



# ***The struggle for land***

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**DTE**

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

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## Communities lose out to landgrabbers

Community lands and resources are being targeted as never before in Indonesia. International concerns over food, energy and financial security and the climate, plus the profit motive are combining to attract developers and investors into 'frontier' areas across the country. There are few effective protections for local people living in those areas because key legislation has never been implemented. Fourteen years after the fall of Suharto, the security forces are still being used to deal with people who protest against the loss of their land and livelihoods.

As communities and civil society organisations call for deep reforms, it is becoming more crucial that their voices are heard.

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### From the DTE team:

This Special Edition DTE Newsletter has been compiled with the help of colleagues in Indonesia and abroad, to present a picture of land issues in Indonesia today.

We look at land-related developments from national, international and local perspectives, with the aim of providing information and context to inform current debates about land-grabbing, and the need to protect community rights to land and resources.

DTE would like to thank all our contributors and commentators for helping us put this publication together. To our wider readership - we hope this edition of DTE is useful for your work. ♦

### Inside...

Policies and practice: favouring big business over communities	1
Why systemic agrarian conflicts are continuing to break out across the land <i>By Noer Fauzi Rachman</i>	6
Indonesia's 'One Map Policy' <i>Interview with Kasmita Widodo</i>	8
The international landgrabbing picture: an update	10
Bali Declaration on Human Rights and Agribusiness in South East Asia	13
When Indigenous Peoples fight for their land rights <i>By Zulfikar Arma</i>	15
Agrofuels: key driver in new landgrabbing wave	17
How much land? Snapshots of corporate control over land in Indonesia	19

# Policies and practice: favouring big business over communities

*In this article we highlight some of the influences at work inside Indonesia which are contributing to the ongoing transfer of land from communities to corporations. These influences include national and local government policies, laws, governance and practices, whose provisions for supporting indigenous peoples and communities' rights and livelihoods have been deprioritised in favour of large-scale, commercial 'development' projects. The result is a growing disparity between rich and poor, worsening imbalance in the control over agrarian resources and more and more conflicts between communities, private sector and the state.*

The year 2012 opened with mounting civil society concern about the violent suppression of community protests over land and resources. January protests in Jakarta pointed to three prominent cases - Mesuji, Bima and Pekasa - which showed how armed security forces were being used to deal with community opposition to landgrabbing.

In Mesuji, Lampung province, southern Sumatra, protests over land involving two palm oil companies PT Sumber Wangi Alam and PT Barat Selatan Makmur Investindo, and a state-owned timber plantation company, Silva Inhutani, had ended in four deaths within a one year period.<sup>1</sup> The death toll over the 2009-2011 period was 30 people.<sup>2</sup> In Bima, West Nusa Tenggara province three people were shot dead and another 9 were critically injured in late December 2011 when police and military personnel fired on a peaceful protest against the takeover of their farmland by an Australian-owned mining company PT Sumber Mineral Nusantara.<sup>3</sup> The same month, in Sumbawa, also in West Nusa Tenggara province, around 50 houses inhabited by indigenous Pekasa families were reported to have been burned down by police and military personnel in a move to evict them from an area claimed by the state as a protected forest and targeted by gold mining company Newmont Nusa Tenggara for exploration.<sup>4</sup>

The government body responsible for dealing with land conflicts, the National Land Agency (Badan Pertanahan Nasional, BPN), reported as many as 2,791 land disputes in 2011, while the National Human Rights Commission said that 738 land disputes had generated 4,502 formal complaints of rights abuses.<sup>5</sup>

Meanwhile civil society organisations' records give more detailed snapshots of the extent and types of land conflicts in Indonesia today. KPA, one of Indonesia's leading CSOs working on agrarian issues, noted 163 agrarian conflicts across the archipelago during 2011, a large increase from 2010 when they had documented 106 conflicts. Twenty two people had been killed



Protests against brutal handling of land conflicts, Jakarta, January 2012

in the conflicts, which had involved around 70,000 households and covered almost half a million hectares. Most of these cases (60%) had occurred in plantations, while 22% had been in forests, 21% were conflicts over infrastructure projects, 4% (8 cases) in the mining sector and one case in coastal areas. East Java saw the highest concentration of cases during the year (36 cases), with North Sumatra (25 cases), Southeast Sulawesi (15 cases) and Central Java (12) having the second, third and fourth highest number of conflicts. The Sumatran provinces of Jambi (11), Riau (1) and South Sumatra (9) were next highest, with other areas following behind.<sup>6</sup> Meanwhile, another leading resource rights CSO, HuMa, noted 110 cases, covering 2.7 million hectares of disputed land. These conflicts involved government and companies as dominant players.<sup>7</sup>

## Renewed calls for reform

The conflicts in 2011 and more violent incidents in 2012 have sparked renewed demands for the deep, pro-poor agrarian reforms that many civil society organisations have been calling for since former president Suharto's fall from power in 1998 ushered in

the period of *reformasi*. Laws governing the use of the country's land and natural resources, they argue, have not been implemented to ensure that Indonesia's natural wealth is being utilised for the benefit of the majority of its people. Instead, these laws - particularly the sectoral laws passed under the Suharto regime and subsequently - have provided the legal foundation for the unsustainable exploitation of the country's minerals, oil and gas, forests and seas by a handful of business conglomerates for the benefit of the business-political-military elite.

Indigenous peoples have been particularly disempowered by the failure of successive governments in Indonesia to implement any provision for recognising and protecting their customary territories and resources. This is the case from the 1960 Basic Agrarian Law (UUPA) onward. An early Suharto-era Forestry Law of 1967 led to around 70% of Indonesia's territory being categorised as the 'state forest zone'<sup>8</sup> and, as the majority of Indonesia's forest-dwelling indigenous peoples lived in this zone, their ancestral rights to the lands and resources were effectively swept aside to allow in the timber, mining and (later on) plantations

barons. Indigenous lands within this state-claimed forest zone were also appropriated for the resettlement of poor Javanese families under the World Bank-funded transmigration scheme. In addition, they were also allocated for national parks and other categories of protected forest, without indigenous peoples' consent.<sup>9</sup>

In the years immediately after Suharto's ousting from power in 1998, campaigners pushed hard to refocus policy-making on the interests of the poor, supported by mass movements of peasant farmers to reclaim and reoccupy land taken away from them over the previous three decades. There were also renewed efforts to reclaim indigenous peoples' rights and territories. A new forestry law was passed in 1999, but this only provided for limited rights for indigenous peoples to use lands within state-controlled forests. Following his visit to the first Congress of Indigenous Peoples of the Archipelago (KMAN) in 1999, the agrarian affairs minister issued a decree (Permen Agraria No 5/1999) which paved the way for improved recognition of *adat* rights, but this was not implemented.<sup>10</sup>

In 2001, came a major breakthrough when Indonesia's highest legislative body, the MPR, issued a decree (TAP MPR IX, 2001) to prepare the ground for the reform of all sectoral laws affecting land and natural resources management. However, over a decade later, this decree has still not resulted in the intended reforms and an original intention to replace or reform the 1960 UUPA has been dropped.<sup>11</sup> Calls from civil society for a special commission for land conflict resolution to be established were rejected and instead the BPN was given the task of dealing with land conflicts - despite the fact that the BPN itself causes conflict by handing out land licences. This was also a setback for greater accountability and transparency because the BPN was well known for corrupt practices during the Suharto era and well into the post-Suharto period, and remained a source of funding for highly-expensive election campaigns.<sup>12</sup>

Government commitments to implement land reform have come and gone, including commitments by current President Susilo Bambang Yudhoyono, who promised land reform as part of his election campaign in 2004. While important progress towards gaining recognition for indigenous peoples' rights to their lands and resources has been made,<sup>13</sup> the vast majority of new sectoral laws that have been issued continue to confirm the land rights status quo.<sup>14</sup> As a result, the promotion of business interests over community needs remains as prominent as ever.

This has meant that more and more of Indonesia's land has come under the control of powerful businesses. According to

a summary by KPA published in September 2012, 531 logging and timber plantation licences have been issued, covering 35.8 million hectares of forests controlled by a handful of local and foreign companies. Around 11.5 million hectares is covered by oil palm plantations; more than twenty islands have been acquired by foreign investors for the tourism industry.<sup>16</sup> According to JATAM, 35% of the country's land area is covered by mining concessions.<sup>17</sup>

This area is set to expand much further: Sawit Watch says the government has issued a total 26.7 million hectares of *ijin lokasi* (location licences) for oil palm development, thus tripling the area currently under cultivation.<sup>18</sup> Up to 3.5 million hectares is reported to be allocated for new food estates and 9 million hectares for new timber plantations by 2016; an additional 2.2 million hectares of the state forest zone will be used



Plantation land leased to PT Asiatic Persada, Sumatra.

to expand non-oil and gas mining; and 1.5 million hectares has been planned for *jatropha* plantations.<sup>19</sup> A further 26.6 million hectares of forests is to be dedicated to REDD+ projects to mitigate climate change.<sup>20</sup>

## Inequality

The development of these businesses has had a clear impact on agrarian structures, as John McCarthy et al writing in the *Journal of Peasant Studies* this year note. "Between 1983 and 2003 the Gini coefficient for land distribution in outer island Indonesia increased from 0.48 to 0.58 indicating rapidly growing inequality in land ownership. In South Sumatra and South Kalimantan, the percentages of households in the category of

marginal farmers with landholdings considered too small to meet more than subsistence requirements, have increased from 9% to 20% and from 30% to 40% in each province respectively over 20 years."<sup>21</sup> According to Chalid Muhammad, director of Indonesia's Green Institute, agrarian injustice has remained entrenched since the Suharto period and has not been addressed by successive post-Suharto governments. The result is that more than 50% of Indonesia's land is controlled by less than 500 businesses, including national and international companies.<sup>22</sup>

## Decentralisation and money politics

The regional autonomy laws passed in 1999 which aimed at decentralising control over the management of land and resources, have only been partially implemented and have largely not - as many hoped - resulted in a fairer use of natural resources and greater accountability to local populations.

A central pillar of Suharto's New Order regime was the use of Indonesia's rich agrarian and natural resources to enrich the president's family members and friends and to consolidate his power.

As noted in Marcus Colchester's book review in the previous edition of DTE, instead of promoting more social justice, "the process of decentralisation has...facilitated the proliferation of the same predatory elites, once dominant in Jakarta, to populate every corner of the country." Land and resources are a key means of accumulating power, and paying for election campaign "war chests".

"Now we see at the local level, a strengthened and expanded political class who buy office through money politics and who furnish their ambitions and pay off their supporters with preferential access to State contracts and access to natural resources."<sup>23</sup>

It is common knowledge that more and more licences for the commercial exploitation of the country's land and resources will be issued to generate funds to support the candidates' campaigns in the next general elections in 2014. It is ironic that given the alarmingly high level of land conflicts, promises to address land problems will no doubt become a focus for some of these election campaigns.

McCarthy et al have further underlined why pro-big business policies are prioritised by the regional governments whose officials hold key powers within networks involving local businessmen, brokers, investors, local companies, local populations and large corporations. Referring in particular to the expansion of oil palm plantations, they note: "[f]or district governments a failure to attract investors

would be perceived as an inability to deliver the maximum development benefits. On the other hand local governments who attract investors and issue large numbers of permits gain directly - from entitlements in oil palm schemes and through support for electoral programs in return for services rendered." Moreover, the unclear, complex procedures for acquiring land and overlapping land use regimes provide officials with opportunities for rent-seeking.<sup>24</sup>

As a separate article on Aceh in this edition of the DTE newsletter shows, the 'special autonomy' introduced for this region has not been implemented in ways that result in gains for less powerful communities and the process of handing community land over for large-scale commercial projects has continued.

Regional level laws relating to land have been passed in both Aceh and Papua, which recognise indigenous land and resource rights. In Papua (and in the now separate province of Papua Barat) they have not been implemented as the implementing regulations required to activate them do not yet exist. In Aceh, key provisions in the two *qanun* (regional regulations) that are most important for indigenous peoples (numbers 9 and 10 of 2008), have not been implemented.<sup>25</sup> Moreover, a draft law on the role of *Mukim* - traditional inter-village institutions for decision-making on lands and resources lying outside the agricultural boundaries of the villages - had not yet been passed in mid-2011 after a five year delay.<sup>26</sup>

## Registering land

Land reform efforts supported by the World Bank and Asian Development Bank among others have focused on getting land registered - a task given to the National Land Agency (BPN), set up in 1988. However the pace of registration has been slow and expensive. It has also drawn criticism from CSOs who argue that registration will intensify the treatment of land as a commodity, will lead to greater inequality in land distribution as more land is traded with dominant landowners more likely to consolidate gains. Meanwhile, the continued failure to accommodate communal land title means that indigenous communities continue to be disadvantaged by the process.

## Recent moves

In recent months there has been a greater level of public debate on land, as several important draft laws related to agrarian issues are scheduled for debate in Indonesia's parliament. At the same time, Indonesia's indigenous peoples' alliance AMAN is moving to consolidate the political space they have prized open in the past few years.



Growing rice, Kalimantan

On the positive side, TAP MPR IX/2001 has been brought back onto the table in government discussions about land and land reform. In his keynote speech in an international conference in Lombok last year, Kuntoro Mangkusubroto referred to the TAP MPR as the clear legal basis for reforms on

## Land status in Indonesia

Around 70% of national territory is claimed by the Indonesian government as 'forest' under control of the state. Less than 0.2% of this has been allocated to communities under various tenures available in law.<sup>27</sup> Most of the area has been awarded to the forestry industry and to be converted to other uses such as plantations, under processes whose legal basis have been challenged.<sup>28</sup>

The customary territories of the estimated 60-100 million indigenous people in Indonesia, overlaps with the land inside and outside the state-controlled forest zone, and their rights to use these lands have only weak recognition under the law (as *hak ulayat*). These usufructary rights are subordinated to other land use rights, such as forestry, plantation and mining concessions as handed out by the government.

