



Down to Earth International Campaign for Ecological Justice in Indonesia

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This edition of DTE has a special focus on forests, plantations and women. Send your comments on any of our articles to: dte@gn.apc.org

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Climate change, 'Avoided Deforestation' and Indonesia

Mounting global concern over climate change and the link to deforestation has refocused international attention on the need to protect the world's forests. Rampant forest and peatland destruction in Indonesia means that the country is one of the world's top three emitters of carbon dioxide, a major contributor to global warming.

As countries prepare for negotiations on a post-Kyoto climate agreement, there is much interest in 'Avoided Deforestation' - international funding to protect forests and reduce carbon emissions. The World Bank is taking the lead. What are the implications for Indonesia, its forests and its forest-dependent peoples?

There is no question that deforestation in Indonesia is having a serious impact at international as well as at national and local levels. Destructive logging, out-of-control fires, forest clearance for plantations, mining, fossil fuel extraction, transmigration sites, aquaculture, and road-building have long been linked with negative social and economic impacts for local indigenous and forest-dependent communities, and enormous financial losses for communities and the state.

A new study has now highlighted the global picture, which shows Indonesia both as a major contributor to climate change, as well as highly vulnerable to its impacts. Forest destruction, peatland degradation and forest fires are mostly to blame for Indonesia's ranking as third biggest emitter of greenhouse gases after the USA and China.

Based on data from 2000, Indonesia's annual emissions from forestry and land use change are calculated at 2,563 megatonnes of carbon dioxide equivalent (MtCO₂e), dwarfing the yearly amount from energy, agriculture and waste which amount to 451 MtCO₂e. The total emissions - 3,014 MtCO₂e compare with China's total of 5,017 and the US' of 6,005 MtCO₂e.

The study, *Indonesia and Climate Change: Current Status and Policies*, was sponsored by the World Bank and the UK's Department for International Development to inform the next world summit on climate change in December in Bali. Following on from a Wetlands International alert in November 2006 and Sir Nicholas Stern's visit to Indonesia in March 2007 (see box, next page), the report highlights the important role that peatland destruction plays in the total emission figures: on average, around 600 Mt of CO₂e are released from the decomposition of dry peat each year, with a further 1,400 Mt released in peatland forests fires that may burn for months at a time.

The report, launched in May 2007, also points out that emissions from Indonesia's energy sector are small, but growing very rapidly and that its emissions from agriculture and waste are small.

Predicted impacts

The report points to some of the impacts Indonesia can expect from climate change. They include:

- ♦ a modest temperature increase - since 1990, annual mean temperatures have increased by around 0.3 degrees Celsius

during all seasons;

- ♦ more intense rainfall - 2-3% more rainfall annually is expected across the country, in shorter periods, increasing the risk of flooding significantly;
- ♦ threats to food security due to the effects of climate change on agriculture;
- ♦ sea level rises - these will inundate productive coastal zones, affecting farming and coastal livelihoods, including fish and shrimp farms, rice and maize production;
- ♦ warmer ocean water - affecting marine biodiversity and putting further pressure

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on already threatened coral reefs;

- ♦ intensification of water and vector-borne diseases - such as malaria and dengue fever.

Controversially, the report also states that Indonesia's forestry policies and legislation are 'good', but that implementation and enforcement are weak. This conflicts with the view that forestry policies and legislation are in dire need of reform, to correct, among other things, the failure to recognise indigenous rights to forests and forest resources.

The report also highlights the link between deforestation and the demand for oil palm products (including European demand for oil palm as biofuel), the policy to expand coal production, and the failure to encourage the development of renewable energy sources.



The Stern Review

Ex-World Bank chief economist, Sir Nicholas Stern was commissioned by the UK government's treasury to carry out a study on climate change in the run-up to the next UN climate change conference. The Stern Review on Climate Change, released in October 2006, drew international attention to climate change and the potential of forests to mitigate global warming. He proposed that 'avoided deforestation' measures should be part of any post-Kyoto climate agreement and that pilot schemes should start as soon as possible.

Sir Nicholas' four-day visit to Indonesia in late March 2007 ensured that climate change was placed firmly on the Indonesian government's political agenda. In addition to addressing President SBY and his cabinet and several commissions of Indonesia's parliament, he had meetings with students and conservation organisations. He also visited Jambi - a province which has been badly affected by forest fires and large-scale oil palm plantations. Only one million ha of Jambi's 5.3 million ha is still forested, according to conservation NGO Warsi.

A summary of the Stern Review is available at http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_summary.cfm.
(Sources: <http://www.britishembassy.gov.uk>; *Tempointeraktif* 30/Jan/07)

Avoided deforestation - will it work?

What can be done to stop the peatland and forest destruction and reduce the greenhouse gas emissions that are driving climate change? 'Avoided deforestation' is one of the major initiatives to emerge over the past few years, but has received little critical attention from civil society until now.

A key tool for understanding avoided deforestation and its potential problems is a paper published in June this year by UK-based NGO Forest Peoples Programme, *Seeing "RED"? "Avoided deforestation" and the rights of Indigenous Peoples and local communities*. The following is extracted from this document, with some minor additions by DTE.

What is avoided deforestation?

The term 'avoided deforestation', as it is currently being used in development circles, refers to the prevention or reduction of forest loss in order to reduce emissions of global warming gases. Land use change, especially forest loss in the tropics, is believed to contribute between 18 and 20% of all annual emissions of carbon dioxide (CO₂), so there is a growing international push to seek a reduction in deforestation as a means of combating climate change.

Some countries want avoided deforestation schemes to include restoration of degraded forest areas (so-called Reduced Emissions from Deforestation and Forest Degradation - REDD), not just protection of existing forests. Not surprisingly, Indonesia supports this option, which favours countries with large areas of severely damaged forests due to unsustainable industrial logging. Others want to restrict schemes to avoided deforestation only (RED), arguing that measuring degradation, and therefore assessing the benefit of restoration efforts, is too difficult.

How will it be carried out?

Proposals for avoided deforestation fall into two main groups:

- ♦ market-based approaches - linking schemes to reduce deforestation to a global carbon trading system. The Coalition for Rainforest Nations, most conservation NGOs and carbon finance businesses are pushing for schemes in which forested countries get carbon emission reduction credits for not cutting their forests. These credits can then be sold on the international carbon market to countries with carbon-emitting industries which need the credits to continue operating. This is ethically problematic as countries and companies can buy the rights to continue polluting the planet's atmosphere.

- ♦ public funding approaches - using aid from rich countries to pay forest-rich countries in the South to reduce forest clearance. The aid is to be collected through voluntary contributions from industrialised countries or through taxes. Indonesia and Brazil favour this option. Whether the payments are annual or at other regular intervals and whether they are 'up front' or 'on delivery' is still a matter for negotiation.

Where is the money coming from?

The World Bank has become a lead player in proposals to finance schemes that seek to reduce emissions from deforestation. At the G8 meeting in Germany in June, it secured high-level political backing for a new 'Forest Carbon Partnership Facility' (FCPF) that will 'test the feasibility' of different approaches to funding RED/REDD. FSC (Forest Stewardship Council) certification is to play a key part in this.

The Bank promotes a mixed approach (market-based and public funding), but favours carbon trading. Bank economists stress that only markets will deliver enough funds to tackle climate change. They predict that carbon finance projects could grow to over US\$1 bn by 2015. The Bank is scheduled to make final decisions on the US\$250 scheme in September.

The Bank proposes that the FCPF will be part of a huge new donor and private

Indonesia's peat swamp forests and climate change

Indonesia's 21 million hectares of peat swamps - 60% of the world's total - are high on international policy makers' agenda to reduce greenhouse gas emissions.

Peat swamps are 50-60% carbon which rapidly oxidises to release CO₂ if exposed to the air. Around 9 million hectares of this endangered habitat have been destroyed in Indonesia due to over-logging, drainage and burning in order to set up pulpwood or oil palm plantations. A report commissioned by Wetlands International estimates that 2 billion tonnes of carbon are released each year from Indonesia's peatlands.

WALHI claims that paper pulp giant APRIL destroyed 50,000 ha of swamp forest in the province of Riau in 2003-4 alone to establish fastwood plantations.

(Sources: *Peatland Degradation Fuels Climate Change*, Wetlands International, November 2006, see <http://www.wetlands.org/publication.aspx?ID=d67b5c30-2b07-435c-9366-c20aa597839b>; www.walhi.or.id/kampanye/hutan/strukturisasi/join_10092004)

sector funded Global Forest Alliance (GFA), announced at the 7th UN Forum on Forests in April. The Bank is already part of an initiative with WWF - also referred to as the Global Forest Alliance - to reduce deforestation and curb illegal logging. In Indonesia, the WWF/GFA has been working with timber companies to identify so-called High Conservation Value Forests and create market links to promote wood from well-managed forests. To add confusion, The Nature Conservancy and WWF also established a Forest Alliance in 2002 with several private sector enterprises including major timber retailers.

Countries who have committed funds to avoided deforestation schemes include Australia, which this July announced a US\$160 million fund for both avoided deforestation and reforestation in the Asia-Pacific region.

The costs of avoided deforestation, as estimated by the World Bank are high: reducing the annual rate of deforestation in developing countries by 20% through avoided deforestation would cost US\$2 - 20 billion a year. On the other hand, Bank experts reckon that US\$100 bn could stop deforestation completely.

Who gets the money?

The Bank says that compensation payments for reducing deforestation could range from US\$200 - 10,000 per hectare of forest for as long as it remains intact. Who actually would receive the money in the countries where the avoided deforestation is being carried out, is not clear in the proposed schemes. Most sources imply that payments will be nationally-based or directed at government agencies. Proposals by the Indonesian government suggest that funds could be distributed among protected area authorities, 'certified' logging companies engaged in sustainable forest management, initiatives to tackle illegal logging, payment for environmental services (PES) schemes, and community-based forest management.

