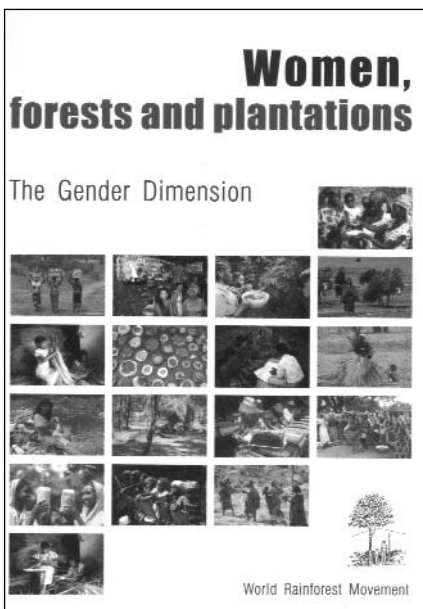
Ideally, BPRPI wants the whole 350,000ha of its members' indigenous lands recognised by the government. However, it is now prepared to settle for recognition of *adat* rights over the last 40,000ha. It is not interested in negotiating over plots of land piece by piece

as that goes against the communal nature of their customary lands. For example, BPRPI members held a demonstration outside the governor's offices and the North Sumatra provincial assembly in April 2005 to reject an offer of 450ha. "We are not just asking for land; we are demanding the return of our customary lands, or at least recognition of our traditional rights, from Wampu river in Langkat to the Ular river in Deli Serdang", explains Abah Nawi's youngest son. Monang, an agriculture graduate in his twenties, is just one of the BPRPI members who plans to continue in Abah Nawi's footsteps and continue the struggle for justice.

(For more on BPRPI, see DTE 63:15) ♦

## New publications from World Rainforest Movement

(Available in Spanish, English and French)



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## In memory of inspirational indigenous leader, Abah Nawi

Afnawi Noeh, popularly known as Abah Nawi, leader of the indigenous community organisation BPRPI, died in February 2006 aged 69. He and his family had been fighting for land rights recognition for peasant farmers in North Sumatra for over 50 years.

Abah was a leading member in Indonesia's indigenous movement, attending AMAN's inaugural conference in 1999 and becoming a Council member. BPRPI currently acts as AMAN's secretariat in North Sumatra. It is also a member of the Indonesian environmental forum, WALHI. Before he died, Abah was making preparations for BPRPI's seventh congress, in April 2006.

From last year, Abah also served on the North Sumatra Provincial Advisory Board for the People's Unity Party.

Last year, Abah was a member of an AMAN delegation to the United Nations. Their statement to the UN Commission on Human Rights in March 2005, said "Indigenous peoples have been neglected and have had their rights violated by the state and apparatus, including the seizure of indigenous lands belonging to the BPRPI by a state company in Deli Serdang...".

Much of BPRPI's work relates to 350,000ha of indigenous land, contracted by the Dutch during the 19th century for tobacco plantations from the Sultan of Deli (as the representative of the local people). But, after independence, the community's rights were never been recognised by the Indonesian government. Over the years, the area of land actively contested has diminished. When legislation allowing foreign investment in state companies came in, some land was sold off - mainly to Japanese and Korean companies. Other parts have been taken over by industry and is no longer suitable for farming. Now some 40,000ha is still disputed.



Abah Nawi, outside AMAN office, 2003 (DTE)

The land is held communally, not individually, by indigenous communities living between the Wampu and Ular rivers in what is now part of Medan, Langkat, Bijai, Deli and Serdang districts. During the colonial period, tobacco was cultivated in one place for seven years, then the plantation would shift to another village. While their plots were occupied by tobacco, villagers moved to a neighbouring village - sometimes much further away. This constant relocation was not a serious problem as it all took place within their customary territory and *adat* (customary) structures were still maintained. There was always sufficient land for people to grow their traditional crops of rice or vegetables - depending on the soil.

This system was completely disrupted in the late 1960s, when the Suharto government parcelled out land to plantation companies

and industry, with land use permits (HGU) covering 35 years or more. Indigenous people no longer had access to their customary lands. Hence the conflict between communities and the 'new owners'.

BPRPI is now working with a total of 67 communities (*kampung*) and has a membership of thousands of peasant farmers. For example in Langkat, BPRPI has 17 *kampung* members each with 100-700 families. The organisation derives its income mainly from communities which are able to farm. Their contributions support the struggle and also promote solidarity, for example by paying hospital costs if a member is ill. Its structure is also based on customary law: *adat* leaders from each *kampung* select district representatives. There is a general organiser, (until February 6th, Abah Nawi), and an *adat* Council with representatives from each *kampung* which oversees the organisation.

Much of the community land was taken over by the state-owned plantation company PTP IX, which later became PT Perkebunan Nasional II. Some of the original tobacco plantations were replanted with sugar. Now, in turn, the sugar is being replaced by oil palm plantations. BPRPI members have cut down the oil palms in some areas because, unlike tobacco, oil palm occupies the land for 20-30 years - during which time people can't use their land. There have been a number of cases where people who have cleared plantation company sugar, cocoa or oil palm in order to plant their own crops, and BPRPI supporters from other villages - including Abah Nawi - have been subjected to brutal treatment by security forces and imprisoned for several months, sometimes without trial.

The most recent example is a case in Tanjung Morawa where BPRPI members reoccupied the land 6 years ago, after the

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