The remaining 30% of Indonesia's territory falls under the official land titling regime of the Basic Agrarian Law of 1960 (UUPA) and its implementing regulations, with registration being administered by the National Land Agency (BPN).

land tenure. Kuntoro leads the Presidential Unit for Development Monitoring and Oversight (UKP4) and the REDD Task Force.<sup>29</sup> Along with the constitution and the 1960 UUPA, the TAP MPR is also one of the three reference laws in the new draft land law (see below).

Indigenous peoples are also making moves to formalise their claims over land. A new draft law, prepared by the indigenous peoples' alliance AMAN, to recognise and protect indigenous peoples' rights is currently under discussion in parliament.<sup>30</sup> It remains to be seen, of course, how far it can withstand efforts to water it down by the powerful vested interests lined up against recognising indigenous rights to control their territories.

In November 2012, the results of an initiative to map indigenous territories across Indonesia by the Ancestral Domain Registration Agency (BRWA)<sup>31</sup> were handed to UKP4/REDD+ Task Force and the Geospatial Information Agency at a Jakarta press conference. The land on the BRWA maps - 2.4 million hectares consisting of 265 maps of indigenous territories - represents only a small fraction of actual indigenous lands, but it could nevertheless mark an important step on the road to full recognition by the Indonesian government.<sup>32</sup>

## One Map

At the Jakarta press conference Kuntoro said the BRWA information would be included in the One Map - an initiative to bring all land use maps together which is linked to the two-year moratorium on clearing primary forests and peatland, announced in May 2011<sup>33</sup> (see also interview, page 8). Having all land use information on one map may seem like an obvious basis for coherent national planning. However it has never happened in Indonesia until now, partly due to an apparent reluctance on the part of some of the powerful sectoral ministries preferring to keep control of their own land use information.

Civil society organisations have commented that the One Map policy, has both risks and opportunities. On the one hand, if local community land is clearly marked on the map, incoming investors will have a quick reference to find out which communities need to be targeted to persuade them to give up their land; on the other hand, if maps are publicly available and accessible to communities, they will be able to see which of their lands has been allocated to what kind of development and ensure they are well prepared to resist any transfer of land before it happens, rather than after it has already been agreed over their heads by government officials. The maps are also designed to allow both government and civil society organisations to identify who is responsible for illegal land clearance.

## MP3EI

Other national policies threaten to overwhelm any gains: the push for economic development detailed in the government's Masterplan for the Acceleration and Expansion of Indonesia Economic Development (MP3EI) represents a potentially hugely damaging regressive step for indigenous peoples and local communities. Launched last year by the Coordinating Ministry for Economic Affairs, MP3EI is promoting large-scale private and public sector projects with scant regard for human rights, environment or climate impacts. MP3EI involves developing large energy, infrastructure, industrial, and agribusiness projects across Indonesia in six target 'corridors', prioritising 22 economic activities.<sup>34</sup>

Focused as it is on large-scale top-down resource exploitation projects, and relying on huge amounts of investment capital from private as well as public sectors, MP3EI represents a return to development Suharto-style: highly centralised decision-making on large-scale projects imposed on Indonesia's regions without consultation or consent. MP3EI's smelters, petrochemical plants, nickel and coal mines, industrial plantations, ports and roads seem likely to encourage landgrabbing at its worst.

It is telling that the MP3EI does not make any estimates of the land needed for the various large projects listed as priorities in the six 'corridors'. Indeed if someone read the plan with no prior knowledge of Indonesia's complex land situation they may well get the impression that there are no significant obstacles to such developments. Only now and then are land issues mentioned, such as under the "difficulties in land acquisition" as one of the challenges to coal mining development in Sumatra; "the overlapping of land use for mining and for forestry or plantations in Kalimantan" identified as a challenge for coal development in Kalimantan; and "land use overlaps" as an obstacle to nickel mining in Sulawesi.

Linked to MP3EI is the 2012 law on land acquisition for development. Its passage through parliament was met with intensive criticism from CSOs who argued that it legitimised landgrabbing, would lead to increased poverty, landlessness and conflicts.

A judicial review has been launched against the regulation by an Indonesian NGO coalition against landgrabbing, including Friends of the Earth Indonesia (WALHI), KPA and Sawit Watch.

## Women, land and resources

What is the impact of landgrabbing on women? Recent discussions of this aspect of landgrabbing in Indonesia have pointed to the disproportionately negative effect of evictions on women. According to the Indonesian Peasants Union (SPI) in 2011 almost 274,000 families were evicted from land they had been cultivating. Writing in *Inside Indonesia*, Rebecca Elmhirst notes that "women's lack of voice within their communities has made them especially vulnerable to dispossession. Women's livelihood activities are often the first to be affected by the development of large-scale plantations, which curtails their ability to collect fuel, fodder and foodstuffs from hitherto forested areas. Indeed the steep rise in numbers of women migrating to become domestic workers overseas is partly attributable to their diminishing prospects in rural areas..."<sup>35</sup>

Land acquisition for oil palm plantations in particular has been noted for its negative impact on women. As summarised by FPP, Cirad, and ILC in *Palm Oil and indigenous peoples in South East Asia*, reports show that "whereas under customary law, women may hold lands (as among the Minangkabau in West Sumatra) or equally by men and women (as among most Dayak peoples in Borneo), when they get formal titles as smallholders these are vested in male heads of households. The marginalization of women has been cited as a cause of the increased instances of prostitution in oil palm areas. According to the Indonesian Ministry of Women's Empowerment, the impact of oil palm plantations on rural women can include: an increase in time and effort to carry out domestic chores, through the loss of access to clean and adequate water and fuel wood; an increase in medical costs due to loss of access to medicinal plants obtained from gardens and forests; loss of food and income from home gardens and cropping areas; loss of indigenous knowledge and socio-cultural systems; and an increase in domestic violence against women and children due to increased

## UK investors highlighted

DTE recently pointed out to UK parliamentarians that some of Indonesia's biggest landgrabbers enjoy financial backing from UK investors. They include Jardine Matheson, majority-owner of Indonesian conglomerate Astra International, which is involved in plantations, mining and the automobile industry. Other investors are coal mining giants BHP Billiton, Bumi plc, Archipelago Resources, a UK company involved in conflict with communities over its gold mining operations in North Sulawesi, and Rio Tinto - involved in the Freeport copper and gold mine in Papua.

In a joint briefing sent to MPs before the visit of President SBY to the UK in October, DTE stated:

"Bumi and its Indonesian shareholders have been associated with numerous human rights and environmental abuses, including a brutal attack against striking workers at the KPC mine in March this year. Jardine Matheson, which controls major palm oil companies operating in Indonesia, has been accused of causing deforestation and biodiversity loss."

"In Papua, the large military presence, the climate of impunity for human rights abuses by the security forces and restrictions on civil and political freedoms means that the impacts of land and resources appropriation are even more severe for the local population. Human rights abuses, including killings, are commonly associated with logging, mining and oil palm plantation ventures, while additional problems associated with immigration from other parts of Indonesia are increasing the pressure on indigenous Papuans and their resources. Two UK-listed companies, BP and Rio Tinto, are heavily involved in resource extraction in Papua in their Tangguh and Grasberg operations respectively."  
<http://www.downtoearth-indonesia.org/story/failure-respect-rights-protect-livelihoods-and-promote-climate-justice>

social and economic stresses (Hertomo 2009)."<sup>36</sup>

In forest areas, women may also be vulnerable to gender injustice, according to Indonesian researchers Mia Siscawati and Avi Mahaningtyas. Three case studies - indigenous women in Banten and Central Kalimantan and a rural woman in Gunung Kidul, Yogyakarta province - demonstrate how women face various forms of gender injustice such as subordination, marginalisation, discrimination



and stereotyping which limit their access to and control over their lands. The researchers argue that "the reformulation of the legal framework for forest lands and resources, which should include the recognition of the rights of Indigenous Peoples, should also include gender justice principles and actions." They are also calling for systematic capacity building on gender justice in forest tenure and governance among government institutions, civil society organisation and donor agencies; increasing the voices of women and vulnerable groups in decision-making; and adopting gender justice principles in community organising processes and in multistakeholder approaches in reforming forest governance through tenure conflict resolution.<sup>37</sup>

### A new land law

A new draft land law (RUU Pertanahan)<sup>38</sup> has drawn criticism from the Consortium for Agrarian Reform (KPA) which was invited to comment by the working group preparing the law. KPA said the draft law reflected the struggle between three main groups: the pro-land market group, including World Bank and ADB who were in favour of getting rid of the 1960 law; those in favour of properly implementing the 1960 law in its original intention and those in favour of keeping the 1960 law with amendments. Iwan Nurdin of KPA said the draft law appeared to be aimed at promoting the registration of land and was not based on the spirit of agrarian reform.<sup>39</sup>

The ADB has been involved in promoting the new law not least as a means of addressing concerns about bottlenecks in implementing infrastructure projects.<sup>40</sup> In 2007, the ADB provided technical assistance worth US\$500,000 (with a later additions of \$300,000) to help draft the new law. Originally designed to finish in January 2010, the revised closing date for the funding (and therefore passing of the law and follow-up work included in the project) is now June 2013.<sup>41</sup>

### Notes

1. 'Kasus Mesuji, Pemerintah Belum Sentuh Akar Konflik', KPA website, <http://www.kpa.or.id/?p=672> [no date] accessed 23/Nov/12.
2. Mesuji, Cermin Konflik Agraria yang

- Kronis, KPA website <http://www.kpa.or.id/?p=636>, accessed 23/Nov/12.
3. Joint press release 24/Dec/11, Walhi. The Australian company is named as PT. Arc Exploration Ltd.
  4. BeritaHUKUM.com, 24/Dec/11, [http://www.beritahukum.com/detail\\_berita.php?judul=Polisi+Akui+Pembakaran+Puluha+n+Rumah+Adat+Pekasa#.UK9vyGeXICo](http://www.beritahukum.com/detail_berita.php?judul=Polisi+Akui+Pembakaran+Puluha+n+Rumah+Adat+Pekasa#.UK9vyGeXICo), accessed 23/Nov/12.
  5. Energy, food and climate crises: are they driving an Indonesian land grab?, East Asia Forum, John McCarthy, 17/Jul/12 <http://www.eastasiaforum.org/2012/07/17/energy-food-and-climate-crises-are-they-driving-an-indonesian-land-grab/>
  6. Joint Press Release, Catatan Akhir Tahun 2011, AMAN, HuMa, WALHI, KPA and others 29/Dec/11.
  7. Joint Press Release, Catatan Akhir Tahun 2011, as above.
  8. See Tim Lindsey ed, *Indonesia Law and Society*, The Federation Press, 2008; *Obstacles and Opportunities*, WALHI and AMAN, 2003, and DTE's *Forests, People and Rights* (<http://www.downtoearth-indonesia.org/story/forests-people-and-rights>), 2002, for more background.
  9. See *Indonesia's Transmigration Programme: an Update* (DTE, 2001). For more background to the UJPA, see DTE 76-77, May 2008; DTE 72, May 2007; DTE 66, Aug 2005 (re Perpres 36/2005 on land acquisition for dev); DTE 62, Aug 2004 on new plantation law and call for agrarian conflict resolution commission; and DTE 60, Feb 2004 on land poverty.
  10. See *Forests for the Future*, AMAN-DTE, April 2009, pages 280-281, *Obstacles and Opportunities*, WALHI and AMAN, 2003 and *Forests, People and Rights*, DTE special report on *Forests*, 2002, for more background and analysis on this regulation.
  11. For more background on the TAP MPR 2011 see DTE 52, February 2002.
  12. See Jude Wallace, 'Indonesian land law and land administration', in Tim Lindsey ed, *Indonesia Law and Society*, The Federation Press, 2008.
  13. See DTE 72, March 2007, <http://www.downtoearth-indonesia.org/story/agrarian-reform-it-really-pro-poor>
  14. These include amendments to the Constitution (18B(2) and 28I(3)) which recognise "customary law peoples" and their traditional rights, and respects their cultural identity; and other laws and regulations including Human Rights Law (39/1999); Law 32/2004 and regulation 72/2005 which frees indigenous peoples being organised in standardised "desa" or villages; Law No.27/2007 on coastal areas and small islands which recognises customary wisdom, indigenous laws and rights, Law No 32/2009 on environmental protection. For a comprehensive list see 'Peluang Hukum untuk Pengakuan Hak Masyarakat Adat atas Wilayah Adat (tanah ulayat)', presentation by Sandra Moniaga, Samdhana Institute 25/May/12.
  15. Sectoral laws seen which are seen as particularly skewed towards large-scale businesses and investors include the forestry law 41/1999, plantations law 18/2004, water law No 7/2004, minerals and coal 4/2009, investment 25/2007, horticulture 13/2010, Oil and Gas 22/2001 and Land Acquisition for development in the public interest 2/2012.
  16. Kusutnya Keagrariaan Kita, *Kompas* 25/Sep/12. According to the Forestry Department's statistics book (2012), as at December 2011 there were 292 licences issued to companies for timber use in natural forests (IUPHHK) in Indonesia covering a total area of 23.28 million hectares. See [http://www.dephut.go.id/files/BUku%20Statistik%20Juli%202012\\_terbaru.pdf](http://www.dephut.go.id/files/BUku%20Statistik%20Juli%202012_terbaru.pdf)
  17. Figures quoted in Drama Haru SBY, *Kompas* 30/Oct/10, Chalid Muhammad
  18. Palm oil and indigenous peoples in Southeast Asia, January 2011.
  19. Figures quoted in 'Energy, food and climate crises: are they driving an Indonesian land grab?', East Asia Forum, John McCarthy, 17/Jul/12 <http://www.eastasiaforum.org/2012/07/17/energy-food-and-climate-crises-are-they-driving-an-indonesian-land-grab/>
  20. Green Economy, Komodifikasi Sumber Daya Alam, Hadiedi Prasaja 4/Jun/12, Serikat Petani Indonesia
  21. 'Trajectories of land acquisition and enclosure: development schemes, virtual land grabs, and green acquisitions in Indonesia's Outer Islands'. John F. McCarthy, Jacqueline A.C. Vel & Suraya Affif, *Journal of Peasant Studies*, Volume 39, Issue 2, March 2012
  22. Drama Haru SBY, *Kompas* 30/Oct/10, Chalid Muhammad
  23. See book review DTE 91-92, <http://www.downtoearth-indonesia.org/story/proliferation-political-piracy-post-suharto-indonesia>
  24. 'Trajectories of land acquisition..', as above.
  25. Pers comm Zulfikar Arma, December 2012. The *qanun* can be viewed at <http://acehprov.go.id/Kepemerintahan/2.14/Qanun>
  26. See *Aceh: The Ulu Masen REDD+ Pilot Project*, Rights, forests and climate briefing series - October 2011, FPP, Pusaka, Yayasan Rumpun Bambu Indonesia, at: <http://www.forestpeoples.org/sites/fpp/files/publication/2011/10/aceh-briefing-3.pdf>
  27. World Agroforestry Centre quoted in Palm Oil and indigenous peoples in South East Asia, FPP, cirad, International Land coalition, Marcus Colchester, January 2011.
  28. Researchers have established that most concessions have been handed without the proper legal processes being followed and that the government has legally established state forest in less than 10% of the overall forest estate. (See AMAN-DTE, *Forests for*

(continued bottom of page 7)

# Why systemic agrarian conflicts are continuing to break out across the land

By Noer Fauzi Rachman\*

The systemic agrarian conflicts referred to in this article are protracted conflicts arising from opposing claims made on particular pieces of land, or over natural resources and community-owned areas or territories, by giant corporations in the business of infrastructure, production, resource extraction and conservation, and where each opposing side is taking direct or indirect action to negate the claim of the other. This type of agrarian conflict arises from the granting of licences and concessions to corporations by public officials-including the Minister for Forestry, Minister for Energy and Mineral Resources, the Head of the National Land Agency (BPN), regional governors and local district heads-which sanction them to use land, natural resources and territories for infrastructure, production and extraction projects as well as conservation.