Proposed scheme in Indonesia

There are very few existing avoided deforestation schemes in the world and most of these are pilot voluntary initiatives financed by conservation and development NGOs, which have not yet been critically assessed by social justice NGOs or grassroots organisations.

However, the international impetus to develop more schemes is growing. The World Bank is proposing FCPF pilot projects in Papua New Guinea, Costa Rica, Indonesia, Brazil and the Democratic Republic of Congo. The proposal is for these countries to limit carbon emissions from deforestation by 2009 or 2010 in return for US\$250 million investment.

Kyoto and Bali

The UN Framework Convention on Climate Change (UNFCCC) was one of the achievements of the 1992 Earth Summit in Rio. The Kyoto Protocol set the targets for industrialised countries to reduce greenhouse gas emissions and established the Clean Development Mechanism (CDM). This helps fund projects that reduce carbon emissions and established a carbon market for trading 'Certified Emission Reduction' credits. Indonesia signed the Kyoto Protocol in 1998 and ratified it in 2004.

Only afforestation or reforestation projects are eligible for CDM funding under the existing Kyoto Protocol, but not initiatives to stop damage to remaining forests, including swamp forests. Indonesia currently has no forest CDM projects. Indonesia's Ministry of the Environment is currently taking the lead on the country's policy on climate change.

Representatives of 189 countries are expected to gather for the 13th Conference of the Parties (COP) of the climate change convention in Bali in December. A report on 'Reduced Emissions from Deforestation' will be presented as the basis for discussions about climate change controls after the Kyoto Protocol ends in 2012. Finance ministers from around the world will also be meeting in Bali to agree the financial terms for making forest conservation profitable.

See http://unfccc.int/files/essential_background/kyoto_protocol/application/pdf/kpstats.pdf

Viewed cynically, avoided deforestation projects could simply become a lucrative mechanism for Indonesia's flagging forestry industry to attract more capital and expertise. On the other hand, REDD payments could make conservation more financially attractive than logging. Suddenly, keeping Indonesia's forest cover intact has become an attractive policy option. Environment minister Witoelar enthusiastically told the press that "We are ready. We have a grand plan to identify and restore or conserve our forest areas. We have also prepared the financial side of the deal."¹

Avoided deforestation could attract massive funding. A targeted area of 1 million ha of mature pristine forest, with an average carbon stock of 600t CO₂e per hectare, would produce 600 million tonnes of carbon credits. If the agreed price of 1 tonne of CO₂e

was US\$5, this would generate US\$3bn in compensation. Indonesia has over 18 million ha of protected forest according to official data. Gross revenues to the government from forest operations in 1997/8 only totalled US\$1.1bn.²

Indonesia has another incentive in addition to the potential financial returns from REDD. The government would find it hard to negotiate increases in carbon emissions from industry and domestic sources linked to economic growth when its emissions due to land use change are so high.

Following Australia's April announcement of its Asia-Pacific fund, the governors of Aceh, Papua and 'Papua Barat'³ published a statement expressing interest in avoided deforestation scheme and suggested they might put a moratorium on industrial logging if avoided deforestation funds could be secured. (Aceh has done this - see p.7.)

What are the main concerns?

There are clear risks, but also potential benefits to be gained by indigenous peoples and forest-dependent communities under avoided deforestation mechanisms. Most existing proposals mention the need for community 'participation' and local benefits for forest communities. The Aceh and Papua governors pledged that the rights of indigenous peoples and local communities would be respected in any avoided deforestation programmes in their provinces. But, in current proposals, there are scant details as to how people's rights will be respected and how equitable and sustainable local benefits might be ensured.

The many concerns about avoided deforestation schemes include the following:

- ♦ **Top-down and unsustainable?** Past experience shows that top-down schemes devised without the full knowledge and agreement of forest peoples and local communities will fail, and that top-down schemes may reinforce the unequal status quo on forest politics. Most avoided deforestation proposals currently stem from the World Bank, governments and large conservation NGOs.
- ♦ **Anti-people conservation?** The concern is that funds for forest protection will be spent on equipment for forest guards and sustain an outdated anti-people approach to forest protection, which excludes local people from forests and reinforces state and private sector control over forests.
- ♦ **Rights, conflict and unequal terms:** In countries (like Indonesia) where the state fails to adequately recognise indigenous peoples' customary rights over forests, decision-making over zoning for avoided deforestation and how the income is shared could marginalise or exclude indigenous communities. There is a high risk of their right to Free Prior and

Informed Consent being ignored. Even if communities are able to negotiate direct benefits under avoided deforestation schemes, there is no guarantee that the terms of negotiation will be equal. Avoided deforestation schemes may also generate conflicts between communities included in benefit-sharing schemes and those excluded from them.

- ♦ **Corruption:** There is a risk of corruption where large sums of money are involved. This could mean that little of the benefits - even where these are secured by local communities - will actually reach the targets, due to capture by state agencies, local government and conservation NGOs. Also, payments for avoided carbon emissions must ensure sustained forest protection rather than quick fixes in order to get an easy profit.

For any scheme to work, there must be good quality data to determine baseline levels of deforestation in target countries plus measures to increase capacity to monitor and control forest management. An agreement on reliable independent verification is an essential element.

In the rush to get started with avoided deforestation, the main players involved have not dealt in detail with these and other serious social and ethical concerns. At worst, some promoters of avoided deforestation schemes see questions of rights as a 'side issue' or even a 'distraction' from the core task of saving the planet, even when

past experience shows that these are fundamental to achieving sustainable development and securing effective measures to sustainably managed forests. Governments and international agencies rushing to establish avoided deforestation schemes must be reminded that states have a legal obligation to uphold human rights and fulfil international commitments under environmental treaties. Supporters of avoided deforestation may use standards developed by agencies involved in forestry and PES schemes to demonstrate that they are paying attention to social and rights issues. However, these standards are mostly voluntary and non-enforceable. Also, some are based on rewarding future good practice, while ignoring current unacceptable practice.

To address the gaps in the avoided deforestation policy debate, it seems essential that indigenous peoples and forest movements worldwide start serious internal dialogue on the pros and cons of REDD schemes run by governments and the World Bank. Action is needed to ensure:

- ♦ Indigenous peoples and forest movements are directly engaged in the current international and national debates on avoided deforestation/REDD;
- ♦ Human rights, FPIC, respect for customary land and resource rights, land tenure and security, equitable benefit sharing and good governance are made central in discussions on avoided deforestation policy;

- ♦ Guarantees are forthcoming that customary rights will be recognised and respected;
- ♦ International and national avoided deforestation policies adopt a rights-based approach to sustainable forest conservation and forest management;
- ♦ Guarantees are secured that indigenous peoples will retain and recover control over their forests and receive support for genuine community-based forest management;
- ♦ Dialogue with avoided deforestation supporters is undertaken in good faith and addresses both potential benefits and risks;
- ♦ Any processes to identify national and local drivers of deforestation in tropical countries and decisions on tackling these must involve forest peoples and forest-dependent communities;
- ♦ Any proposed standard setting and rules for avoided deforestation schemes fully involve potentially affected indigenous peoples and local communities and require full conformity with international law.

1. <http://planetark.com/> accessed 2/Jul/07
2. All figures from Indonesia's SBSTA submission, 2007
3. This is the new name for 'Irian Jaya Barat' province, created under the policy imposed by the Jakarta government, widely opposed in Papua itself, to split Papua into three provinces.

Information sources

Indonesia and Climate Change: Current Status and Policies, PT Pelangi Energi Abadi Citra Enviro (PEACE), May 2007. Press release: <http://go.worldbank.org/5BZ6ZJU9T0>, The full report (English) is at http://siteresources.worldbank.org/INTINDONESIA/Resources/Environment/ClimateChange_Full_EN.pdf and (Indonesian) at http://siteresources.worldbank.org/INTINDONESIA/INBAHASA/Resources/Environment/ClimateChange_Full_BH.pdf. Summaries are also available on the World Bank site - see <http://go.worldbank.org/TB2AM3H2I0>

Seeing "RED"? "Avoided deforestation" and the rights of Indigenous Peoples and local communities by Tom Griffiths, Forest Peoples Programme, June 2007. http://www.forestpeoples.org/documents/ifi_igo/avoided_deforestation_red_jun07_eng.pdf

Government of Indonesia (2007) *Reducing emissions from deforestation in developing countries (REDD)* Paper submitted to UNFCCC SBSTA by the Government of Indonesia <http://www.cifor.cgiar.org/NR/rdonlyres/4E81DB28-410F-4885-ACB6-6CA802603A32/0/indonesia.pdf>

The United Nations Framework Convention on Climate Change will hold its next meeting (COP 13) in Bali on 3-14 December 2007. For further details see http://unfccc.int/meetings/cop_13/items/4049.php

March 2007 workshop on Avoided Deforestation at UNFCCC http://unfccc.int/methods_and_science/lulucf/items/3918.php

The World Bank's strategy for Indonesia's forests, 2006-2009, is available in English and Bahasa Indonesia: see <http://siteresources.worldbank.org/INTINDONESIA/Resources/Publication/280016-1152870963030/IDForestStrategy.pdf?resourceurlname=IDForestStrategy.pdf>

A World Bank PowerPoint Presentation on the Global Forest Alliance (GFA) and Forest Carbon Partnership Facility (FCPF), May 2007, is available at www.fire.uni-freiburg.de/sevilla-2007/groups/Worldbank.pdf

For more information on climate change, forests and the carbon trade see Sinks Watch at <http://www.sinkswatch.org/>, Fern at www.fern.org, and The Corner House at www.thecornerhouse.org.uk ♦

forests

'Peoples Plantations': help or hindrance in tackling deforestation?

Indonesia's forestry department is allocating millions of hectares of land to a new scheme aimed at increasing the supply for wood for the pulp and timber industries, as well as tackling poverty. But serious flaws with the 'peoples plantations' programme are raising concerns that the scheme could do more harm than good.

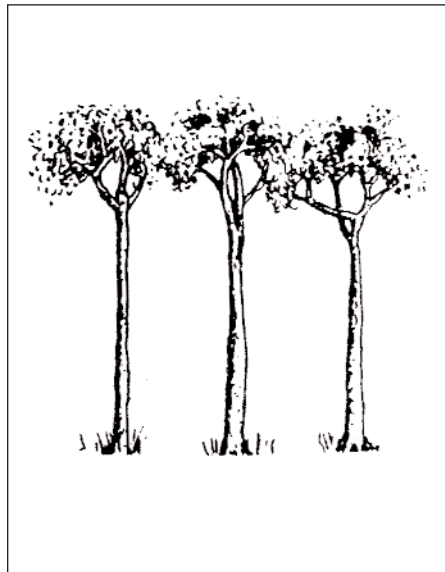
Indonesia's forestry department announced target figures for 'Peoples Plantations' (*Hutan Tanaman Rakyat* - HTR) in February this year. A total area of 5.4 million hectares in eight provinces in Sumatra and Kalimantan, consisting of 'non-productive production forest' has been identified for the scheme. Production forests are one of Indonesia's three main forest classifications alongside protection/conservation and conversion forests. These have been severely depleted by destructive logging since the 1970s to the extent that Indonesia has been identified as the country with the highest rate of deforestation (see DTE 73:9). At least 32 million hectares of 'state forest' have no forest cover, including nearly 15 million ha zoned as production forest. It is not clear how the target area for HTR has been selected from this total.

The HTR programme will involve 360,000 families, each allocated 15 hectares to manage for a maximum of 100 years. Individuals can form co-operatives which are allowed to apply for a larger area. The target is to complete land allocation by 2010, at an average rate of 1.4 million hectares per year.

Three models of HTR have been devised: 'independent', 'partnership' and 'developer' models, which involve varying levels of private sector or state participation. In the 'partnership' model, the partners are to be 'facilitated by the government'. In the 'developer mode, the plantation is set up by a private or state-owned enterprise that later hands over the HTR to an individual which has requested a permit.

HTR licence-holders, which may be individuals or local people's cooperatives, qualify for a loan worth Rp 8 million (around USD900) from the state Reforestation Fund, for land allocated by the forestry minister, assistance with applications, low interest rates, assistance with institutional strengthening from the local district head (*Bupati*) and for price protection when the timber is ready to harvest.

The total budget is Rp 43.2 trillion (USD4.8 billion), and the programme is scheduled to start this year.



A government regulation, passed in January 2007 (PP 6/2007) sets out further details of the scheme:

- ♦ Every five years the licences will be evaluated by the forestry minister;
- ♦ The licence for HTR (called IUPHHK) can only be issued once and cannot be extended, resold or bequeathed;
- ♦ IUPHHKs for HTR are issued by the forestry minister, but can be delegated to provincial governor;
- ♦ HTR licence holders are obliged to supply the wood industry and to plant at least 50% of their plantation area;
- ♦ They must prepare a long-term workplan within a year of receiving the licence, to be agreed with the district head or other indicated official;
- ♦ They must prepare annual workplans;
- ♦ They must submit periodic performance reports to the forestry minister.

The HTR programme is part of a wider effort aimed at developing plantations on 9 million hectares of land identified as non-productive by the government, thereby increasing the supply of raw materials and revitalising Indonesia's forestry industry. The goal is to re-establish forestry as a major player in the national economy as well as reduce poverty by providing jobs, land and credit. Forestry

sector revitalisation is, in turn, part of the government's 'RPPK' (Revitalisation of Farming, Fisheries and Forestry) agenda announced in early 2006. It is also intended to create clearer tenure arrangements and therefore reduce land conflict (although within the existing paradigm of state land ownership).

Concerns

Destructive logging in Indonesia is a grave threat to the sustainability of local communities, biodiversity, and local and national economies. It also has global knock-on effects, as deforestation is a major contributor to global warming (see separate article, page 1). However, there are questions over whether HTR can be part of the solution and whether the dual goals of increasing wood supply and poverty reduction are compatible or contradictory. These questions include:

Whose land? The land targeted for HTR is allocated by the Department of Forestry on 'land not subject to rights' (*lahan tidak dibebani hak*) in locations close to timber processing units). According to forestry department data, such land covers 12.3 million hectares. The question immediately arises: which rights are included here? Past forestry policies and land classification regimes are well-known for their failure to include the customary rights over land and resources held by indigenous peoples (*wilayah adat*). Legal recognition of *adat* land remains very difficult under current national laws and, in forest areas, is almost without exception limited to access rights, rather than full ownership rights. Since HTR is targeted for forest areas controlled by the state, it must be assumed that *adat* rights will hardly enter into the picture. Moreover, since land allocation will be under the central control of the forestry minister, the potential for accommodating *adat* access or ownership rights which are recognised under local laws, is restricted. Yet it is likely that customary rights cover many of the very areas targeted by HTR. An indication of this is given in a new

report published by the World Agroforestry Centre, which looked at one area in North Sumatra. The authors show that over half of areas indicated by the forestry department for HTR were classified by the national land agency (BPN) as 'adat land' (see box for more details of this report).

Who participates? Given the extremely weak legal status of indigenous land rights, the door appears to be open to the takeover of *adat* areas in the name of HTR. Participants of the various models include private and state-owned companies, and/or individuals and cooperatives. There appear to be no guarantees that local indigenous communities will be the ones to secure the HTR permits, if they choose to use the opportunity to gain a level of recognition over their *adat* areas. Or, if they choose not to, that there is any means of keeping *adat* land out of the scheme. The possibility of *adat* land being handed over for 100-year periods to individuals or cooperatives in partnership with companies, puts the HTR scheme on a similar level to other plantation development schemes, where indigenous communities have ended up marginalised, with loss of control over their customary land and resources.

What to plant? Regulation 6/2007 puts HTR participants under the obligation to supply the wood industry, but gives them the choice of planting monocultures or mixed species. While allowing for some freedom of decision-making - an improvement on some past schemes where participants were instructed to grow a single tree species - this still limits choice. The current plans will not allow traditional multi-species agroforestry plots with mixed crops of fruit, coffee and timber species. (A forestry department document on HTR points to 28 recommended species for Kalimantan and Sumatra, but, in one area at

least, this has omitted some favourite local tree species - see box). How free will the farmers be not to follow the recommendations? Should increasing supply to the wood industry (rather than tackling overcapacity by closing mills and not building new ones) take precedence over farmer choice according to local markets for fruit, resins, construction wood and other products which may not be related to the wood industries?

What price? Regulation 6/2007 says that the forestry minister will fix the price of harvested timber. What are the guarantees that this will be fair and that participants will be able to repay credit, or that their profits are not eroded by corruption?

What is the priority? All the signs are that the main purpose of HTR is to increase timber production for the wood processing industry: rural livelihoods and forest conservation are very much secondary goals. Several questions arise here:

- ♦ How will control and profit-sharing be determined in community-company partnerships - for example between pulp producer Sinar Mas and its outgrowers?
- ♦ Where are the plans for capacity-building for individual or HTR permit holders? Unless they can deal with negotiating with local government, drawing up business plans, and getting technical assistance on growing and marketing, this scheme will simply turn participating 'small-holder' communities into cheap labour for companies as has happened in the oil palm plantation sector.
- ♦ How will families (and their businesses) survive for the eight years or more that the trees will take to grow? Will they have to borrow money in addition to the loans from the Reforestation Fund for planting tree seedlings?
- ♦ What happens if the HTR holder dies? If the rights last for 100 years and are not transferable, the family could be left with debts while the licence reverts to the state.
- ♦ How are environmental and socio-economic development issues to be dealt with when district authorities do not have the capacity or experience to balance these needs? (Under PP6/07 the district head is expected to do this by ratifying the annual work plans for all the HTR plans within a district.)
- ♦ How will conflicts or opportunities for corruption be avoided where two groups apply for the same HTR plot?
- ♦ There is no indication of how HTR will fit in with climate control measures, including tree planting for carbon trading credits (see page 1).

(continued next page)

World Agroforestry Center report

When announcing the HTR land allocation figures, the forestry department stated that 'clarification of the actual conditions in the field' would be done before implementing the programme. Strong evidence that this is indeed a necessity is presented in a new report by the World Agroforestry Center, *Is Hutan Tanaman Rakyat a new paradigm in community based tree planting in Indonesia?* The report's authors compared maps prepared by the forestry ministry which indicated areas where HTR rules could be applied, with data from its geographic data system for one area in North Sumatra where it had conducted recent field work. The comparison found a large gap between the reality on the ground and what an HTR area is supposed to look like, according to government perceptions. For example, HTR is intended for 'non-productive production forests' but according to the report, only 29% of the area indicated for HTR is actually classified as production forest. Moreover, only 3% of the area does not currently have a productive tree cover, agricultural use, or is a settlement. A further dataset showed that 52% of the indicated area was classified as '*adat*' land by the national land agency (BPN).

The authors conclude:

[t]his is only one 'sample', where we had 'ground truth' data from recent fieldwork. But it is at least suggestive that the existing 'indicative' HTR maps are not a reliable and sufficient basis to develop policies.

The study also found that tree species suggested as suitable for the local soil and climate, had omitted three of the most favoured 'peoples trees' (durian, Kemenyan and Para Rubber). This points to the problem of what to prioritise: the interests of the wood industry or those of the farmers who will grow the trees. The two could well be incompatible.