The way the law is applied, the use of force, the criminalisation of local community figures, manipulation, fraud and coercion are all used widely and systematically. These tactics are often used to deny local people's land claims or to transfer control over land, natural resources and territories into the hands of these giant corporations for their projects/concessions. They also exclude local people from, or limit their access to, land, natural resources and territories. Conversely, direct opposition on the part of local people - whether facilitated by social movement organisations, NGOs, or by the political elite - challenges this transfer of control, forced exclusion of the local population, or limiting of access to the land.

## The case of palm oil plantations

The production of crude palm oil (CPO) has been increasing rapidly from year to year. Indonesia is the biggest producer of CPO in the world. According to figures from *Indonesian Commercial Newsletter* (July 2011) CPO production climbed from 19.4 million tonnes in 2009 to 21 million tonnes in 2010. In 2011, it is estimated that production will rise by 4.7%, to approximately 22 million tonnes. Total exports of CPO are also increasing, from 15.65 million tonnes in 2010 to an estimated 18 million tonnes in 2011. From the total amount of CPO produced in the country, only around 25% (approximately 5.45 million tonnes) is consumed by the domestic market. This level of production is



Protesters call for land reform, Jakarta, January 2012.

supported by the ongoing expansion of oil palm plantations, which increased from 7.5 million hectares in 2010 to 7.9 million hectares the following year.

Data from the Directorate General of Estate Crops in 2012 shows that the extent of oil palm plantations in Indonesia has reached 8.1 million hectares. However, according to the Indonesian NGO network Sawit Watch, the actual area covered is much higher, thought to total around 11.5 million hectares. It is often the case that palm oil plantations develop areas beyond their legal boundaries. A proportion of the total area noted by the Directorate General are plantations cultivated by farmers on their own land. According to Dirjenbun data (2012), this amounts to 40% of all oil palm cultivation; Sawit Watch (2012), however, maintains that the proportion is actually less than 30%. With an expansion rate of 400,000 hectares per annum, driven by the government, private businesses and local farmers, the area of land that will be devoted to palm oil cultivation by 2025 is projected to reach 20 million hectares. The question remains: where will this land for expansion come from?

The data presented at a sustainable plantations coordination meeting in Pontianak, West Kalimantan on 25 January 2012 by Herdradjat Natawidjaja, the Director of Post-harvest and Business Development of the Directorate for Estate Crops at the

Ministry of Agriculture, makes very interesting reading. He stated that about 59% of the 1000 oil palm companies across Indonesia are currently engaged in land-related conflicts with local communities. A team from the Directorate General for Estate Crops has identified such conflicts in 22 provinces and 143 districts. In total, there are around 591 conflicts, most of which are concentrated in Central Kalimantan (250 cases), followed by North Sumatra (101 cases), East Kalimantan (78 cases), West Kalimantan (77 cases) and South Kalimantan (34 cases).

## Consequences

Problems stemming from large scale land acquisition for investments in infrastructure, plantations, mining and forestry - or, to use a more partisan term, landgrabbing - score the highest number of complaints from the public, as repeatedly reported by the National Commission for Human Rights. From a human rights perspective, the grabbing of land, natural resources and territories is a violation of the people's economic, social and cultural rights. When violent conflict breaks out between corporations, the security forces and local people, it becomes a matter of civil and political rights violations. The squeeze on community land, and the resulting decline in people's ability to fulfil their daily needs independently through farming, marks the early stages of the transformation of their existence as farmers with diverse livelihoods towards a state of landlessness. Some of them will become wage labourers and others will be unemployed or underemployed.

One of the consequences of protracted agrarian conflict is the way it spreads: disputes over land claims, natural resources and territories can turn into conflicts about other issues. Longstanding agrarian conflicts may precipitate a socio-ecological crisis: forcing villagers to migrate to new areas to seek new farmland or to join the ranks of the urban poor. In this way, rural conflicts become the source of new problems in the cities.

In extended agrarian conflicts, people want to know what the government position is and what role it plays. Communities can sometimes feel there is no protective or supportive government at all. In the early stages of the dispute, they protest against the government. When they are then criminalised, they feel that the government is



against them. In turn, their loss of faith in the government can erode the victims' sense of being Indonesian, part of the nation.

The articulation of agrarian conflict can take other forms too, including disputes between landowning farmers and plantation workers, ethnic conflicts between local communities and migrants, and inter-village conflicts. A 2012 study by the Peace-building Institute (Institut Titian Perdamaian) shows that the majority of large-scale ethnic and religious conflicts that occurred during and after Indonesia's transition to democracy (1998-1999) were rooted in struggles over land, natural resources and territories.

### Quo vadis the Integrated Agrarian Conflict Resolution Team?

When these conflicts persist at high-intensity, communities seek access to social movement organisations, NGOs, local government councils, the National Land Agency, the Ministry of Forestry, the National Parliament, the National Human Rights Commission, and so on. In a number of cases, some of the claims and needs of the victims can be addressed according to the authority or capacity of these organisations. However, this is often not the case with conflicts that have already become chronic, whose complexity involves multiple sectors and whose impacts have already spread.

This type of systemic agrarian

conflict is perpetuated because of the unchecked decisions made by various public officials (Minister for Forestry, Head of the National Land Agency, Minister for Energy and Mineral Resources, as well as district heads and governors) who include community land, natural resources and territories in concessions handed out to corporations for production, extraction and conservation projects. We know that, based on their authority, the motivation of these officials is to collect rents and to achieve economic growth; they therefore continue to grant licences and land rights to these giant corporations. We also know that if a correction is indeed made, these officials will in turn be sued by companies whose concessions are reduced in size or cancelled. The officials involved in such cases will certainly want to avoid the risk of incurring losses should they lose in court.

Systemic agrarian conflicts have now become chronic, with wide-ranging impacts. We can no longer rely on conventional methods to tackle them. At this point, we need an institution with full authority, that functions across the government sectors, and which has sufficient capacity to deal with past, present and future agrarian conflicts. Furthermore, systemic agrarian conflict needs to be overcome by dealing with the roots of the problem, namely the agrarian imbalance, marked by the dominant position held by corporations in the control over land and management of

natural resources. Indonesia does not have legal and policy instruments in place to limit the maximum extent of land that the holding companies of predatory capitalist corporations can control. If we want to deal with the root of this problem, our commitment as agrarian reformers needs to be renewed.

At a cabinet meeting at the Attorney General's office in South Jakarta on 25 July 2012, President Susilo Bambang Yudhoyono gave a directive to set up an agrarian conflict resolution team. The team's terms of reference, including the extent of its authority and the team's operational methods, are being formulated by the President's Unit for Development Monitoring and Oversight (UKP4) so that it can then be implemented by the Office of the Ministry for Politics, Law and Security.

Quo vadis this new organisation?

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(continued from page 5)

- the Future, April 2009, p.279).
29. See DTE 89-90, <http://www.downtoearth-indonesia.org/story/redd-indonesia-update>
  30. See DTE 91-92, <http://www.downtoearth-indonesia.org/story/indonesia-s-indigenous-peoples-continue-struggle-recognition>; page 1
  31. BRWA (<http://brwa.or.id/>) was set up by AMAN and JKPP See also <http://www.downtoearth-indonesia.org/node/160>
  32. See <http://www.mongabay.co.id/2012/11/15/peta-wilayah-adat-diakomodir-masuk-one-map/#ixzz2D4ISIZF4>
  33. See <http://www.downtoearth-indonesia.org/story/redd-indonesia-update-for-background>
  34. See DTE 89-90, <http://www.downtoearth-indonesia.org/story/big-plans-papua-for-background-on-MP3EI>
  35. Rebecca Elmhirst, 'Finding Ecological Justice for Women', Inside Indonesia Jul-Sep 2012.
  36. Palm oil and indigenous peoples in South East Asia, FPP, CIRAD, International Land Coalition, Marcus Colchester, January 2011
  37. 'Gender Justice: Forest Tenure and Forest Governance in Indonesia', Mia Siscawati and Avi Mahaningtyas, June 2012, Rights and Resources.
  38. The draft land law of June 2012 refers to constitution, TAP MPR IX, 2001 and UUPA, has chapters on land administration, land reform, registration, collection and processing of physical data, including measurement and mapping, rights and proof of rights, certification, transferring, conversion, division and extinction of rights, and conflict resolution.
  39. RUU Pertanahan Pertarungan Tiga Kelompok Besar, 27/June/12, KPA website.
  40. <http://www.adb.org/sites/default/files/projdocs/2007/37304-INO-TAR.pdf>
  41. The project aim, according to the ADB is "to assist the Government to enhance the legal and administrative framework for land law including land acquisition and resettlement. The technical assistance aimed to support, among other things: preparation and approval of a draft Land Law and consultation on the draft Land Law in selected regions and with the civil

society; (see ADB Project Data Sheet 37304-012, updated October 2012). A list of what the new law should cover, according to the ADB, includes "redefinition of land-related titles, covering title for apartment, title for space below and above land, land title for adverse possession, customary rights for indigenous communities, riparian rights, and land title for coastal land areas; ...Islamic law and inheritance, and women's rights over land and related resources and compensation;" and "land acquisition and resettlement for public and private purpose". ♦



# Indonesia's 'One Map Policy'

An interview with Kasmita Widodo, director of Indonesia's Participatory Mapping Network JKPP and head of BRWA, Indonesia's Ancestral Domain Registration Agency.

Q: Heru Prasetyo, Indonesia's REDD+ Task Force Secretary, told REDD-Monitor that Indonesia's One Map 'movement' originated in 2010, when the President's Delivery Unit for Development Monitoring and Oversight (UKP4) showed President Susilo Bambang Yudhoyono how maps from KLH and Dephut for forest cover were not the same and he instructed that one map be created.<sup>1</sup> Can you tell us anything more about where the idea of the policy came from and what is the rationale behind it?

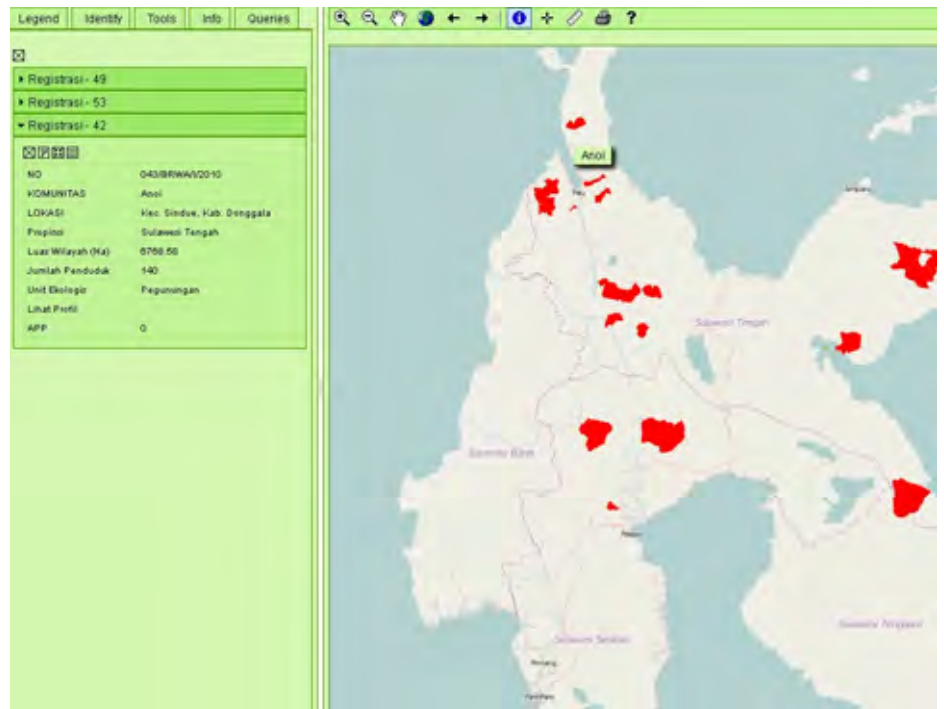
A: This is quite strange: two ministries issue different maps covering the same thing, i.e. forest cover. It implies that there are different policy directions and that there is different decision-making about land and forest cover in Indonesia. This begs the question: which map is the right one? From what I see, the background to President SBY's instruction is Indonesia's climate change programme which is going to be implemented with support from other countries.