Is Hutan Tanaman Rakyat a new paradigm in community based tree planting in Indonesia?, by Meine van Noordwijk, S Suyanto, Suseno Budidarsono, Niken Sakuntaladewi, James M Roshetko, Hesti L Tata, Gamma Galudra and Chip Fay, ICRAF Working Paper 45, ICRAF Southeast Asia 2007, World Agroforestry Centre, is at: <http://www.worldagroforestrycentre.org/downloads/publications/PDFs/wp14965.pdf>

NGOs reject HTR

A statement by a group of leading Indonesian environmental NGOs has criticised the World Bank's role in pushing HTR to supply the wood-based industries, including pulp. The NGOs rejected the Bank's new strategy for Indonesia's forestry sector. "We reject the strategy of involving communities in restructuring the forestry industry under timber plantation or HTR models, because the concepts and models used will trap people in a cycle of dependency on large companies, while failing to address the problems of poverty."

(CAPPA, Yayasan Hakiki, WALHI Kalsel, WALHI Eknas, Yayasan Setara: *Tidak ada lagi hutang dan liberalisasi di sektor kehutanan*, received 29/May/07)

WALHI calls for logging moratorium

Indonesia's most prominent environment group, WALHI (Friends of the Earth Indonesia) has repeated its call for a logging moratorium across the country. The NGO says that annual deforestation is running at 2.72 million hectares - an area the size of Bali. With only 41.25 million hectares of good quality production forests remaining, a higher demand for timber than supply and with the demand for biofuel driving the expansion of oil palm plantations, WALHI estimates that natural forests in Sumatra, Kalimantan and Sulawesi will be extinct by 2012. Timber prices will escalate as supply diminishes and most timber is sourced from Papua. In 2022, says WALHI, all natural forests in Indonesia will be gone and prices will climb higher as the country becomes reliant on imports.

The NGO says the moratorium - on logging and forest conversion activities - must be applied for at least 15 years. The period is considered sufficient to resolve management and policy conflicts and formulate 1) a protocol for conflict resolution, 2) a standard for ecological services in plantations and 3) the drawing up of a community forestry system as the standard policy for forests in Indonesia.

WALHI calculates that Indonesia's forestry industry contributed Rp 1.484 trillion (US\$160 million) to the national foreign account deficit in 2006. This sum is reached by taking losses in revenues of Rp 22.862 trillion from illegal logging (over 19 million m³) plus direct losses from flooding and landslides of Rp 8.158 trillion against foreign exchange income from forestry exports, which totalled Rp 29,536 trillion. The calculation does not include losses from timber smuggling, the costs of conflict or the loss in ecological value of forest resources.

WALHI proposes a five-stage implementation process for the moratorium, starting with a stop on issuing permits for logging and plantations in forests. The process would also include the government fulfilling previous commitments on restructuring the wood industries to tackle overcapacity and on restructuring tenurial rights. Starting with Sumatra and Sulawesi - whose forests are most threatened - the logging ban would extend to all of Indonesia within 2-3 years. Logging would only be permitted in plantation forests or in forests managed by local communities.

WALHI first proposed a logging ban in 2001 (see *DTE* 49:9; *DTE* 56:5, <http://dte.gn.apc.org/56fo1.htm>)

Aceh logging moratorium welcomed

A commitment to suspend logging in Aceh from May this year, announced by Aceh governor Irwandi Yusuf, has been applauded by WALHI. Aceh's once vast forests have been decimated by logging companies over the past decades, many of them operating illegally. Recently, demand for timber for post-tsunami reconstruction work has added to overseas demand for logs to put additional pressure on the forests. Indigenous communities have struggled through the many years of conflict to hold onto their customary forests, in the face of destructive road schemes and plantation developments. Previous logging moratoriums have not been able to stem the destruction (see *DTE* 68:12 for more background).

(WALHI, *Moratorium on Logging Now!* http://www.eng.walhi.or.id/kampanye/hutan/jeda/070425_moratorium_logging_li/ ♦



(continued from previous page)

Further concerns have been raised about the forestry department's legal right to allocate land (since so little land claimed by the department has actually been legalised as such); the potential for violating the principle of free, prior and informed consent of indigenous peoples whose areas are targeted, and the credit arrangements for participants. Experience from the past shows that top-down, centrally-planned and controlled, large-scale programmes often end in social and environmental disaster. The transmigration programme (which included a tree-crop element), the nucleus-estate / smallholder (PIR) plantation model and the attempt to convert a million hectares of Central Kalimantan peatland into ricefields are clear examples of such schemes. It remains to be seen how far the lessons from these hugely damaging and costly mega-projects have been learned.

(Sources: Forestry Department Press Release S 51/II/PIK-1/2007, 21/Feb/07 and S 525/II/PIK-1/2006, 3/Oct/06; Dirjen Bina Produksi Kehutanan Pembangunan Hutan

Separate targets for Java

In October 2006 the forestry department made an announcement to counter rumours that it was about to reduce the area classified as forest in Java and divide it between communities. Instead, access (not ownership) is to be given to local communities in a target area of 1.8 million hectares of poorly-managed production forest. This is to be planted, cultivated and harvested with increased community participation, according to sustainable forestry practices. The status of these areas will remain state forest, under the management of the state-owned forestry company Perhutani.

Perhutani has an extremely poor record on relations with local communities, and on addressing conflicting claims over land and forest resources. The company has been accused of sanctioning the use of violence, torture and intimidation to try to suppress conflicts over land - see for example cases outlined in *DTE* 66:12 and *DTE* 60:9.

Tanaman Rakyat (HTR) [no date]; *Risalah Pertemuan Working Group Tenure (WG-T) dan Working Group Persiapan Percepatan Pembangunan Hutan Tanaman Rakyat (WG-PPHTR)* 21 July 2006; *Strategic Options for Forest Assistance in Indonesia*, IBRD/the World Bank, Dec 2006. For further background on transmigration, PIR and the Central Kalimantan mega-project see for example *DTE*'s 2001 report on transmigration at <http://dte.gn.apc.org/cctrans.htm> ♦

New website on pulp

The NGO Urgewald has set up a new website: www.pulpmillwatch.org, to document the problems caused by the pulp industry's operations around the world. The website will inform the public, financiers and decision makers about upcoming pulp projects and the problems associated with these projects.

Urgewald's new report *Banks, Pulp and People* can be downloaded from the site.

indigenous women

Indigenous Women's workshop at AMAN Congress

The position and role of indigenous women facing development aggression.

By Devi Anggraini¹

Why does the government issue licences for investors to take away our livelihoods? We can't exist without our livelihoods. For without land, we cannot eat.

(Aleta, West Timorese participant in indigenous women's meeting, KMAN III)

The Third Congress of the Indigenous Peoples of the Archipelago (KMAN III) took place in Pontianak, West Kalimantan from 17 to 20 March 2007 (see also *DTE* 73:14). This, the biggest celebration of indigenous peoples in Indonesia, was organised by the Alliance of Indigenous Peoples of the Archipelago, AMAN. One of the congress events was the Indigenous Women's Workshop, which ran parallel to ten other workshops. The day-long meeting, attended by 70 participants, had the theme of Indigenous Women and Development Aggression. Its aims were to bring together indigenous women representatives to describe their situation in their own areas; to examine and find strategies to strengthen the role of women in decision-making both in the community and in the national political system; and to create critical awareness among indigenous women of their role in natural resources management in the context of the development process. They then went on to discuss recommendations to KMAN III on the position of indigenous women within AMAN.

The participants came from all over Indonesia and included young and older women from a wide range of backgrounds including *adat* organisations, women's organisations involved with literacy, education and health projects, weaving and farming co-operatives (including oil palm plantations) teachers and health workers, survivors of violence in Aceh, Papua and Poso and activists from the North Sumatra land rights group, BPRPI (see *DTE* 63:15).

The whole workshop was facilitated and presented by women from indigenous communities. The topics selected were raised by women directly affected by the problems. These were: indigenous women and militarism (Nurjamaliah, from Aceh Indigenous Peoples' Network - JKMA); indigenous women and mining (Aleta Ba'un, from West Timor);



At the women's workshop, KMAN III, 2007 (DTE)

indigenous women and traditional knowledge in natural resource management (Rukmini Paata Toheke, from the Ngata Toro community in Central Sulawesi); the role of indigenous women in decision-making at community level (Den Upa Rombelayuk, Toraja community, South Sulawesi); indigenous women and conflict resolution (Mariam Bombong, Mamasa community, South Sulawesi); and indigenous women and parliament (Ida Ayu Bagus Agung Mas, Member of the Regional Representative Council, or DPD, from Bali). The chairperson was Romba' Marannu (Toraya Indigenous Peoples Alliance, Toraja, South Sulawesi). Joan Carling from the Cordillera Peoples Alliance, was the guest speaker, who shared her experiences and described the situation of indigenous women in the Philippines.

The workshop was participative and interactive. There was a strong sense of trust and co-operation throughout the day and people who had never met worked well together in small groups. From the experiences shared and the ensuing discussions - which the participants contributed to with great enthusiasm - there emerged a distinct picture of indigenous women's position in Indonesia's development process.

It was clear that indigenous women's main role in the community is to safeguard the sustainability of community life. This is shown by the crucial roles that women play and is made possible by indigenous women's capacity to develop collective ways of working, both in their own groups and in the community in general. Indigenous women regulate food security - it is they who decide when to begin planting. They regulate community wealth, especially protection of agrarian resources (forest, water, conservation areas etc). Indigenous women make the final judgement in decision-making on social affairs.

We cannot give birth to land. If the men sell the land for plantations, where must our children live?
(Participant from Arso, West Papua in the discussion on Gender and Natural Resources Management)

In several parts of Indonesia, women traditionally play an important role in natural resources management. In Aceh, collecting shellfish in the mangrove forests is part of indigenous women's daily routine. In Maluku, women work the productive tidal area (called '*meti*'), where they also collect shellfish. In Kalimantan, women generally look after the cultivation of medicinal plants. And there are many other examples from different parts of the country where there is an interaction or link between women and their resource management areas (Anggraini, 2006²).

State neglect

State control over indigenous peoples' natural resources is based on a misinterpretation of Indonesia's Constitution. The state's duty to manage and distribute benefits justly for the whole Indonesian people was interpreted as 'the state's right to control'. The land, rivers, sea and sky and all natural wealth were treated as a productive asset to be commercialised, while ignoring the ideals of achieving the greatest prosperity for all. The state abused its position and denied that its right to control should be limited by people's rights, whether individual or communal, over land and natural resources.

The state's trust in the capacity of large-scale industries to manage natural resources, resulted in large corporations taking control of areas where indigenous peoples lived. Timber companies, plantation developers, the illegal logging mafia and mining companies took over huge swathes of indigenous lands.

The state's marginalisation of indigenous peoples began with this 'development' process and a parallel attempt to 'modernise' indigenous peoples, focusing on their management of natural resources. Development policies which depended on the paradigms of industrialisation and capital accumulation left no room for the traditional knowledge used by indigenous peoples in their resource management practices. The systematic destruction of indigenous communities' identities devastated their natural resources management regimes and the social order which sprang from them. (Anggraini, 2006³).

Communities who were once able to organise their resource management models independently, based on informal agreements, were in a weak position when development projects entered into their areas. These required formal arrangements, usually favoured the individual, and were biased towards men as head of households in indigenous community life.

Eventually, the development process resulted in the multiple marginalisation of indigenous women. This takes two forms: firstly, marginalisation due to government policies, which fail to recognise indigenous peoples' rights to land and natural resources. Development policies have never treated indigenous women as a part of the community in their own right, meaning that, both in planning stages and implementation, they have neglected the interests and opinions of indigenous women. Through these policies, the government has effected the exclusion of women's roles and the limitation of women's room to manoeuvre within their own communities.

Secondly, there is marginalisation due to lack of decision-making power. Generally, indigenous women do not have access to decision-making at any level. Important decisions affecting the future sustainability of the family and the community, including decisions about indigenous women themselves, are taken without women's involvement.

Making a difference

Some indigenous women have started to oppose the denial of their political, civil, social, cultural and economic rights, as was manifest in the workshop. One example came from the Ngata Toro community, where they have used efforts to revitalise *adat* as a means

Strengthening Women's role in Adat

The Ngata Toro community in Central Sulawesi has its own system of managing natural resources that promotes conservation. This includes rice farming (*sawah*) in the valleys and agroforestry on the hills, plus forest zones (*ngakiki*) that cannot be used. However, 18,000 hectares of their 22,950 ha customary lands were declared part of Lore Lindu National Park when it was set up in 1993. The community immediately decided to revive *adat* structures and practices in order to negotiate better with the authorities about the management of this area.

A group of women was involved in documenting the community's traditional knowledge and used this research to transform the traditional women's council, Tina Ngata, into a modern organisation called OPANT (Organisasi Perempuan Adat Ngata Toro). While in the past only women descended from the local nobility were represented in the Tina Ngata, OPANT now recruits members from all women in the community and members vote for their leaders. Also OPANT now plays a more strategic role as part of the decision-making structure of the community.

Two villages have now reached an agreement with the National Park authorities allowing traditional management of customary lands and women have taken a leading part in these negotiations. They are now working with communities from other villages.

More information on the Ngata Toro community and the creation of OPANT is contained in the joint AMAN-DTE publication 'Forests for the Future' (forthcoming). Full details of this publication will be posted on DTE's website upon publication.⁴

of strengthening women's rights. Women's customary decision-making roles had been greatly reduced by state intervention in village administration in the 1970s. The stimulus for this initiative was the struggle to regain control over Ngata Toro's customary lands, much of which had become part of Lore Lindu National Park. (see box)

A proposal to create the new districts of Arale, Tabulahan and Mambi within South Sulawesi province led to conflict which has not been resolved to date. Religion and ethnicity are being used by an elite group to divide the indigenous communities. In this context, groups of women started making house-to-house visits, in an attempt to initiate reconciliation, and set up a meeting between people who are for and against the new

districts. Another meeting was planned for June 2007.

In West Timor, groups of indigenous women, working together with youth groups from 36 villages mounted a campaign to oppose marble mining in their customary area. The decision was taken by the community that the women would be in the front line of the campaign. But the struggle was not easy: it was difficult to convince the community - especially the men - to oppose the mine. The women convinced them by arguing that they were trying to save the future of their families and the community.

These examples discussed at the workshop were empowering for women participants, who were encouraged to get more involved in making decisions about sustaining the life of their communities. A common theme of speakers through the day was that women should be more proactive and put themselves forward for representation in government and non-government bodies. Several of the workshop participants were members of village councils (BPD) and one was a candidate to become a village head. In one speaker's words "Women are extraordinary, but we are never given the opportunity (to show this)."

There was some debate over whether it was time to establish a new indigenous women's organisation or a wing of AMAN to promote the interests of indigenous women. In the event, the participants decided on a strategy to strengthen the role and position of women within AMAN as well as in indigenous communities and their customary areas. The Indigenous Women's Workshop produced the following recommendations to KMAN III:

Indigenous Women's Recommendations

Indigenous Women and Natural Resources Management

1. Increase the role of women in the equitable management of natural resources by guaranteeing the participation of indigenous women in decision-making about the use of the areas that indigenous women manage in AMAN's member communities.
2. Facilitate equitable, indigenous community-based financial institutions.
3. Increase the technical capacities of indigenous women to process and market products from natural resources.
4. Guarantee access to information for indigenous women on funding from a variety of sources.

Indigenous Women and Politics

1. Include indigenous values in the formal education curriculum to ensure that the

- indigenous inheritance is passed to the younger generation.
2. AMAN to facilitate indigenous women's entry into parliament, from regional up to central level, from AMAN's member communities.
 3. AMAN to guarantee representation of indigenous women in the structure of customary institutions and village administration, in AMAN member communities.
 4. AMAN to lead the debate on the Draft Law on Natural Resources and the Draft Law on Indigenous Forests.
 5. AMAN to actively make contact with members of the legislature and supply them with information about indigenous peoples.

Organisation

1. AMAN must establish a special department for indigenous women's affairs.*
2. Draft a special budget for indigenous women in AMAN.
3. Facilitate leadership training and strengthen the capacity of indigenous women.
4. Change the Article which regulates the composition of AMAN's Council so that each province must be represented by one man and one woman.

*The recommendation on the special department for women has already been implemented. Rukmini Paata Toheke has taken up the position of Director, Indigenous Women's Directorate, with its office in Palu, Central Sulawesi. The recommendations which came out of the Indigenous Women's workshop should provide the basic thinking for framing the directorate's work. May these aspirations become reality. Women, keep up the struggle!

Notes:

1. Panel Coordinator, Indigenous Women's Workshop, Congress of the Indigenous Peoples of the Archipelago III, Pontianak, 18 March 2007. Devi comes from Riau and has worked with a number of forest advocacy groups. She is a member of the policy advocacy group KARSA (see <http://www.perhimpunan-karsa.org/>) and has a particular interest in both women's and indigenous peoples' issues. She is a volunteer for AMAN's Indigenous Women's Directorate and Community Support Directorate.
- 2,3. See Anggraini, Devi, *Women and their Resource Management Areas/ Customary Areas, 2004.*
- 4,5. Additional boxes by DTE

Women lead mining opposition

The Molo people are currently battling to stop mining companies extracting marble from their customary lands. There are now 3,000 supporters in four sub-districts of South Central Timor (TTS) where several companies are operating. Some are local NGOs and students, but the majority are ordinary villagers - most of whom are farmers with little or no formal education. The marble is for use in luxury buildings in Indonesia, but is also exported to USA, China, Singapore and Korea.

Indigenous women have played a prominent role in this battle. They see it as their role to provide food for their families even though, under *adat* law, only men inherit land. Their campaign was based on the view that the community's life was inseparable from their natural resources. Animism is still strong in this area and many people believe that people, animals, water and rocks are all part of one whole.

Gunung Molo is a cool fertile area which is used for farming and raising livestock. It is an important source of water for the western part of Timor. Marble mining leaves whole areas derelict. The operations make the once clear rivers and streams muddy and unfit to drink or wash in, or to use for irrigating crops. Landslides, such as the one at Tunua in December 2005, have become more frequent and more severe, ruining crops and rendering land unsuitable for cultivation.

Interestingly, a reversal of roles took place during this campaign: women went out to fight the mining company and the men stayed at home and cooked. The women have confronted the police and armed security forces employed by mining companies. They have even bared their breasts as a symbolic action to shame the men who opposed them and to remind them that it was women who had nurtured them just as Mother Earth nurtures the community and their environment.

One leading local activist has walked from village to village informing people about the mining threat and motivating them to unite. She has faced intimidation with thugs throwing stones at her house at night and hurling insults at her by day. As a result she had to move to another village with her children who have had to change schools. The police have done nothing to protect her.

This has been a long struggle. In 2001, Molo communities succeeded in driving one

marble company from their lands after a two-year campaign in which some women slept out on the rocks night after night to protect the threatened area. They had no funding from anywhere - they just did it because they wanted to protect their environment.

However, the local government has granted permits to several other companies. PT Sumber Alam Makmur started operations in 2003 at Naitapan, above the village of Tunua. Hundreds of women and children set up a blockade and occupied the site in March 2006. Men employed by the company threw stones at them but, when the villagers retaliated, the police arrested activists and local leaders.

Another company, PT Teja Sekawan, began bulldozing fields in Kuanoel - Fatumnasi in November 2006. A large crowd of women protested. Some of women climbed onto the boulders and covered them with tarpaulin, but machine operators tried to cut the rocks away from under the women while armed 'security guards' threatened them with knives and pistols. Three women were covered in dust from the drills (one died several weeks later). Police eventually intervened in the confrontation and the community decided to continue its opposition through legal action.