Q: Why is mapping a hot topic in Indonesia right now? Is it related to the 2011 Moratorium or is it a wider issue?

A: It's true that mapping is very closely related to the 2011 Forest Moratorium.<sup>2</sup> I see the moratorium map<sup>3</sup> as an entrypoint for UKP4, whose task it is to supervise development from the governance and law enforcement side. It's not just the forestry sector but other sectors too, that need to be addressed so that the same data and the same map is used across the board - mining, plantations and so on. We are also looking at the relationship with Indonesia's economic development acceleration plan, as set out in the MP3EI,<sup>4</sup> as there is almost equal momentum for both of these agendas.

Q: What will the map being developed by UKP4 eventually show? For example, will it only include official data from the various relevant ministries (forestry, plantations, land, mining & energy etc) or will it also show information about the customary land owned by indigenous peoples in Indonesia?

A: This has been the focus of our attention during the several meetings we have had with UKP4 in a special forum to discuss One Map as well as in other UKP4 fora. How will the maps of indigenous territories really fare



Screenshot of BRWA website showing registered areas of indigenous territory in Sulawesi, and details of Anoi territory in green box. [www.brwa.or.id](http://www.brwa.or.id)

in the One Map policy? We hope indigenous territory maps will become part of the reference for policies and legislation in forestry and other sectors, including climate change and REDD+. Then the thematic maps made by government ministries and agencies, for example maps of licensed areas, HGU concessions and maps of indigenous territories can be displayed by the institutions with the authority to do so, such as the Geospatial Information Agency (BIG), and can be viewed by the general public.

Q: Who is leading the development of the One Map? Is it a good process in terms of CSO involvement and public consultation? What has your involvement been?

A: Currently UKP4 is leading, and has given BIG the task of preparing the system infrastructure and the standardization of the existing maps, including maps of indigenous peoples' territories, so that all thematic maps from each sector, plus the indigenous maps, can be integrated. Civil society involvement has been going quite well, in my opinion. This started with the official acceptance of the indigenous territory maps that were handed by JKPP and AMAN to UKP4 and BIG on November 14th. There are 265 maps of

indigenous territories, covering an extent of 2.4 million hectares, transferred for processing into part of the Indonesia One Map. Now, together with BIG, we are preparing a participative mapping guide so that indigenous territory maps can be made according to a Community Spatial Data (DSM) standard, to contribute to the One Map. Also, the REDD+ Taskforce is carrying out a project to acquire existing thematic maps and licences in the provinces which have been selected as REDD+ pilot provinces.<sup>5</sup> I've just been to a meeting about this in South Sumatra. The South Sumatra government there, through the provincial planning office and BIG and the Participatory Mapping Service Node NGO group, is preparing a policy and mechanism which will enable DSM to contribute to the One Map, in this case in South Sumatra.

Q: According to ArcNews<sup>6</sup> the Japanese government's Japan International Cooperation Agency provided a loan to the Indonesian Geospatial Information Agency to carry out the one map work, while NTT Data, a Japanese-owned company is overseeing implementation. Why do you think Japan is interested in funding this initiative?

A: The information I got from the director of BIG at one of the meetings was that the agency is working together with ESRI<sup>7</sup> to develop the BIG portal because the company has good experience and capacity. As regards funding from the Japanese government to develop the Indonesia Geospatial portal, this does need to be looked at as it seems that there is widespread concern that strategic information on Indonesia will be accessible to external parties. There are also concerns about an American initiative through the Millennium Challenge Corporation (MCC) to support village border mapping, working with district and provincial governments.

Q: What have been the main contentious issues in debates about how the map should be developed?

A: These are sensitive issues, to do with different sectors and their egos. Each sector has a thematic map which is the main reference used when issuing licences. So the corrupt practices related to licensing which go on in the ministries and agencies with the authority to issue those licences thrive where the common reference maps are unclear or where there are no common reference maps at all. It's certainly no easy task to unify all ministries and agencies that produce thematic maps for their sectors. Another issue is that existing participative maps or maps of indigenous territories need to be "standardized", in their geometric aspects for example.

Q: If the main purpose of the map is to clear the way for more investment, the policy could well accelerate landgrabbing, couldn't it? But, if there is open public access to the map, local people will be able to see what is planned in their areas and prepare themselves better to oppose developments that will affect them negatively. What is your view of the potential positive and/or negative impacts of the development of one map? Do the dangers outweigh the benefits or vice versa?

A: Getting indigenous peoples' maps in the official geospatial information, getting their information out there, is an opportunity, as I see it. The current situation, where there is no clarity, where there are no common thematic reference maps for the government and for communities, has created a mess for natural resources management and widespread agrarian conflict. If the indigenous territory maps can be made into one thematic map that gets the same level of support as other thematic maps, then the overlapping tenures will become clear. It means the government will have recognised that there are tenurial problems that need to be sorted out.

Landgrabbing has been going on in Indonesia for a long time, one of the causes being the sectoral maps and the lack of recognition for indigenous territories. The One Map is not an instant cure-all for land management injustices and agrarian conflict. It is just one basis for government decision-making which will of course be influenced by other factors beyond the power of the map itself, including political factors, and the way this country is managed in terms of policies and leadership. As an initiative to clarify spatial data references for decision-making, in my opinion, the One Map policy deserves some respect. At the same time, we should remain critical and get on with the job of preparing community spatial data.

Q: The portal for the "Geospasial untuk Negeri" map is at <http://maps.inasdi.or.id/home/>. Is this the best place to go to for information on land use in Indonesia? What other sites and resources do you recommend?

A: This is the portal being developed by BIG. It is where the indigenous territory maps will appear on their own dedicated page. Putting aside the question of how comprehensive the information and data available here is, I think it's really good that this one portal has started displaying all the basic maps and thematic maps. The Forestry Ministry also has a web-GIS on forestry.<sup>8</sup>

Q: How does the One Map policy relate to, or affect the work of JKPP and that of BRWA?

A: The One Map policy has provided important momentum for JKPP and BRWA to communicate about the existence of participative maps and indigenous territories to the government. It means that community maps don't just make an appearance or become needed when there is a conflict, but also when there are decisions to be taken which affect communities living in a targeted area.

Q: What would you like to see happen next to the one map policy?

A: I hope the standardisation process for participatory mapping by BIG pays attention to uniqueness of participatory mapping and doesn't just get caught up in the technicalities. Also future political changes and the fact that UKP4 will come to the end of its legal existence in 2014 (the end of President SBY's period of government), mean that policies which protect the rights of indigenous peoples to their territories and lands need to be prepared.

**JKPP's website:**  
<http://www.jkpp.org/>

**BRWA's website:**  
<http://brwa.or.id/>

#### Notes

1. <http://www.redd-monitor.org/2012/09/20/interview-with-kuntoro-mangkusubroto/>
2. See <http://www.downtoearth-indonesia.org/story/redd-indonesia-update> for more background on the moratorium
3. The moratorium map, which shows which areas are off limits for development, has now been revised three times. It can be accessed at [http://appgis.dephut.go.id/appgis/petamoratorium\\_rev3.html](http://appgis.dephut.go.id/appgis/petamoratorium_rev3.html)
4. Masterplan for the Acceleration and Expansion of Indonesia Economic Development. See also DTE 91-92 for more background, <http://www.downtoearth-indonesia.org/story/big-plans-papua>
5. For more information on the pilot projects see: [http://www.redd-indonesia.org/index.php?option=com\\_content&view=article&id=205&Itemid=87](http://www.redd-indonesia.org/index.php?option=com_content&view=article&id=205&Itemid=87)
6. <http://www.esri.com/news/arcnews/spring12articles/indonesia-nsdi-one-map-for-the-nation.html>
7. ESRI is Geographic information system (GIS), mapping software and services company, based in California, USA. See <http://www.esri.com/>
8. See <http://appgis.dephut.go.id/appgis/>. GIS = Geographic Information System



Durian: non-timber forest products managed in community forests.

# The international landgrabbing picture: an update

*Last year DTE reported on the global land-grab phenomenon and its connection to the 2008 financial crisis, the global food price spike of 2007/2008 as well as the ongoing climate change & energy crisis.<sup>1</sup> Since then, more analysis of data on land deals has become available which fills in some of the detail in the picture. In this update, we take another look at the global rush for land with a focus on investors and their obligations to the people affected by land-grabbing.*

The recent surge in demand for land is being driven by powerful agro-industrial companies looking for profits from high value crops, by the governments of land-poor countries wanting to secure food supplies outside their own borders, and by investors looking for a safe haven for their money in an unpredictable financial climate. Changing patterns of food and energy consumption - more meat,<sup>2</sup> more agrofuels - are also driving demand for land, while rapid urbanisation eats up millions of hectares of agricultural land every year.<sup>3</sup>

Last year we reported the results of World Bank analysis of land deals in 81 countries.<sup>4</sup> New evidence from the Land Matrix Database, an independent initiative launched earlier this year,<sup>5</sup> tells of a continuing rush for land, though the pace of this has slowed since its 2009 peak.

Analysis released in April 2012 from the database shows that the majority of land deals are concentrated in just eleven countries, of which seven are African, and three are in Southeast Asia: the Philippines, Laos and Indonesia. The analysis confirms that investors are targeting countries with weak land tenure security, although they are also looking for high levels of investor protection. Around a quarter of the land deals in the database are in forested areas, and 45% of them target existing cropland or crop-vegetation mosaics, meaning likely conflicts with local communities. Investment is coming from wealthier, food-importing countries, and from public as well as private sources: private companies, state-owned companies, investment funds and private-public partnerships.

Trends driving the land rush are identified by the Land Matrix analysis as rising prices, population growth, growing consumption rates, market demand for food, agrofuels, raw materials and timber, carbon sequestration and financial speculation. Investors are being attracted to food crops (34% of the investments in the database) as well as non-food crops (26%); "flex crops" or crops including soybean, sugarcane and oil palm that can be either for food or non-food uses (23%) and "multiple use" crops (17%).

This indicates a continuing trend for investment in agrofuels and high value export crops such as rubber. Most deals are geared toward the export market, with 43% of export-oriented deals aiming to send the production to the country of origin of the investors. Other results of the analysis - based on a smaller number of cases - show that governments are selling land used by smallholders, acquisitions are rarely based on

## 'Greengrabbings'

Greengrabbings, a term which has emerged as part of the landgrabbing analysis,<sup>10</sup> is generally used to mean land appropriation for environmental ends, where there are negative impacts on local communities. This kind of land acquisition may include debt-for-nature swaps and biodiversity offset schemes (where, for example a mining company claims it is offsetting the biodiversity it is ruining in one area by paying to protect it in another area). The term can also refer to measures to mitigate or adapt to climate change, such as REDD+ schemes and plantations to develop agrofuels as alternatives to fossil fuels.

Current debates around REDD+ and agrofuels make clear that there are huge doubts about their effectiveness in doing anything about climate change, and indeed there are well-grounded fears that they could make things worse. Landgrabbing for agrofuels and the human rights abuses that go with it have already been well-documented in Indonesia and elsewhere. As far as REDD+ is concerned, unless strong human rights and resource rights guarantees and safeguards are put in place and maintained for poor people, these projects will be viewed as any other kind of landgrabbing - a means of transferring rights, access and benefits out of the hands of local communities and into the hands of big business; in the case of REDD+, the carbon credit business.

Free, Prior and Informed Consent (FPIC), there is "limited but worrying" evidence of evictions, and rates of compensation are low.<sup>6</sup>

A different set of data collected by the NGO GRAIN covers 416 large-scale land grabs from the year 2006 by foreign investors for the production of food crops. This confirms that Africa is the primary target for land grabs, though Latin America, Asia, and Eastern Europe are important destinations too. In Indonesia, 4.24 million hectares of land is included.<sup>7</sup> GRAIN names the USA, UAE, Saudi Arabia, China, India, the UK and Germany as major sources of investment. It also notes that the UK serves as a tax haven for land-grabbers, whose true operating base may be elsewhere. Most investors are from the agribusiness sector, but financial companies and sovereign wealth funds were responsible for around a third of the 298 companies documented.<sup>8</sup>

Land acquisition by large companies with backing from governments, institutional investors and development policymakers means that poor people in target countries are losing out, not only from lack of land to grow food, but also the appropriation and privatisation of common property resources such as water and forests.<sup>9</sup>

## Investors and speculators

Who exactly is investing in the global land rush? As noted by GRAIN, a large number of land deals are being done by agribusinesses, but sovereign wealth funds, and financial companies are also buying up land. At the same time, some of the world's most important international institutions concerned with land, food and development are helping the process along by continuing to promote the private sector and global markets as the primary means of addressing global food and energy crises. This includes promoting opening up more land to private sector farmland investment.

The World Bank has drawn particular criticism from the peasants' movement and civil society organisations in recent months. CSOs have accused the World Bank of playing a key role in the global land grab by making capital and guarantees

available for multinational investors, providing technical assistance and support to improve the agricultural investment climate in target countries, and promoting policies and laws that are corporate-oriented rather than people-centred.<sup>11</sup>

According to a report in *The Guardian*, the Bank has tripled its support for land projects to US\$6- US\$8 billion a year in the last decade, though no data is available on how much of this goes to land acquisitions. The Bank's private sector lending arm, the IFC, said it has roughly \$4.85bn of agri-related investments of which roughly \$600m has a land component. Total land holdings related to the investments amount to 0.7m hectares. The IFC says it doesn't make financial land acquisitions for speculative purposes.