The local authorities are clearly on the side of the company. The district head of TTS refused to meet protestors even when they occupied his offices in Soe for two weeks last November. Eight truckloads of armed thugs, apparently hired by the mining company, broke up the demonstration in December. Only 50 were there at the time as many others had gone home to plant their fields. Villagers who presented evidence to the court in Soe in late March 2007 were attacked by a crowd of thugs as they left the hearing of their case against the mining company. The police did nothing to stop the violence, during which a woman carrying her child was hit, but detained the pick-up truck which the community's lawyer used to carry the villagers to safety.⁵

For more information on the Moro people's campaign see:
<http://molosstruggle.blogspot.com/feeds/posts/default>; <http://rakyatmollo.blogspot.com>;
<http://www.jatam.org/>



oil palm / women

The impacts of oil palm plantations on women

The social and environmental impacts of large-scale oil palm plantations in Indonesia have been exposed by national and international civil society organisations. But women's experiences have received far less attention. Activists on women's rights and on oil palm issues and women have recently started to redress the balance.

Twenty-two women from provinces throughout Kalimantan and Sumatra gathered in Bogor from 22nd to 24th May to discuss the effects that oil palm plantations have had on their lives.

Women and development

Why women? It is obvious that Indonesian women are stakeholders who have been marginalised by the development process, including the establishment of large-scale oil palm plantations.

Women are rarely decision-makers in developments initiated by the government and companies. They are usually only seen as the 'hands' rather than the 'brains': as the means of implementing measures once decisions have been taken, rather than being actively involved in the planning, control, supervision and evaluation stages. However, women tend to see themselves as survivors and are often a tower of strength when communities oppose plans that threaten their way of life.

The creation and expansion of oil palm plantations have had a number of different impacts on women, both direct and indirect. For example, in traditional societies, women have important roles in managing natural resources and maintaining sustainable livelihoods which support their families. These are lost once plantations replace the forests and agricultural land (see *DTE* 63: 1).

Companies are still gaining access to communities' land by just taking it and paying thugs to intimidate people. Those who resist, including women, are forced to flee their homes because they are accused of damaging company property. The police threaten them with arrest should they return to their villages. People are frequently detained by the police without any proper authorisation. Also, witnesses too often become suspects. For these reasons, most villagers are afraid to take any action against companies that violate their rights.

Women's voices

This is what happened to Yana, one of the participants from South Sumatra who has not been able to go back to her home for fear of



Women workers on oil palm plantation, Jambi

(DTE)

detention by the authorities. Another participant, from Indragiri Hulu district in Riau, told how a woman in her village had died from shock after her husband was detained by the police for alleged criminal damage of plantation company property. When women from the village of Hajak Dusun Sikui in Central Kalimantan tried to reclaim their agroforestry plots, the company accused them of illegally occupying the land; the case is currently being processed by the police.

Environmental pollution and health issues are also serious areas of concern for women living in and around plantations. In the village of Keladi, in the Ketapang district of West Kalimantan, people are beginning to experience a shortage of clean drinking water because the river they use for their supplies is downstream of a large oil palm plantation. Children have developed rashes after bathing in the river. A woman from Long Ikis in Pasir, East Kalimantan described how the River Soi has turned black and is no longer suitable for collecting drinking water. It is impossible to find fish in the river even one kilometre from the plantation. Apparently the problem is due to the company disposing of waste from its palm oil processing plant directly into the

river when the waste tanks are full.

Several participants related how they were provided with agrochemicals by companies who did not provide adequate safety instruction or equipment. Women often had no idea about the possible effects of the pesticides they used, especially during the early stages of pregnancy. Women who were weeding were sometimes accidentally contaminated with sprays used by other workers nearby. Pesticides and fertilisers stored in people's homes presented hazards, particularly to women and children who could not read or understand the labels. Empty pesticide containers were occasionally used for domestic purposes and pesticides stored in containers such as old water bottles.

Other problems for women associated with oil palm plantations are those of poverty and debt. Many companies pay women lower wages than men on the grounds that they get easier work. A woman from the village of Wirano in Southeast Sulawesi complained that no processing plant had been built six years after the plantation was established, so villagers just have to throw away ripe palm fruits. Meanwhile, the plantation company is still demanding

repayment of loans it provided for their co-operative.

Many young women from West Kalimantan decide to go to neighbouring Malaysia to look for work. Their main reason is that they no longer have any land to farm or rubber plantations to tap since the whole area where they lived has become oil palm plantations. Often they return to their village as unmarried mothers. It is common for such women to open a café with rooms at the back, which are used for prostitution. The presence of such cafes, which exist in most plantation villages, further increases the numbers of children born out of wedlock. They also cause problems for married women in the community: customary fines for

infidelity are said to be rising.

Plantations have made women's lives harder in other ways too. Women have to go much further to find firewood for cooking once the forests have been cleared to make way for oil palm. There is no grazing for livestock close to the village once it is surrounded by plantations. And women have to carry clean drinking water longer distances.

Demands for action

The burden for women is likely to increase with the further expansion of large-scale oil palm plantations. So some participants from this workshop went on to meet representatives of the National Commission

for Women and the national parliament in Jakarta. In their written statement, the women urged the Commission to:

- ♦ Support communities in their struggle with oil palm plantation companies;
- ♦ Push the government to resolve conflicts between communities and plantations;
- ♦ Carry out field studies to investigate the negative impacts that oil palm plantations have on women who live in and around them.

Source: Statement to the National Commission for Women, 25th May 2007♦

(continued from page 13)

been part of the government's scenario of export-led growth, rather than fulfilling demand from the domestic market. Exports have increased rapidly as the area of oil palm plantations has expanded and recently established plantations mature. Exports of Indonesian CPO have increased sharply from 11.5 million tons in 2005 to 13.6 million tons in 2006.

Clearly Indonesian palm oil producers are more interested in selling CPO to the international market, where prices are currently US\$750-US\$800/tonne, up from US\$400-450/tonne this time last year (see graph). At the same time, some local entrepreneurs are stockpiling supplies in the hope that they will benefit from even higher prices in the future. The same thing is probably happening at the international level, for example as energy companies are building power stations in Europe to run on biofuels. Estimated demand for biofuels, including palm oil, for these alone is 1-1.5 million tonnes/year.

Indonesia's own biofuel programme has been a victim of rising international palm oil prices. The Indonesian government excluded supply-demand components from this programme, so pioneer companies are

struggling with high prices and raw material shortages. Indonesia's state energy corporation, Pertamina, appointed to produce vegetable oil fuels, has applied to the government to stop production since suffering large financial losses.

The position is unlikely to improve since the governments of Indonesia and Malaysia have publicly agreed to provide 12 million tonnes of CPO to meet demand for biodiesel feedstock. Half this will come from Indonesia, yet the country's total palm oil production for 2006 was only 15.9 million tonnes: 12.1 million tonnes for export and 3.3 million tonnes for the domestic market.

Policy change demands

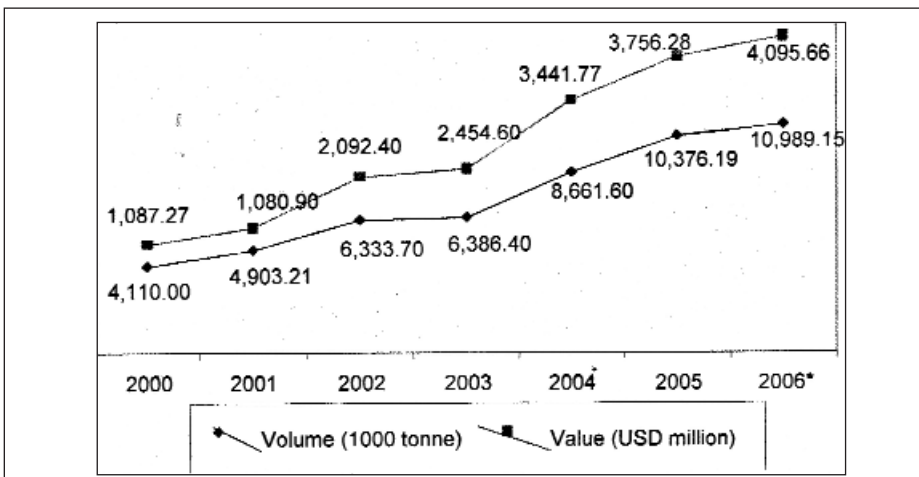
SETARA believes that the oil palm miracle has changed into a curse for millions of people in Indonesia because the interests of international consumption have won at the expense of Indonesian consumers and palm oil is now seen more as a fuel than a food. The real victims are Indonesia's poorest people. Uncontrolled investment in the expansion of oil palm plantations in response to demands for renewable energy feedstocks will only increase environmental and social problems associated with the industry so far.

It is therefore calling for:

1. The Indonesian government to change its policy and impose restrictions on the export of palm oil for biofuel. All Indonesian palm oil producers should be forced to comply with this policy.
2. The Indonesian government to carry out a study on the suitability and capacity of palm oil producers to provide supplies for the domestic market and exports interest.
3. Companies to stop investment in the oil palm plantations until there is a clear blueprint for the sector based on the principle of sustainable production.
4. All palm oil producers in Indonesia, including those Malaysian-owned, to meet the Domestic Market Obligation and supply a proportion of their output for local cooking oil production.
5. International consumers to use alternative energy sources produced in their own countries instead of importing them from countries like Indonesia.

(Sources: SETARA's Position Paper *Indonesia Under Biofuel Fever* by Rukaiyah Rofiq is available in Bahasa Indonesia and English from mama_aca@cappa.or.id.

Prices and volumes of CPO production have been updated from the Indonesian Statistics Agency and Department of Trade figures in *Bisnis Indonesia* 1/May/07, 3/May/07 www.tempointeraktif.com, 11/Jul/07 Additional information from SETARA Briefing Paper *Biofuel untuk Mesin* 25/Jun/07, Department of Trade Press Release 8/Jun/07 <http://www.bi.go.id/NR/rdonlyres/272B52A2-21F0-417F-8F2D-9E9820922FC0/6350/> Original sources: *Liputan6 SCTV* 11/May/07 am; *Antara* 1/May/07; *Kompas* 13/Mar/07, *Jambi Ekspres* 4/Jun/07; *Riau Pos* 7/Jun/07 An example of Fidel Castro's criticism of US policy to use food crops for biofuels can be read at <http://news.bbc.co.uk/2/hi/americas/6525059.shtm>.) ♦



Source: Central Statistics Bureau

Indonesia and biofuel fever

The Jambi-based NGO, SETARA, which focuses on issues related to livelihoods, energy, natural resources and foreign investment, distributed a position paper on Indonesia's palm oil supplies in May. It was headed with a quote from Cuba's former leader, Fidel Castro, that the use of food crops to produce fuels would cause rising prices and hunger for millions of people in developing countries. This article is largely based on that document.

There are many paradoxes in Indonesia: it is an oil producing country which has a fuel shortage; it is the world's largest producer of palm oil (together with Malaysia) yet there is a domestic shortage of cooking oil. This is the situation in Indonesia as 'biofuel fever' spreads through entrepreneurs, government elites and even certain circles of environment activists.

Rising prices

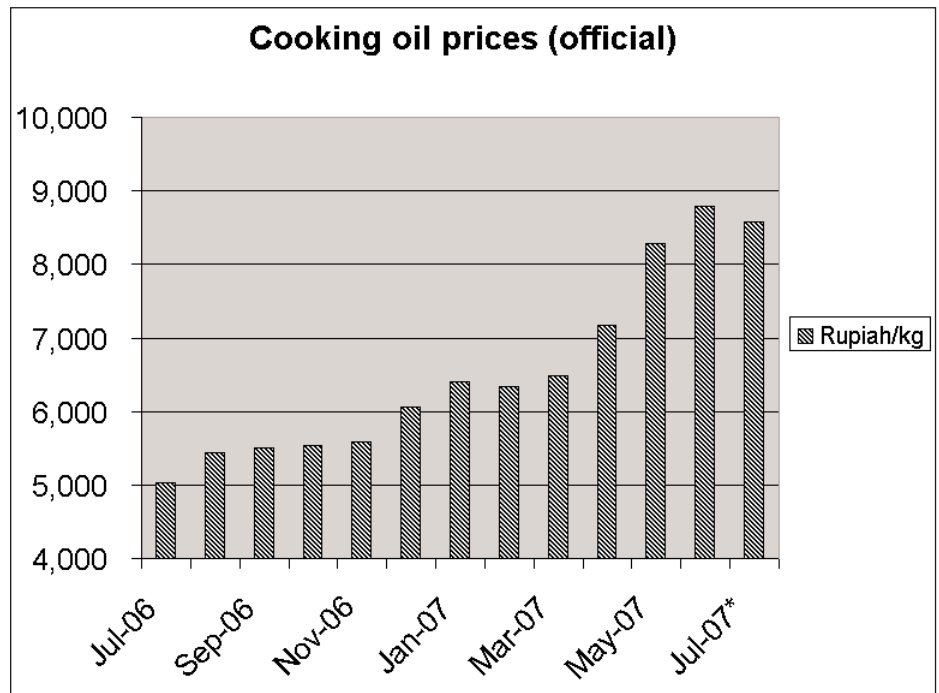
As the price of crude palm oil (CPO) continues to rise on international markets, the price of domestic cooking oil has almost doubled within a year (see graph). Indonesian consumers were finding it hard enough to make ends meet when cooking oil cost around Rp6,000/kg at the beginning of the

Why the demand for biofuels?

'Biofuel fever' is being driven by government policy as well as market forces. For example, the European Union has said that 5.75% of all vehicle fuel must be biofuels by 2015 and proposes an ambitious increase in this target to 10% by 2020 as part of measures to reduce greenhouse gas emissions.

Such decisions have more to do with the geopolitics of fossil fuel reserves than concerns about climate change. It is highly questionable whether biofuels based on palm oil do in fact result in significantly lower greenhouse gas emissions once all the factors have been taken into account, including land use change, use of fertilisers and agrochemicals, transport and processing costs. Meanwhile international policy makers are keen to stimulate biofuel production in order to increase 'energy security', in the face of diminishing supplies of fossil fuels in Europe and North America and potential conflicts in countries in the Middle East and the former Soviet Union. Such considerations send out power signals to the markets, further increasing speculation on biofuels prices, including palm oil.

Many activists now prefer to use the term 'agrofuels' rather than 'biofuels' to avoid the impression that energy sources including palm oil are somehow innately better for people and the planet.



Source: *Tempo Interaktif* 11/Jul/07

year, let alone now the cost has reached nearly Rp9,000/kg (approx US\$1/kg). This price increase is having a serious impact on small-scale, home-based industries. Some domestic producers of popular snack foods like prawn crackers and soy bean cake (*tahu*, *tempe*) face bankruptcy.

Not only has the price of cooking oil gone up, but also supplies are disappearing from local markets. The shortages have, of course, hit the poor hardest. Queues of people trying to buy cooking oil can be seen in almost all cities in Indonesia. The Indonesian government has responded by providing cheap cooking oil supplies in its 'Operation Market', but this has not significantly reduced prices. For example, Angso Duo - a traditional market in Jambi city in Sumatra - was selling this at Rp7,500/kg in May, but at only Rp200/kg less than normal cooking oil in June even though the quality is much lower. The poorest people can only afford the used cooking oil that is a waste product from small-scale food operations.

It seems the dream that the expansion of large oil palm plantations would bring prosperity to communities is an illusion. For example, Jambi has 403,467 ha of oil palm plantations which produced 4,682,975 tonnes of crude palm oil in 2005, but there are

persistent shortages of cooking oil in this province. Ironically, cooking oil prices in Tebo district - the heart of the province's palm oil production - are even higher than elsewhere at Rp10,000/kg.

What is behind the shortages?

The government has asked Indonesia's palm giants - like the Wilmar Group, the state-owned PT Perkebunan Nusantara, Sinar Mas' PT Smart Tbk, PT Musim Mas, PT BEST, PT Astra Agro Lestari Tbk and PT Darmex Oil - to supply 150,000 tonne/month of palm oil to the domestic market in order to increase supplies and reduce prices. But, with CPO prices on the international market so high, these companies are only willing to make 100,000 tonne/month available within Indonesia. It remains to be seen how much longer these oil palm producers will continue to be even this 'generous' while global prices continue to rise due to biofuel fever. In Riau, 18 companies have not supplied any CPO to local cooking oil factories recently.

There are a number of reasons why this situation has arisen. The development of oil palm plantations in Indonesia has always

(continued on page 12)

oil palm

Government, business and communities

DTE interviewed Dr Afrizal, a sociology lecturer at Andalas University, Padang, West Sumatra. His thesis, entitled 'The Nagari Community, Business and the State', is a detailed examination of the relationship between these three elements through the example of oil palm plantations. He has become the spokesperson for the smallholders' organisation, SPKS, in working groups of the sustainable palm oil initiative, Roundtable on Sustainable Palm Oil (RSPO)

What first got you interested in the issue of oil palm plantations?

To be honest, I am not. My interest is in the connections between three actors - the state, companies and communities - and the consequences arising from different modes of relationships between them. I decided to focus on land issues, and oil palm plantations were one example of these interactions, but I have also looked at rubber plantations and mining.

What did you find?

Communities are in a much weaker position than the state and business who owe their strength to collaboration with each other because they share certain interests. Government officials need income, both for state institutions and personal reasons. Businessmen need the state to secure the means to develop their enterprises.

Indonesian civil society is weak in two respects. Firstly, communities do not have the power to resist the interests of business and the government: they are easily persuaded when their leaders are won over and if promised a few million rupiah. Secondly, communities are unable to fight

hard for their rights and their own interests against government and business. Their organisations are weak or, in some cases, non-existent; their level of education is low; local people who do have education lack the capacity to organise people to stand up for themselves.

This is not to say that communities do not fight for their rights, but that it is usually easy to break down their resistance by controlling their leaders. In the end, they give up their land to companies because they are forced to or because the majority do not understand what is going on.

Would you say that the government isn't fulfilling its role to protect the public?

Yes, I would. Rather it is fulfilling another role - that of finding sufficient funds to keep itself going; to pay for its offices, employees and activities.

So what should the function of the state be?

The overall function of the state is to ensure the well being of its people. And to do this the government needs to clean up its act. In the current situation in Indonesia, the government tends to prioritise its own

development and, where this conflicts with its other duties to protect the public, it will ignore these and put its own interests first.

This can be seen by the pride that the district administrator (*bupati*) and/or governor take in generating large local revenues (PAD). Obviously the government needs money to serve the public but it is often difficult to raise revenues through taxation. It therefore chooses the easier route of 'rent seeking' - issuing permits in return for money. Although local authorities find various lucrative ways of issuing permits for companies to operate in their area, they do not care about the impacts on communities. So, this is an example of the way that the government supports business.

Does the same analysis apply to other agrarian contexts in Indonesia, such as mining, pulpwood and other plantations?

Yes, the details are different in each case, but the pattern is the same.

What can communities do in this situation?

We must strengthen civil society as well as work through international initiatives like the Round Table on Sustainable Palm Oil (RSPO). It is vital that the principles, criteria and indicators of any certification scheme take into account the communities around the plantations as a requirement of that certification.

Can certification address the political and legal problems that exist in Indonesia?

It is certainly debatable whether this approach can be effective or not. Will the auditors be genuinely independent of the company or will the two parties reach an 'informal understanding'? Can the RSPO be independent when it depends for its survival on its membership which consists largely of companies and it has a vested interest in issuing them with certificate?