Oxfam is urging the World Bank to freeze its investment in large-scale land acquisitions to send a strong signal to investors to stop landgrabs. It wants the UK government, as one of the bank's biggest shareholders, to push for this and, as president of the G8 next year, to put food, hunger and landgrabs at the heart of the agenda. Oxfam also wants the UK government to press the EU to reverse agrofuel targets since these are key drivers of landgrabbing.<sup>12</sup>

The heads of two other institutions came in for sharp criticism recently too, after writing an article heavy-handedly pushing private sector investment in food production in emerging economies. The article, 'Hungry for Investment' by president of the European Bank for Reconstruction and Development (EBRD) Suma Chakrabarti, and director-general of the Food and Agriculture Organisation (FAO), Jose Graziano da Silva was published in the *Wall Street Journal* in advance of an agribusiness decision-makers' summit in Istanbul, in September 2012.<sup>13</sup> Chakrabarti and da Silva argue that the world needs more food, meaning more food production and that the private sector can be the "main engine" of agricultural growth. Referring to emerging economies in Eastern Europe, Asia and North Africa, they argue for more private sector investment in emerging economies in land and for government support for policies that foster private sector investment. Small and "uneconomically sized farms" are among the issues holding countries like Turkey back and which need to be addressed, they say.

*It is responsible private investment from around the globe that can fertilise this land with money - once the local business environment is right. Many countries are hungry for such investment- and their investment can help to make life easier for the world's hungry.<sup>14</sup>*

CSOs have expressed dismay, saying that this amounts to a worldwide call for more landgrabbing, a dismissal of the

achievements of peasant farmers and the hard work done by CSOs to develop the FAO-hosted process to develop voluntary guidelines on governance and land tenure (see standard-setting section, below). In a joint statement La Via Campesina, GRAIN, Friends of the Earth International and others point out that, far from being inefficient, "[w]herever official data are available, as in the EU, Colombia, Brazil, or in the studies undertaken in Asia, Africa and Latin America, peasant farming is shown to be more efficient than

large-scale agribusiness."<sup>15</sup> A further argument here is that instead of investing in enabling large-scale investments by private sector actors, money should instead be invested in farmers.

## Pension funds & banks

Campaigners protesting outside a recent Agriculture Investment summit in London highlighted the role that pension funds play in landgrabbing, asking "Do you realize what your pension funds?" GRAIN, one of the

## Another food crisis

In recent months another global food crisis has been tightening its grip. The worst US drought in sixty years and severe drought in Eastern Europe is driving up prices, with soy and maize prices at all-time highs in July.<sup>16</sup> Cereals and vegetable oil prices remained at peak levels in August.<sup>17</sup> Rice prices remained relatively stable, and experts are not predicting a repeat of the 2008 food crisis.<sup>18</sup> Nevertheless, countries in the Middle East and North and Sub-Saharan Africa especially remain vulnerable to the current price hikes and the crisis has underlined deepening concern about the ongoing impact of volatile food prices on the world's poorest. Already an estimated 1 billion people are chronically malnourished - one in seven of the world's population.<sup>19</sup>

There are multiple connections between food prices and landgrabbing: the 2007/8 food price spike prompted some rich food-importing countries - such as the Gulf States - to seek greater control over their food supply by investing in food production in the global South. The use of agricultural land to grow crops for energy rather than food (including corn, palm oil, rapeseed, sugarcane and jatropha) continues to be associated with food price hikes, especially in years like 2012 where the harvest is poor.<sup>20</sup> Higher food prices affect the poor disproportionately because they spend a higher percentage of household income on food than better-off people and here the link between landgrabbing and malnutrition is evident: according to the UN Special Rapporteur on the Right to Food, due to inequitable access to land and capital, smallholders and agricultural labourers make up a combined 70% of those who are unable to feed themselves today.<sup>21</sup>

Analysis by Oxfam of several thousand land deals in the last decade found that international land investors and agrofuels producers have taken over enough land around the world that could feed nearly 1 billion people. Oxfam says the land rush is "out of control and some of the world's poorest people are suffering hunger, violence and greater poverty as a result". Very few, if any, of these land investments benefit local people or help to fight hunger.<sup>22</sup>

## Climate change & food prices

The close connections between climate change and food price volatility have been well-documented by reports from the ground, including in Indonesia.<sup>23</sup> Separate research commissioned by Oxfam has modeled the impact of extreme weather - like droughts, floods and heat waves - on the prices of key international staple crops to be expected in 2030. It suggests that existing research, which considers the gradual effects of climate change but does not take account of extreme weather, is significantly underestimating the potential implications of climate change for food prices. The research, says Oxfam, shows how extreme weather events in a single year could bring about price spikes of comparable magnitude to two decades of long-run price rises. "It signals the urgent need for a full stress-testing of the global food system in a warming world."<sup>24</sup>

## Speculating on Food

Market speculation is playing a key role too. "Banks are earning huge profits from betting on food prices in unregulated financial markets. This creates instability and pushes up global food prices, making poor families around the world go hungry and forcing millions into deeper poverty" says the World Development Movement (WDM). The WDM, Oxfam, La Via Campesina and many others are part of an international coalition<sup>25</sup> calling for regulation of commodity futures<sup>26</sup> markets to limit the damage.

A recent study by Friends of the Earth Europe of European institutions involved in agricultural commodity futures highlighted Deutsche Bank, Barclays, ABP (the Dutch pension fund) Allianz (German financial services group) and BNP Paribas.<sup>27</sup> FoE Europe is calling for tighter regulation in EU markets to curb the 'monstrous' futures markets which worsen food price volatility. They want improved transparency in these markets as a first step, plus limits on the size of bets speculators can make and other measures.

groups protesting, says pension funds are reported to be the biggest institutional investors in both commodities in general and in farmland in particular. "Pension funds currently juggle US\$23 trillion in assets, of which some US\$100 billion are reportedly going into farmland acquisitions. By 2015, these commodity and farmland investments are expected to double.

GRAIN's documentation of 416 recent land grabs, lists pension fund investors from 9 countries, (USA, Australia and 7 European countries) including 13 public sector funds. For example, CalPERS (the California Public Employees' Retirement System) is investing around 0.2% of its total US\$231.4 billion funds in global farmland ventures, including in Africa, Southeast Asia and South America.<sup>29</sup> Companies CalPERS invests in include the Indonesia-based Indofood (US\$1m); Singapore's Wilmar (US\$24.5m),<sup>30</sup> Olam (US\$6.1m), and Golden Agri-Resources (US\$8m); and Malaysia's Sime Darby (\$3.2m) and IOI Corp (\$4.7m),<sup>31</sup> all of which have extensive plantations holdings or operations in Indonesia and some of whom have poor records on human rights and the environment.

FoE Europe's study found a significant number of financial institutions across Europe involved in financing landgrabs directly or indirectly, including Allianz, Deutsche Bank, Generali, ABP, HSBC, Lloyds, Unicredit, AXA and Credit Agricole.<sup>32</sup>

### Infrastructure push

The World Bank and governments in the G20 have been criticised by CSOs for pushing large-scale infrastructure projects as pro-growth and pro-jobs, while they are more likely to benefit private sector investors rather than the poor. Since infrastructure projects like dams, power stations and roads, often require large areas of land, communities may lose land and resources, while missing out on the benefits.<sup>35</sup>

In Indonesia, the World Bank Group's private sector investment arm, the IFC, is allocating around USD200 million for investment in the country's infrastructure this financial year, aimed mostly at toll roads and water sanitation.<sup>36</sup>

The infrastructure agenda is reflected in the Indonesian government's controversial MP3EI economic masterplan (see also page 4), which pays scant attention to social and environmental sustainability or climate impacts.<sup>37</sup>

*"They are displacing farmers, uprooting communities and food production, and destroying ecosystems on a massive scale, sometimes through promises of jobs, sometimes at gunpoint. People are being moved off with little or no regard for their historic or cultural rights. The grabbers want big spaces...and you can only get that if you take commonly owned ancestral lands. Sometimes they literally come to in to a village, put in an airstrip and a compound and roads and canals and the villagers are told to go to the nearest town and they lose absolutely everything. They are increasing hunger and poverty globally. In a world where 1 billion people already go hungry, land must stay in the hands of local communities so that they can feed themselves."*

Kenneth Richter, Friends of the Earth.<sup>28</sup>

### Speculation

Often it is difficult to differentiate between investors in farmland and land speculators. Studies have revealed that many land deals do not result in actual implementation of cropland development on the ground, which may sound like a blessing for the communities who live there. However, research on land deals in Indonesia by McCarthy, Vel and Affiff, demonstrates that this 'virtual land grabbing' can still serve to profit particular actors, while marginalising others. 'Failed' projects may allow businesses to succeed in other ways, by providing businesses opportunities to access subsidies, to get bank loans using land permits as collateral or "to speculate on future increases in land values."<sup>33</sup>

For some investors pure speculation is the prime focus. As noted in a Civil Society statement on the finance of land grabs issued in June this year, private equity groups and many specialised farmland funds often operate on the basis of a high return five-year exit strategy. Land investors themselves point out that they can easily make their profits by simply renting or selling the land.<sup>34</sup>

### Standard-setting & safeguards

The industry and policy-makers' response to criticism about landgrabbing has been to draft new standards for companies engaged in acquiring farmland aimed at reassuring shareholders, investors and the public. These

new sets of principles add to existing ones, such as the Global Compact and the Equator Principles (to which companies and banks sign up) and the World Bank and IFC's safeguard policies.

In our last newsletter, we reported on the Principles for Responsible Investment in Farmland, announced by a group of institutional investors last year.<sup>38</sup> Meanwhile, the seven Principles for Responsible Agricultural Investment (PRAI) have been developed, co-sponsored by the World Bank, FAO, UNCTAD and IFAD. The Bank is now engaged in a process of assessing whether and how existing projects meet the PRAI, with case studies in Africa and Asia.<sup>39</sup>

Another main strand of standard-setting is the development by the FAO-hosted Committee on World Food Security (CFS) of the Voluntary Guidelines on governance and land tenure, "aimed at helping governments safeguard the rights of people to own or access land, forests and fisheries."<sup>40</sup> According to GRAIN, these guidelines,

(continued page 14)

### The Principles for Responsible Agricultural Investment

**Principle 1:** Existing rights to land and associated natural resources are recognized and respected.

**Principle 2:** Investments do not jeopardize food security but rather strengthen it.

**Principle 3:** Processes relating to investment in agriculture are transparent, monitored, and ensure accountability by all stakeholders, within a proper business, legal, and regulatory environment.

**Principle 4:** All those materially affected are consulted, and agreements from consultations are recorded and enforced.

**Principle 5:** Investors ensure that projects respect the rule of law, reflect industry best practice, are viable economically, and result in durable shared value.

**Principle 6:** Investments generate desirable social and distributional impacts and do not increase vulnerability.

**Principle 7:** Environmental impacts of a project are quantified and measures taken to encourage sustainable resource use, while minimizing the risk/magnitude of negative impacts and mitigating them.

(Source:

<http://unctad.org/en/Pages/DIAE/G-20/PRAI.aspx>)

## Bali Declaration on Human Rights and Agribusiness in SE Asia

The Bali Declaration was adopted at the end of a four-day conference attended by representatives of national human rights institutions of the Southeast Asian region, academics, indigenous peoples' representatives and supportive national and international NGOs.

The Bali Declaration is important because it focuses on countries' international human rights obligations relating to agribusiness - a key area of the debate about standards which is often downplayed in the discussions led by agribusiness proponents when developing voluntary principles and guidelines for the sector.

Hosted by Indonesia's national human rights commission, Komnas HAM, the conference concluded that the lack of a dedicated regional human rights system or regional norms on land development in Southeast Asia meant that there is an urgent need for states in the region to protect and secure the rights of indigenous peoples and rural communities whose rights are being violated by agribusiness investment and the operations of palm oil corporations. The participants resolved to work with governments, legislatures and businesses in the region to ensure that they take urgent steps to "reform or reinforce national laws and policies and policies relating to land tenure, agrarian reform, land use planning and land acquisition so that they comply fully with their countries' human rights obligations."<sup>45</sup>

The Declaration makes recommendations on the Right to Food,<sup>i</sup> land rights, Free, Prior and Informed Consent, the right to personal integrity and security, smallholder and community options, workers, women, children, dispute resolution, access to justice, impact assessments, the Right to Development and Human Rights; and the ratification of human rights instruments. These include recommendations on the **Right to Food**:

States need to accept that the right to food may be violated when people are denied access to land, fishing or hunting grounds, or are deprived of access to adequate and culturally acceptable food or by the contamination of food and water sources.

States therefore need to take measures to protect people's rights in land and allow land owners to decide on the use of their lands taking into account their own livelihoods and, environments.

Recognising that peoples have diverse cultures and may relate to land in very different ways, States therefore have an obligation to respect collective property rights over lands, territories and resources, the right to culture and the right to self determination (including the right to pursue their own economic, cultural and social development)

States likewise have an obligation to protect certain activities that are essential to obtaining food (e.g. agriculture, hunting, gathering, fishing) and an obligation to provide or ensure a minimum level of essential food that is culturally appropriate.

### And on **land rights**:

In reviewing their land tenure regimes, national governments and legislatures need to review and revise or reinforce their national policies and laws on agricultural development and land acquisition to ensure that they respect the rights of indigenous peoples and rural communities and do not facilitate the denial of people's rights to food, to land and to free, prior and informed consent.

In revising their tenure systems, State should recognise that, while security of tenure is indeed crucial, individual titling, poverty eradication and the creation of a market for land may not be the most appropriate means to achieve it.

Instead, States should, where relevant strengthen, customary land tenure systems and review or reinforce tenancy laws to improve the protection of land users.

Drawing on the lessons learned from decades of agrarian reform, States must pay renewed attention to policies and procedures of land redistribution to ensure that they respect peoples' rights to food, livelihood, cultural identity and self-determination. These reforms must be accompanied by measures to support smallholder farmers, indigenous people, and women to promote food security.

Land development schemes/programmes/mechanisms/projects must be designed in ways that do not lead to evictions, disruptive shifts in land rights and increased land concentration in the hands of corporations.\*

While many land development programmes and policies focus on areas considered to be "empty", "marginal" or "degraded", States should recognize that there are few areas truly unoccupied or unclaimed, and that frequently land classified as such is in fact subject to long-standing rights of use, access and management based on custom. Failure to recognize such rights will deprive local communities and indigenous peoples of key resources on which their wealth and livelihoods depend.

And on **rights to personal integrity and security**: States must ensure that there is rule of law, humane treatment and a peaceful environment in agribusiness development areas, and must secure people against violence and arbitrary arrest and prohibit the use by agribusiness ventures of mercenaries, privately contracted police and para-militaries.

The Bali Declaration can be accessed at <http://www.forestpeoples.org/sites/fpp/files/publication/2011/12/final-bali-declaration-adopted-1-dec-2011.pdf>

\*Report of the Special Rapporteur on the Right to Food to the UN General Assembly A/65/281, 11th August 2010.

i. Information about the Right to Food can be found at <http://www.fao.org/righttofood/about-right-to-food/en/>

Mixed crop field / Ladang campuran



adopted in May 2012, are acclaimed for having secured international agreement by governments, and for putting emphasis on the rights and needs of marginalised people. Another round of CFS consultations on responsible agricultural investment, which includes civil society groups, is expected to start in November 2012.<sup>41</sup>

The arguments for and against voluntary principles or guidelines have been well rehearsed: on the one hand such standards can be used to raise awareness about issues and impacts, and provide opportunities for communities whose lives have already been negatively affected by landgrabbing to seek some measure of redress; on the other hand, they are voluntary, meaning that there are no real sanctions when companies fail to adhere to them. Moreover, the 'damage limitation' opportunities such standards may offer can be seen as a distraction from the more fundamental problems. In the case of landgrabbing these include increasing inequality in access to and control over land.

GRAIN argues: "rather than help financial and corporate elites to "responsibly invest" in farmland, we need them to stop and divest. Only then can the quite different matter of strengthening and supporting small-scale rural producers in their own territories and communities succeed, for the two agendas clash."<sup>42</sup> GRAIN and other CSOs protesting outside the World Bank Conference on Land and Poverty in Washington, April 2012, accused the Bank of promoting the PRAI "to legitimise the global capture of people's lands by big corporate investors for industrial agriculture" and accused the Bank of acting in total impunity. A joint statement titled "World Bank: get out of Land!" called on countries to stop the impunity and instead fully comply with their human rights obligations.<sup>43</sup>

A human rights-based approach to agribusiness expansion - which involves ensuring that states fulfil their obligations under international human rights law - is advocated in the Bali Declaration on Human Rights and Agribusiness in Southeast Asia, signed December 2011 (see box, previous page). While voluntary initiatives such as the PRAI, Voluntary Guidelines, as well as the Principles and Criteria of the Roundtable on Sustainable Palm Oil (RSPO) are recognised, these, says the Declaration, must be complemented by actions by States "to comply fully with their human rights obligations, including the right to food, the rights of peoples to freely dispose of their natural wealth and resources and the right not to be deprived of a means of subsistence."<sup>44</sup>

## The real investors

Land is indeed at the heart of a global "resources-grab" which includes water, minerals, oil, gas, forests and marine life.<sup>49</sup>

## What kind of land?

Recent research confirms what is painfully obvious for communities at the sharp end of land deals. Land is being grabbed from existing users. It is not, as governments, investors and other supporters of the land deals continue to claim, unused or underused land, ripe for development.

The FAO confirms that on a global scale, there is little land left for the expansion of agricultural land. At present more than 1.5 billion hectares of land is used for crop production (arable land and land under permanent crops) but "there is little scope for further expansion of agricultural land. Despite the presence of land potentially suitable for agriculture, much of it is covered by forests, protected for environmental reasons or employed for urban settlements."<sup>46</sup>

Oxfam has dismissed the 'unused land' claim, arguing that much of the land targeted by investors is quality farmland, already being used for small-scale farming, pastoralism and other types of natural resource use.<sup>47</sup>

The dangers of continuing the empty land myth are spelled out more fully by Bali Declaration: "While many land development programmes and policies focus on areas considered to be "empty", "marginal" or "degraded", States should recognize that there are few areas truly unoccupied or unclaimed, and that frequently land classified as such is in fact subject to long-standing rights of use, access and management based on custom. Failure to recognize such rights will deprive local communities and indigenous peoples of key resources on which their wealth and livelihoods depend."<sup>48</sup>

Current trends to commodify, or enclose nature go hand in hand with the massive transfer of land from the hands of small-scale farmers and local communities into the control of large-scale corporations, and their financial backers.

Yet evidence is accumulating that local communities and indigenous peoples offer more effective means of using and protecting the world's dwindling natural resources than do big companies, or large-scale state interventions.<sup>50</sup> They have much more than anyone else 'invested' in their land and the natural resources they depend on: time and effort (sometimes amounting to generations-worth), expertise and traditional knowledge, as well as their own wealth. For many communities, their investment in the land extends to their whole socio-cultural life and identity as peasant farmers or indigenous peoples.

It is time decision-makers paid more attention to the demands and rights of these communities and put more effort into tackling over-consumption and restraining the markets to ease the pressures on food and land which are taking such a heavy toll on the poor.

*Many thanks to Anna Bolin for her inputs to this article.*

## Notes

1. See article in *DTE* 89-90, December 2011.
2. See discussion on the impacts of higher meat production and consumption in China in 'Who will feed China: Agribusiness of its own farmers? Decisions in Beijing echo around the world', GRAIN, 4/Aug/2012 at [www.grain.org](http://www.grain.org)
3. 'Resource Depletion: Opportunity or looming catastrophe?' *BBC News* 12/Jun/2012
4. See article in *DTE* 89-90, December 2011.
5. The Matrix (<http://landportal.info/landmatrix>) was set up by International Land Coalition (ILC) and Landtenure.info. It collates and seeks to verify records of agricultural land deals in low and middle income countries in the Global South and Eastern Europe, involving transnational companies which are over 200 hectares in size, have been concluded since the year 2000 and that entail a transfer of rights to use, control or own land through sale, lease or concession.
6. See *Transnational Land Deals for Agriculture in the Global South*, by Ward Anseeuw, Mathieu Boche, Thomas Breu, Markus Giger, Jann Lay, Peter Messerli and Kerstin Nolte, April 2012, at <http://landportal.info/landmatrix/get-the-detail#analytical-report>, accessed 1/10/2012.
7. Extent of farmland grabbing for food production by foreign interests: how much agricultural land had been sold or leased off?, GRAIN, <http://www.grain.org/media/BAhbBlsHOgZmSjBMjAxMS8xMi8xNC8xMV8zNF8yNl8xMzNfZm9yZWlnbmlzYXRpb25fdGFibGVfZGVjXzlwMTFfRU4ucGRmBjoGRVQ/foreignisation%20table%20dec%202011%20EN.pdf>, accessed 3/10/12.
8. GRAIN releases data set with over 400 global land grabs, 23 Feb 2012, <http://www.grain.org/article/entries/4479-grain-releases-data-set-with-over-400-global-land-grabs>, accessed 3/10/12
9. New literature looks at "water grabs" for the wider consequences of large-scale farm projects as they consume the lion's share of local water resources. See *Guardian* 31-08-12. See also Ben White, Saturino M Borrás Jr., Ruth Hall, Ian Scoones and Wendy Wolford. 'The new enclosures: critical perspectives on corporate land deals' *Journal of Peasant Studies*, July 2012.
10. A useful discussion of greengrabbings can be found at <http://www.ids.ac.uk/news/appropriating-nature-green-grabbing>
11. 'World Bank: get out of land!' Statement, signed by Campagna per la Riforma della Banca Mondiale, FIAN International, Focus on the Global South, Friends of the Earth International, GRAIN, La Via Campesina, and

*(continued on page 20).*



# When Indigenous People fight for their land rights

*A protracted land conflict in Aceh involving communities, a plantation company and a struggle for authority between central and regional authorities.*

By Zulfikar Arma, Aceh's Indigenous Peoples Network (JKMA)

Land disputes and conflicts appear to be growing in number, intensity and diversity. This is happening along with an increasing level of difficulty for communities to establish ownership of land and a widening gap between the bargaining positions of the three main actors wanting to secure land rights: the government, the private sector and communities.

These conflicts are usually rooted in a failure to deal with matters properly or thoroughly in the past. Land prices are going up as demand grows and the land supply becomes more limited. This is prompting a rush to claim ownership over land, without strong evidence or clear proof. Things are made more complex if third parties get involved who are not acting in good faith. A dispute will become hard to resolve if one side insists it is right and is not willing to discuss the matter.

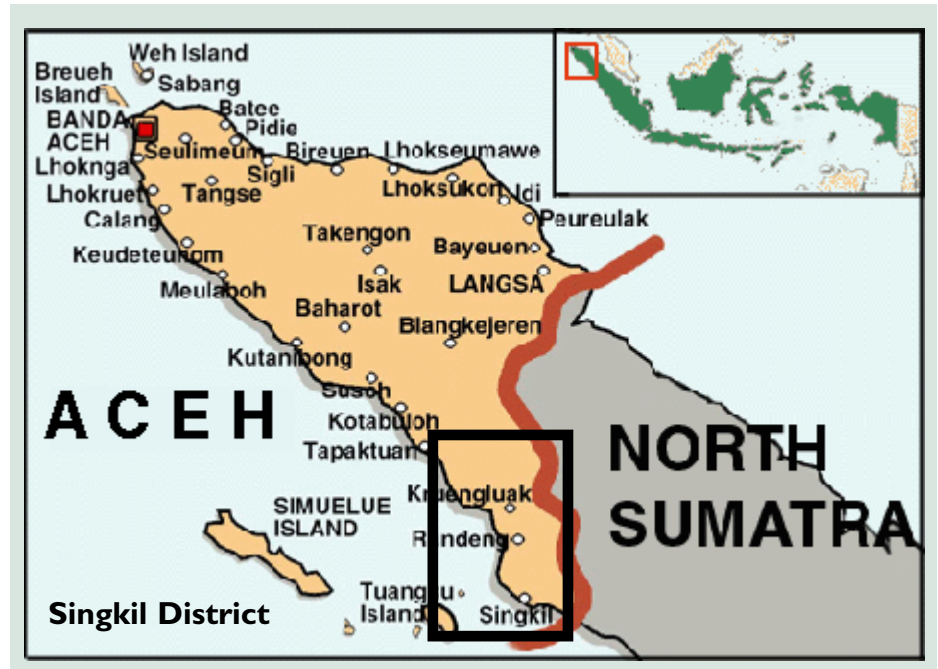
Problems over disputed land centre on the land itself, its boundaries, extent, status, legal ownership, the rights over the land, and the transfer of those rights. Where disputes involve government officials or the private sector, usually there are problems related to the location and extent of the land, its release, vacating the land, compensation or other payments, and the extinguishing or withdrawal of rights over it.

Land problems may also involve local people using land in forests, violations of land reform legislation, access to land for development, civil land disputes and community demands for customary rights - communal as well as individual. Another cause of problems is the lack of understanding on all sides about land legislation.

## Conflict in Aceh Singkil, the land of Hamzah Fanshuri

Aceh Singkil district has a land area of 3,578 km<sup>2</sup>, and consists of 11 subdistricts, 23 *Mukim*,<sup>2</sup> and 190 *Gampong*.

The majority of Aceh Singkil's land is in the hands of oil palm companies. There are seven oil palm plantation companies active in the district: PT Socfindo, in Gunung Meriah subdistrict with a concession of 4,414.18 ha; PT Lembah Bakti in North Singkil district (6,570 ha); PT Delima Makmur in Danau Paris subdistrict (12,173.47 ha), PT



Map of Aceh showing the rough location of mainland Singkil district, bordering North Sumatra province.

Ubertraco/Nafasindo<sup>3</sup> in Kota Baharu subdistrict (13,924.68 ha); Lestari Tunggul Pratamadi in Danau Paris subdistrict (1,861 ha); PT Telaga Zam-zam in Gunung Meriah (100.05 ha) and PT Jaya Bahni Utama in Danau Paris subdistrict (1,800 ha). Of these seven companies, PT Ubertraco/Nafasindo is still in conflict with the community.

The land conflict in Aceh Singkil between the local community and PT Ubertraco/Nafasindo, a Malaysian-owned company, is rooted in the same problem as many land conflicts across Indonesia: where a company holds a HGU (right of exploitation/cultivation) over an area, but has not actually developed parts (or any) of the land for a long period.

Ubertraco/Nafasindo, whose HGU concession was issued for a forested area in Kota Baharu district in 1988, did not develop plantations on much of the land. This can be seen from the state of the land on the ground, where a part of the concession area has not been cultivated. The fact that there were no marked boundaries to the concession, became another problem in this dispute, and it was never clear what land was included in the

HGU concession and what was unclaimed state land.

Local communities used the undeveloped parts of the concession land to support their livelihoods. Currently, around four thousand households from 22 villages in Aceh Singkil are using most of this disputed land and many of them claim ownership. They back their claims with land registration certificates, land rights certificates issued by the state land agency (BPN) and decisions of the Supreme Court from 2009.

Over six years ago, the company agreed to hand over parts of the HGU concession for community use. A document co-signed by Aceh Singkil district security council<sup>4</sup> and PT Ubertraco on 30th August 2006, stated "...if there is community land in the HGU, this should be excluded from the HGU because it has been neglected for 20 years." A separate document, issued by the Aceh Singkil district head the following year confirmed that only part of the HGU concession was being cultivated by the company, and that, since the boundaries were not marked, the community was using the rest.

## The role of the government in land conflict resolution

Since the community first reported the land problem to the Aceh Singkil district government in 2006, there have been various meetings and actions involving the district government, the district BPN office, the company, the 22 village communities, the Aceh government and the provincial BPN office. Various agreements have been reached and various decisions have been issued. The actions taken include documentation of the dispute and verification by the 22 villages, and collection of land rights documents. In 2010, the HGU concession was re-surveyed and re-mapped. This led to 4,000 hectares being determined as community land to be excised from the company's HGU plantation area.<sup>5</sup> All these actions were facilitated by and involved the provincial and district governments and also involved technical institutions of the provincial and district BPN offices, plus communities and company.