This venture is not a guaranteed success. It needs civil society organisations like WALHI, Sawit Watch and WWF to keep the pressure up. They must report any



Oil palm plantation, Jambi

(DTE)

violations of the principles and criteria because to keep quiet would increase the opportunities for collusion between the auditors, companies and RSPO.

The RSPO is the most recent certification scheme and has learned from the weaknesses of other systems. The issue now is how we monitor its implementation. If this is done properly, it could bring about improvements such as companies taking more care of the environment and local communities rights because they are audited according to agreed indicators.

How would the companies benefit?

Companies are concerned with markets. There is a growing market which is concerned about a clean environment and local communities' rights. These consumers do not choose a product simply for its quality, but according to whether or not its production caused environmental damage or is unethical because the rights of women or children were violated. It will increasingly be in the interests of companies to pay attention to such issues if they want to expand their businesses and secure their markets.

Will this affect the relationship between companies and the government?

Of course it will. Like it or not, it will make the government's job easier. The government is always afraid that investors will not engage or that they'll pull out. Investors worry that they will have to spend large sums of money on issues which are not directly related to production, such as the environment or indigenous people's rights. So if companies address these matters, uncertainties are reduced for both sides and the government has less to bother about.

Isn't there a risk that government revenues will be reduced?

No, because companies will want to invest even though they will have to comply with conditions such as proper waste treatment facilities to meet local people's needs and this does not come cheap. But if they know these conditions beforehand, they will accept them.

Doesn't this mean that the companies and government will have to change their old ways of working, where they identified development areas on paper without even knowing who was living there? And won't less land be available to companies as certain areas must be excluded to comply with the criteria - such as conflict locations?

That's right and I suspect that there will be many violations of the rules in order to get access to larger land areas. That is why we need organisations such as Forest Peoples Programme and Sawit Watch to put pressure on the government and business community.

Will the government listen to civil society organisations?

There are many more opportunities now compared with during the Suharto years. The government is well aware that it must involve civil society organisations in policy making and things are moving in the right direction, even though vested interests mean that we are not completely there yet.

Issues such as human rights violations, lack of workers rights and environmental damage do not only occur in Indonesia. The capitalist economy is at the root of many disasters: people must produce to make a profit and these activities conflict with the interests of the masses. Hence conflicts arise depending on the strengths and weaknesses of civil society and the degree of concern shown by the state.

The same problems confront the USA and Europe but at lower levels of intensity than in Indonesia because their decision-making involves long public consultation processes. In Indonesia, public consultation is meaningless because stakeholders are invited to listen to decisions that have already been taken.

Why did you choose oil palm plantations for your case study? Is it because these are so many of these plantations in West Sumatra?

Oil palm plantations interested me because of the high number of conflicts associated with them in this province. Also, there is more rapid expansion of oil palm compared with other types of plantations. Indeed, many rubber plantations are being replaced by oil palm. So I focused on oil palm because the areas covered by coffee, sugar and rubber are so much smaller.

Oil palm plantations have become a key issue in Indonesia in general. If you want to explore agrarian issues, you have to focus on mining or oil palm. Sugar cane is only really an issue on Java and even then the area is small compared with oil palm. Moreover, there has been a long history of individual land ownership in Java which has wiped out customary law.

Are agrarian conflicts in West Sumatra over communal land?

Definitely! Here the majority of land is communal, except for settlements and urban areas. So if we are talking about land availability, forests are all held communally.

Is the customary concept of a village (Nagari) still in use?

The Nagari is the smallest administrative unit in West Sumatra. Customary lands are classified as housing, paddy fields, rain-fed fields and forests. The forest is all customary land held communally, except for any given to the government.

In the government's view, forests are state land
Yes, there is a difference of views. The

indigenous community consider that they are the rightful owners of the forest under customary law, but the government says this is state land under the laws which it has passed. The concept of legal pluralism is important in this context: the two legal systems are in collision, but customary law existed long before state law.

The 1960 Agrarian Law recognises customary law. What does this mean in practice?

That law only grants limited recognition as it contains the problematic phrase "as long as (the customary rights) still exist". There is also the agrarian minister's decision (No5/1999) that customary rights only apply to land which the government has not granted formal rights over. If the government granted land use rights to a company (HGU, HGB) then, in the government's opinion, that area is no longer acknowledged as customary land. However, indigenous communities believe that the status of their land is not the government's business - so it's a complicated situation.

The battle in West Sumatra and other places now is to challenge certain clauses in that ministerial decision. The West Sumatra Legal Aid Bureau (LBH Sumbar) and customary leaders want to amend the clauses which say that on expiry of land rights granted by the state the land automatically reverts to state control. They want such land to return to customary control.

There is public support for a new local regulation on customary land in West Sumatra, but this has not come about yet because the local government wants to implement the Agrarian Law. There is a problematic legal issue of governance here because tenure is not covered under local autonomy legislation. So we cannot pass local regulations that conflict with the national agrarian law. Also, it is pointless to hope for an amendment to the agrarian minister's decision unless the basic legislation is revised. That is why we need to support groups who are pushing for agrarian law reform.

So your answer to all these issues is that communities must be empowered?

Yes. It's the only way. That does not mean that I do not want to increase the capacity of the government sector but, even if government officials know about people's rights, it is by no means certain that these will be implemented if communities remain so weak.

Dr Afrizal's book, *The Nagari Community, Business and the State*, published in 2007 by Forest Peoples Programme, is available from www.wrm.org.uy or from FPP - see www.forestpeoples.org or contact info@forestpeoples.org Tel: +44 (0)1608 652893 Fax: +44 (0)1608 652878♦

CSR à la Jakarta

The final draft of a revised 'corporates' bill was given the nod by Indonesia's House of Representatives (DPR) on 20 July, 2007. This marked the passing of the bill, which replaces the old Limited Liability Company Law, (No.1,1995). The new Limited Liability Company Law, alongside the revised Investment Law (see DTE 73), is designed to update company legislation and is part of a bundle of regulations and statutes being enacted to make the country more attractive to new investment.

One new element is the introduction of corporate social responsibility (CSR) in both laws. Interestingly, the inclusion of CSR in the Limited Liability Company bill has created a real stir, while it almost went unnoticed in the revised Investment Law deliberated earlier in the year.

The new law puts Indonesia among the few countries in the world which regulate CSR. However, some voices from the business community, which opposed the inclusion of CSR, doubt that the move to make CSR compulsory will actually lead to the intended result. They argue that CSR will only mean extra levies and additional red tape, which may deter new investors. Furthermore, the fact that CSR is only legally binding for natural resources-related companies is seen as discriminatory. The exclusion of other sectors from mandatory CSR, such as the financial sector - ie the engine behind most business - raises more questions about how coherent the thinking was behind the inclusion of CSR.

Some consultants and CSO observers, albeit cautiously, welcome the move that brings CSR out of its grey area. This is the time for the state to bring business, which has often out-manoeuvred the state, back to heel.

CSR is a relatively new concept to many Indonesians, although it has been around for a long time under different names - mostly as companies' philanthropic or charitable work.

The revised legislation may well be just the beginning of the process to define what social responsibility means for companies operating in Indonesia. In the next few months we will see how the law's implementing regulations are formulated and how they will grapple with such questions as:

- ◆ How far will the triple bottom line of People, Planet and Profit, and how far will sustainable development be reflected in Indonesia's CSR? Will CSR be genuinely transparent and participatory or will it just be window dressing? The drafting process of the new law - which did not involve key elements of civil society - does not bode well in this respect.
- ◆ Bearing in mind Indonesia's notorious record of corruption, how can it be ensured that CSR is not translated as a kind of legally-sanctioned 'extortion fund', but is instead defined as beyond monetary value, creating space for a more level playing field among all those affected by company operations, including company workers?
- ◆ How far will legally-binding CSR make a difference in promoting corporate accountability, when long-standing legislation and regulations on environmental management and environmental impact assessment, have suffered from a chronic lack of enforcement?
- ◆ How will CSR enable businesses to stand on their own feet in the community without having to rely on military back-up and/or armed repression, as has too often been the case in Indonesia?

CSR in new laws

Draft Limited Liability Company Law, 2007, Article 74 on Social and Environmental Responsibility

1) Companies conducting business activities in the field of and/or related to natural resources have the obligation to carry out Social and Environmental Responsibility.

2) Social and Environmental Responsibility as referred to in paragraph 1) is the company's obligation, which is budgeted for and calculated as a cost of the company, and which is implemented with attention to appropriateness.

3) Companies which do not carry out their obligation as referred to in paragraph 1) shall be subject to sanctions according to the provisions of laws and regulations.

4) Further provisions on Social and Environmental Responsibility shall be regulated by Government Regulation.

Social and environmental responsibility is defined in Article 1 of the law as:

the company's commitment to participate in sustainable economic development in order to improve the quality of life and beneficial environment, both for the company itself, the local community, and society in general.

Investment Law No 25, 2007, Article 15 b):

Each investor is obliged to...carry out corporate social responsibility.

(Source: <http://www.legalitas.org/>, unofficial translation by DTE)

(Source: <http://www.csr-asia.com/upload/csraiaweeklyvol3week30.pdf>; Business Watch Indonesia, CSR Review June 2006; Kompas "Fokus", 4/Aug/07; Jakarta Post 20, 25, 26 & 27/Jul/07; Mather, C. 2006, CSR: a guide for trade unionists)◆

Kalimantan fire destroys indigenous institutions

As DTE went to press, we learned that a building housing five key indigenous institutions in Pontianak, West Kalimantan, has burned down. They are Institut Dayakology, Kalimantan Review (KR), Lembaga Bela Banua Talino, SEGERAK Pancur Kasih and Percetakan Mitra Kasih For more info and ideas on how to help, please contact dtenews@gn.apc.org.

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