Eventually, in 2011 the provincial Aceh government, through the then governor Irwandi Yusuf, issued a letter to the district head with instructions to solve the conflict as follows:

- ♦ The land that was already planted with oil palms or had been cultivated by PT Ubertraco/Nafasindo but which, according to the redrawing of the boundary by the provincial BPN office, fell outside the company's HGU area, was to be transferred to the community via the district government, accompanied by the Singkil-based NGO Gempa, and under the supervision of the provincial government.
- ♦ The public facilities, state assets, settlements and lands cultivated by the community inside the company HGU should be made into enclaves for community use.

*"If the government wants to issue HGU licences, it should first have a look at the situation on the ground, to avoid mistakes later on. A lot of data used by the government is old and needs updating."*

*Every activity, programme or project a company or the government wants to carry out which will have an impact on the community (whether this is a positive or negative impact) should go through a process of Free, Prior and Informed Consent (FPIC) to prevent conflicts further down the line."*

Zulfikar Arma

- ♦ Permanent boundary markers needed to be put in to replace the temporary boundary markers installed following the redrawing of the boundary by the Aceh provincial BPN office.

PT Ubertraco/Nafasindo objected to these instructions and lodged an appeal in the administrative court, but this appeal was rejected in mid-2011.

Towards the end of the year and over the first months of 2012, instructions from the governor for the boundary work to go ahead were issued. However the work - which involved two people each from the provincial and district land conflict resolution teams and two people from the company, with police security assistance - was delayed several times, not least because the police were needed to provide security at the local elections in February 2012.

## Meeting of TAPKAS (Aceh Singkil Land Conflict Advocacy Team)

Eventually, on 21st June 2012, the boundary posts were put in. However, it was the national office of the BPN, not the district and provincial offices that took charge of this. The new boundary was rejected by the local community because it was not based on the revised boundary of 2010, which had been agreed upon by the community and PT Ubertraco/Nafasindo. This prompted a direct field investigation by the legal aid organisation LBH Banda Aceh, the Aceh Human Rights NGO Coalition, JKMA and Kontras Aceh, who formed a joint advocacy team called TAPKAS. Their findings included:

1. The original HGU concession issued in 1988 covered 10,917 hectares but this had been mostly left unattended until 2004. Before the concession was issued, the community had managed the forests, utilising non timber forest products such as rattan, tree resins (*damar* and *gaharu*), sandalwood, the raw materials for mosquito repellent, honey, shellfish etc. When the HGU was issued to PT Ubertraco, at first many people did not know about it because there were no boundary posts. Due to the lack of marked boundaries and the land being left undeveloped, from then on part of the HGU land continued to be used by the community to harvest non-timber forest products and plant durian, mango, langsat and other fruit trees.
2. The permanent boundary posts were put in by the Central BPN office without involving the Singkil authorities, the community or the local BPN office. Technically the permanent boundary markers were installed by employees of Ubertraco/Nafasindo without any BPN staff being there (apart from for two

symbolic marker posts). Several markers were even put in at night, for reasons unclear.

3. The boundary markers were not put in according to the coordinates taken during the boundary revision in 2010.
4. The Singkil BPN office issued certificates which overlap with the disputed land: land ownership rights in the name of individuals overlap with the HGU certificates in the company's name. There were also proofs of land ownership in the form of decisions on appeals from the Supreme Court.
5. The oil palm plantation land managed by the community, as well as the areas under cultivation by the company in Singkil district are in an area of peatland (on average more than 2 metres deep) which are an integral part of the Singkil Swamp Wildlife Reserve.
6. Part of the Ubertraco's HGU area is covered by customary ownership rights of the indigenous Galagala people<sup>6</sup> who have owned it for many years under individual as well as communal rights (as confirmed in a letter from the Galagala Raja transferring customary land ownership rights to the Galagala people on condition that this land cannot be traded).
7. A water source, the Lae Bungara Lake, in Lentong village, Kuta Baharu subdistrict, is located inside the oil palm plantation HGU land. Palms have been planted up to around 5 metres from the edge of the lake.
8. The central BPN office has annulled the whole resolution process undertaken by the provincial and district government teams. Moreover, BPN central office has also declared that the map drawn up by BPN Aceh, which the result of resurveying the land in 2010, cannot be used because it is illegal.

Efforts to resolve the land conflict in Aceh Singkil have been carried out by the government, both at district and provincial levels, but up to now, there has been no agreement between the community and the company involved.

The biggest problem is the conflict of interest and policy between centre and region, where steps taken by the central BPN office represent a failure to respect Aceh's autonomy. There is now a time bomb waiting to go off in Singkil because BPN central office overrode the decisions and agreements made at regional level.

With the election of a new leader in Aceh, we all hope that this conflict can be swiftly resolved and that a new leader means new energy to resolve conflicts in Aceh, especially the one in the Land of Hamzah Fanshuri.

### Notes

1. Aceh Singkil is known as the Land of Hamzah Fanshuri - a well-known Ulama (Muslim scholar) during the Sultanate of

(Notes continue bottom of next page)

# Agrofuels: key driver in new landgrabbing wave

*Agrofuels are often promoted by the agrofuels industry, investors and government officials as a means of providing livelihoods for rural communities, but how does this square with the fact that agrofuels are part of the landgrabbing problem in countries like Indonesia?*

The pro-agrofuel argument is that crops grown for fuels can help mitigate climate change by reducing carbon emissions because they can be used instead of fossil fuels for energy and transport. They can also fight poverty, according to these arguments, by providing livelihoods for farming communities.

In reality, however, agrofuels are taking a heavy toll on people and environment. Frequently, the impacts on small scale farmers, local communities and the environment are devastating. Many agrofuels are also bad for the climate because carbon-rich forests and peatlands are (directly or indirectly) cleared to grow them.<sup>1</sup> However, as with many policy developments which pitch business and political interests against the environmental and social interests of the poor, these impacts are often inaccurately measured or conveniently overlooked.

## EU-RED boosting the palm oil boom

The long-lived palm oil 'boom'<sup>2</sup> has been the staple in Indonesia's national income for over three decades. In 2008, oil palm exports/sales/income represented 2.8% of the country's GDP.<sup>3</sup> Since Indonesia's economic collapse in 1997-98, palm oil has been a key commodity asset in President Susilo Bambang Yudhoyono's push to increase foreign investment. Exports of crude palm oil, refined palm oil and palm kernel oil have increased from US\$ 8.7 billion in 2007 to \$20.4 billion in 2011. India, China and Malaysia are the top destination countries for palm oil exports.<sup>4</sup>

More recently, the palm oil boom has been boosted by market expansion of agrofuels resulting from the European Union's Renewable Energy Directive (RED).<sup>5</sup> The RED requires each EU Member State to ensure that 10% of their transport fuel consumption is generated from renewable energy sources by 2020.<sup>6</sup> The prospect of a



*Oil palm fruit*

long-term lucrative European market for agrofuels has generated investor confidence in palm oil and a strong incentive for commercial investment in land acquisition for agrofuel plantation development.<sup>7</sup> Producing palm oil for the global commodity markets continues to be an attractive economic-development pathway for Indonesia<sup>8</sup> and government targets have now been set to increase palm oil production by 15 million tonnes by 2020, from 25 million tonnes in 2012 to 40 million tonnes.<sup>9</sup>

## Agrofuels: key driver

Market opportunities for bioenergy production are inflating a "new bubble" of speculative investments or landgrabs.<sup>10</sup> The EU's thirst for biodiesel from palm oil to fulfil EU RED targets for renewable energy threaten to drive yet more land acquisitions in Indonesia. Over three quarters of the EU's agrofuels consumption will be met by biodiesel,<sup>11</sup> 20 per cent of which is projected to originate from palm oil produced in Indonesia and Malaysia.<sup>12</sup> In parallel, agrofuels continue to feature prominently in Indonesian government development plans,<sup>13</sup> with a predicted increase in biodiesel production

from 1.8 billion litres in 2012 to 2.2 billion litres in 2013 and a conservative projected increase in exports to 1.5 billion litres in 2013.<sup>14</sup>

Translated into land figures, over 60 million hectares- an area nearly five times the size of England - could be converted to palm oil (for both fuel and non-fuel use) and agrofuel production by 2030.<sup>15</sup> According to the International Land Council (2011), 60 percent of grabbed lands are devoted to biofuels.<sup>16</sup>

As Santurino et al (2012) state, "There is no consensus as to how much land has been changing hands and on the methodologies of identifying, counting and quantifying land grabs" This is particularly the case when trying to assess the more complex impacts of landgrabbing in Indonesia resulting directly from EU demand for palm oil for biodiesel. This is largely because palm-oil is a 'flex-crop' with multiple markets and uses, making it difficult to separate out whether crops like palm oil are being grown for fuel or non-fuel markets at any one time.<sup>17</sup> However, there is a consensus that landgrabbing is underway and that it is significant (White et al. 2012)<sup>18</sup> and it is evident that Europe's reliance on biodiesel to fulfil renewable energy targets could have significant land-use implications. Indeed, recent evidence suggests that globally, two thirds of big land deals in the past ten years are to grow crops that can be used for biofuels, such as palm oil and jatropha.<sup>19</sup>

## 'Virtual' landgrabbing - profiteering from 'vacant' land

Oil palm has a history of delivering a high rate of return, making it an attractive and reliable investment product. The 2020 deadline for the EU RED renewable energy targets has sparked a commercial scramble to grab vast

*(continued next page)*

*(continued from previous page)*

- Iskandar Muda. Hamzah Fanshuri came from Aceh Singkil and is buried there.
- A *mukim* is the Acehnese customary legal unit of governance between *gampong* (the lowest level of customary governance) and sub-district.

- PT Ubertraco changed its name to PT Nafasindo in 2007
- The Muspida - Musyawarah Pimpinan Daerah in Singkil includes district level police, military, legal and religious leaders - DTE.
- See <http://aceh.tribunnews.com/2012/11/29/>

- masyarakat-tolak-patok-permanen-nafasindo
- The indigenous Galagala people are a small 'kingdom' whose territory covers part of Aceh Singkil district. They use the land to live on and to farm.♦

swathes of land, quickly. This often results in failure to gain the consent of local communities whose livelihoods, local biodiversity and social and cultural wellbeing are dependent on the land. This situation is further exacerbated by the lack of Indonesian State policies and enforceable EU RED social sustainability criteria to ensure that local communities' land rights are recognised and their right to give or withhold their free prior

## The "Jatropha hype"

Jatropha, an oil-seed-producing shrub from Central America has recently been favoured as a potential alternative feedstock in the production of biodiesel. One of jatropha's key qualities is its capacity to grow on marginal land (see also page 14). Those in the business community, and government, who support the expansion of first generation biofuels, have been actively promoting jatropha as potential solution to the 'food not fuel' conflict surrounding agrofuels production. However, many of the positive attributes of jatropha, including claims of high yields with low inputs, drought tolerance and pest and disease resistance, have not been scientifically verified.<sup>20</sup>

As is the case for most agrofuel feedstocks, assessments of the social and environmental impacts of jatropha are often inadequate because they are based on projections from extrapolations and estimates rather than neutral, independent scientific research, observations and empirical evidence. They do not sufficiently consider key agronomic and ecological factors of the jatropha's performance as an industrial-scale crop. Small-scale trial plantings do not provide a realistic context in which to assess Jatropha performance as an industrial-scale crop. When planted on a large-scale as a monoculture crop (or as part of an inter-cropping system), Jatropha competes with other crops for natural resources such as radiation (heat and light from the sun), water and nutrients and thus behaves differently than in small scale plantings. But no long-term, detailed, realistic agronomic studies have been carried out on the yield and resource efficiency of jatropha at the industrial scale or within a business model.

Jatropha must be allowed onto the agrofuels market only if it can pass stringent environmental, social and economic tests. If it fails, the claims about jatropha's potential as a champion agrofuel feedstock will indeed, be exposed as commercial hype.

*This text is based on information in: Peter Baker & Zoheir Ebrahim, Jatropha - An Update Part 5: A systemic knowledge failure, CABI UK, 2012*

and informed consent (FPIC) to projects targeting their areas are respected.

Landgrabbing is also a highly speculative exercise which can reap significant rewards for the savvy entrepreneur. For those who lack the capital to implement a designated project or who see the potential to 'buy now, develop later', acquiring land for oil palm development can be a prosperous business. This approach to land acquisitions has been termed 'virtual-land grabbing'.<sup>21</sup>

What McCarthy et al term 'virtual land-grabs' feature a "gap between plans as stated and schemes as implemented". Companies may claim they are acquiring land for agrofuel production, and say they are contributing to global efforts to solve the climate and energy crisis. In reality, large areas of land is acquired and immediately cleared then left vacant as a capital investment for future development or profitable sale. These acquisitions are a strategy for investment risk mitigation which allows companies to pursue their own interest by securing the area for future expansion, generating up-front capital (largely through selling off the timber) and offsetting plantations investment costs.<sup>22</sup> Some estimates show that European firms have already claimed over five million hectares of land for agrofuel development across the global South.<sup>23</sup>

According to John McCarthy (2012), "virtual land acquisitions associated with oil palm are now very extensive: by 2010, 26 million ha of oil palm plantation licenses had been issued, despite a capacity only to plant around 500,000 ha of oil palm each year".<sup>24</sup> State authorities have the provisions to remove concessions when land remains unproductive for long periods of time, but commonly fail to use them.<sup>25</sup> Consequently, millions of hectares of forested or marginal land<sup>26</sup> which is otherwise essential as a carbon store, for biodiversity and natural resources conservation or as agricultural land for food crops, lay to waste, in some cases for up to a decade or more.<sup>27</sup>

## Binding sustainability criteria

In terms of winners and losers in the agrofuels boom, it is clear that commercial interests come out on top. As long as food crops, such as palm oil, are legitimised for energy generation, land availability for food production and rural livelihoods will be undermined.

The EU RED was established when the impacts of first generation agrofuels on people and the environment were poorly researched, understood or anticipated. As a result, it is fuelling the transformation of land into a global commodity – at the expense of climate, environment and people. The European Commission has a responsibility to correct policy mistakes by introducing binding social sustainability criteria for agrofuel

production and taking strong action towards removing first generation agrofuels from the EU's renewable energy targets.

## Notes:

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2. Casson, A. 2000. *The hesitant boom: Indonesia's oil palm sub-sector in an era of economic crisis and political change*. Occasional Paper No. 29. Center for International Forestry Research, Bogor, Indonesia.
3. Rizaldi Boer, Dodik Ridho Nurrochmat, M. Ardiansyah, Hariyadi, Handian Purwawangsa, and Gito Ginting *Reducing agricultural expansion into forests in Central Kalimantan Indonesia: Analysis of implementation and financing gaps* Center for Climate Risk & Opportunity Management Bogor Agricultural University 2012
4. Indonesian Ministry of Trade statistics at <http://www.kemendag.go.id/en/economic-profile/indonesia-export-import/export-growth-hs-6-digits>, and <http://www.kemendag.go.id/en/economic-profile/10-main-and-potential-commodities/10-main-commodities>.
5. *The Global Land Grab: A Primer*. Transnational Institute Agrarian Justice Programme, October 2012. Available from: [http://www.tni.org/sites/www.tni.org/files/download/landgrabbingprimer\\_0.pdf](http://www.tni.org/sites/www.tni.org/files/download/landgrabbingprimer_0.pdf).
6. Article 3, (4). Renewable Energy Directive. See DTE's agrofuels updates for more details on the RED and EU policy at <http://www.downtoearth-indonesia.org/campaign/agrofuels-and-oil-palm-plantations>.
7. *The Global Land Grab: A Primer*. As above.
8. Stockholm Environment Institute. Studies reveal palm oil impacts in Southeast Asia, propose EU policy changes. 16 October 2012. Available from: <http://www.sei-international.org/-news-archive/2491?format=pdf>
9. Rizaldi Boer, Dodik Ridho Nurrochmat, M. Ardiansyah, Hariyadi, Handian Purwawangsa, and Gito Ginting *Reducing agricultural expansion into forests in Central Kalimantan Indonesia: Analysis of implementation and financing gaps* Center for Climate Risk & Opportunity Management Bogor Agricultural University 2012
10. De Schutter, O. 2011. How not to think of land-grabbing: three critiques of large-scale investments in farmland. *Journal of Peasant Studies*, 38(2), 249-79.
11. Stockholm Environment Institute. Studies reveal palm oil impacts in Southeast Asia, propose EU policy changes. 16 October 2012. Available from: <http://www.sei-international.org/-news-archive/2491?format=pdf>
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(See online version of this article at <http://www.downtoearth-indonesia.org/story/agrofuels-key-driver-new-landgrabbing-wave> for full endnotes.)

# How much land?

## Snapshots of corporate control over land in Indonesia

Many of Indonesia's wealthiest business players control extensive landholdings for large-scale projects such as oil palm and pulpwood plantations, mining, oil and gas, logging, tourism and property. Some of the country's highest earning conglomerates, including the Bakrie Group and the Royal Golden Eagle Group have interests in several sectors which demand large areas of land.

The following snapshot pictures of corporate landholdings are compiled from company data collected from their own websites, plus additional sources where indicated. Company information on the extent of landholdings for plantations in particular tends to reflect the areas that have been actually planted, and not the extent of undeveloped land in their 'land banks'. These land bank areas are often far larger than the area already planted.

### PT Bakrie & Brothers Tbk

(<http://www.bakrie-brothers.com>) has seven divisions, which include plantations, mining, oil and gas companies whose landholdings are extensive. The Bakrie Group ranked 7th in *Jakarta Globe's* top corporate earners table for 2012.<sup>1</sup>

#### Bakrie Sumatra Plantations

manages a total oil palm planted area of 92,200 hectares, plus 11,438 hectares of 'plasma' estate managed by smallholders plus 18,921 hectares of rubber in Sumatra, Central and South Kalimantan (2011 figures).

Its coal concessions managed through **Bumi Resources** amount to 187,182 hectares in Kalimantan and Sumatra, while non-coal mining concessions cover 289,919 hectares in Gorontalo, Sulawesi; Central and South Sulawesi, North Sumatra and East Nusa Tenggara provinces. The Group also has overseas concessions in Mauritania and Liberia.

Oil and gas exploration and production through **PT Energi Mega Persada Tbk** is in concessions covering an area of more than 28,000km<sup>2</sup> (some of which is offshore) and includes coal bed methane projects.

The group's property division, **Bakrieland Development**, is the largest developer in Jakarta's central business district where it has developments covering 53.5 hectares, and controls 25% of apartment supply. It also has property investments in areas near the capital plus a 15,000 hectare land bank in prime locations in Jakarta, Bogor, Lampung and Balikpapan, Kalimantan.



Bakrie Group has attracted a lot of criticism over recent years due the Central Java mudflow disaster, the impacts of its coal operations at its Kalimantan mines, tax evasion accusations and the race for the next presidency (Aburizal Bakrie is standing).<sup>2</sup>

**Wilmar:** (<http://www.wilmar-international.com/>) as at 31 December 2011, Singapore-based Wilmar held oil palm plantations covering approximately 247,081 hectares (ha) of planted area of which about 74% is located in Indonesia (Sumatra, West Kalimantan and Central Kalimantan), 24% in East Malaysia and 2% in Africa. In addition to holding land rights to plantation land, the company managed approximately 38,021 ha of oil palm plantation under the 'plasma' smallholder scheme in Indonesia. Wilmar is the biggest palm oil refiner in Indonesia and Malaysia, the world's biggest palm oil processor and seller and its largest palm biodiesel producer.

The UK-based NGO Forest Peoples Programme notes that Wilmar has a land bank of over 600,000 hectares. The company has been widely criticised for taking over communities' lands without their consent, for clearing forests and illegal burning and involvement in human rights abuses. Land disputes between Wilmar - a prominent member of the Roundtable for Sustainable Palm Oil - and local communities are numerous, as are conflicts over the way it treats smallholders.<sup>3</sup>

Fourth highest earner on *Jakarta Globe's* list, Wilmar also came worst out of 500 companies in *Newsweek's* green rankings for 2012.<sup>4</sup>

### Jardine Matheson:

(<http://www.jardines.com/>) via Jardine Strategic, Jardine Cycle & Carriage Ltd, PT Astra International Tbk, **PT Astra Agro Lestari Tbk (AAL)**, holds 266,856 hectares of oil palm plantations in Sumatra, Kalimantan and Sulawesi.

Jardine Matheson is incorporated in Bermuda, is listed on the London Stock Exchange, and has secondary listings in Bermuda and Singapore. The company operates from Hong Kong.

According to *Jakarta Globe*, Astra International's predicted revenue in 2012 is \$15.8 billion, up from 12.8 billion last year, making it Indonesia's highest corporate earner. Jardine Matheson's Chairman is Sir Henry Keswick, who has made donations to the UK's ruling Conservative Party.

PT AAL has been accused of destroying forests in the Tripa peat swamp area of Aceh.<sup>5</sup>

### Royal Golden Eagle Group

(<http://www.rgei.com>), a private company owned by Sukanto Tanoto, has large landholdings in agribusiness through its **Asian Agri** subsidiary, and pulpwood plantations, through **APRIL**.

Asian Agri has plantations in three provinces in Sumatra covering 100,000 hectares of plantations managed by the company, plus 60,000 hectares of smallholders plantation.

APRIL's Sustainability Report for 2010 states that the company manages over 1.45 million hectares of forest land, including forest lands licensed to joint-venture supply partners. It claims that 19% of the land is conserved as natural forest and 25% is occupied by community enclaves, community livelihood plantations and essential operational infrastructure. Meanwhile 51% of the forest lands licensed to APRIL Indonesia are used to establish pulpwood plantations of Acacia, Eucalyptus and Melaleuca species.<sup>6</sup>

Another RGE subsidiary, **Sateri** owns and operates 150,000 hectares of freehold plantation land in Brazil, of which approximately 84,000 hectares are planted with eucalyptus.

Meanwhile, RGE's energy subsidiary, Pacific Oil & Gas, holds three concession blocks in Sumatra: Jambi Merang, Kisaran - covering 2,178km<sup>2</sup> - and Perlak in Aceh.

RGE comes 10th on the *Jakarta Globe's* highest revenue earners' table of Indonesian companies. Along with Indonesia's other major pulp and paper producer APP of

the Sinar Mas Group, APRIL's operations have been widely criticised for destroying forests and taking over community land. Together APRIL and APP account for around 80% of Indonesia's pulp and paper production.

**Sinar Mas Group**, led by Eka Tjipta Widjaja, holds a total planted area of 138,959 hectares through subsidiary **PT SMART**, according to its website. The Group is listed third biggest earner on *Jakarta Globe's* 2012 list.

Sinar Mas' pulp and paper business unit **APP** is supplied by **Sinar Mas Forestry (SMF)** which operates in Sumatra and Kalimantan. According to the company's website, "SMF and its partners' projected plantable area is around 1.4 million hectares, in which over 70% consists of denuded wasteland."<sup>7</sup> Like APRIL, APP has been criticised for practices that destroy forests and livelihoods.

Like the Bakrie Group, Sinar Mas also has a property division, Sinar Mas Land Ltd, listed on the Singapore Stock Exchange, which invests in commercial property, hotels and resorts in Indonesia as well as Malaysia, Singapore and China. BSD City, a satellite city project in West Java being developed over a 6,000 hectare area is the company's major revenue earner. Sinar Mas Land claims to hold one of the biggest landbanks around Jakarta. <http://www.sinarimas.com/en/business-units/>, <http://us.sinarimasforestry.com/>

Indonesia's **Salim Group** has subsidiaries operating in food, agribusiness, real estate, hotels and resorts, infrastructure and chemical manufacturing among other sectors. **Indoagri** (Indofood Agri Resources, <http://www.indofoodagri.com/business.html>), a subsidiary of Indofood, is listed on Singapore stock exchange. At the end of 2011 the company held 216,837 hectares of planted oil palm, plus another 38,152 hectares of rubber, sugar and other plantation crops. It also lists a smallholder area of oil palm and rubber extending to 85,719 hectares.

Salim Group is second only to Jardine Matheson in *Jakarta Globe's* list of top revenue earners in 2012.

Indoagri's listed subsidiary, **PT Lonsum**, has had a long and controversial history surrounding its operations, including the fatal shooting of indigenous people at a plantation in Sulawesi in 2003.<sup>8</sup>

**Korindo Group**: (<http://www.korindo.co.id/>) Korindo's Asiki Forest Management Division holds 677,535 hectares plus three oil palm plantation blocks, totaling 56,217 in Papua. Its timber plantations division holds 97,850 hectares in Central Kalimantan.

Korindo's operations in Papua were associated with problems over land rights, access to resources and the influx of non-Papuan workers in a 2007 report by International Crisis Group. The Institute for Papuan Advocacy and Human Rights also

reported fatal clashes between employees and indigenous Muryu people.<sup>9</sup>

#### Notes

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2. [http://www.thejakartaglobe.com/pages/downloads/52-54-56\\_List.pdf](http://www.thejakartaglobe.com/pages/downloads/52-54-56_List.pdf)
3. See <http://www.downtoearth-indonesia.org/story/indonesian-coal-company-london-stock-exchange>
4. <http://www.thedailybeast.com/newsweek/2012/10/22/newsweek-green-rankings-2012-global-500-list.html>
5. See FPP website <http://www.forestpeoples.org/tags/wilmar-international> and <http://www.downtoearth-indonesia.org/story/communities-force-wilmar-address-bad-practices-for-more-background>.
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7. <http://www.aprilasia.com/images/pdfs/APRIL%20SR.pdf> (Sustainability Report 2010, p.47).
8. [http://us.sinarimasforestry.com/productio\\_n\\_sfm\\_plantation.asp?menu=5](http://us.sinarimasforestry.com/productio_n_sfm_plantation.asp?menu=5). See 'What kind of land?' box on page 14 for a note on why such phrases as "denuded wasteland" should be treated with scepticism.
9. <http://www.downtoearth-indonesia.org/story/brief-dte-59-november-2003> ♦



(continued from page 14)

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12. *The Guardian* 4/Oct/2012.
  13. *Wall Street Journal*, 6/Sep/2012
  14. *Wall Street Journal*, 6/Sep/2012
  15. Why are the FAO And The EBRD Promoting The Destruction Of Peasant And Family Farming?, 15/Sep/2012. Common Statement of La Via Campesina - GRAIN - FoEI - Coordinadora Latinoamericana De Organizaciones Del Campo (CLOC) - Re:Common - World March of Women - ETC Group - Latin American Articulation of Movements Toward ALBA. Da Silva has also made public comments that appear to support small-scale farming, see for example: <http://www.fao.org/news/story/en/item/159244/icode/>.
  16. World Bank: <http://www.worldbank.org/en/news/2012/08/30/severe-droughts-drive-food-prices-higher-threatening-poor>

17. FAO (<http://www.fao.org/news/story/en/item/155659/icode/>), World Development Movement (WDM) European Parliament vote on legislation to regulate financial markets: text falls short of what is needed to tackle food speculation, By Miriam Ross, 27 September 2012, at <http://www.wdm.org.uk/food-and-hunger/european-parliament-vote-legislation-regulate-financial-markets-text-falls-short-wha>, accessed 1/10/12.
18. Food Price Watch, August 2012 at <http://reliefweb.int/report/world/food-price-watch-august-2012>, accessed 1/10/2012.
19. See WDM, <http://www.wdm.org.uk/blog/infographic-how-banks-cause-hunger>. Oxfam estimated that the number of people without enough to eat could soon be more than 1 billion - see <http://www.oxfam.org/en/grow/issues/food-price-spikes>. CAFOD's estimate is a billion - equivalent to the combined population of the USA, Canada and the EU.
20. See more detailed discussion in DTE 89-90. <http://www.downtoearth-indonesia.org/story/global-land-grab-phenomenon>. In August 2012, the FAO urged the US to suspend its biofuel mandate in order to curtail food price rises - see

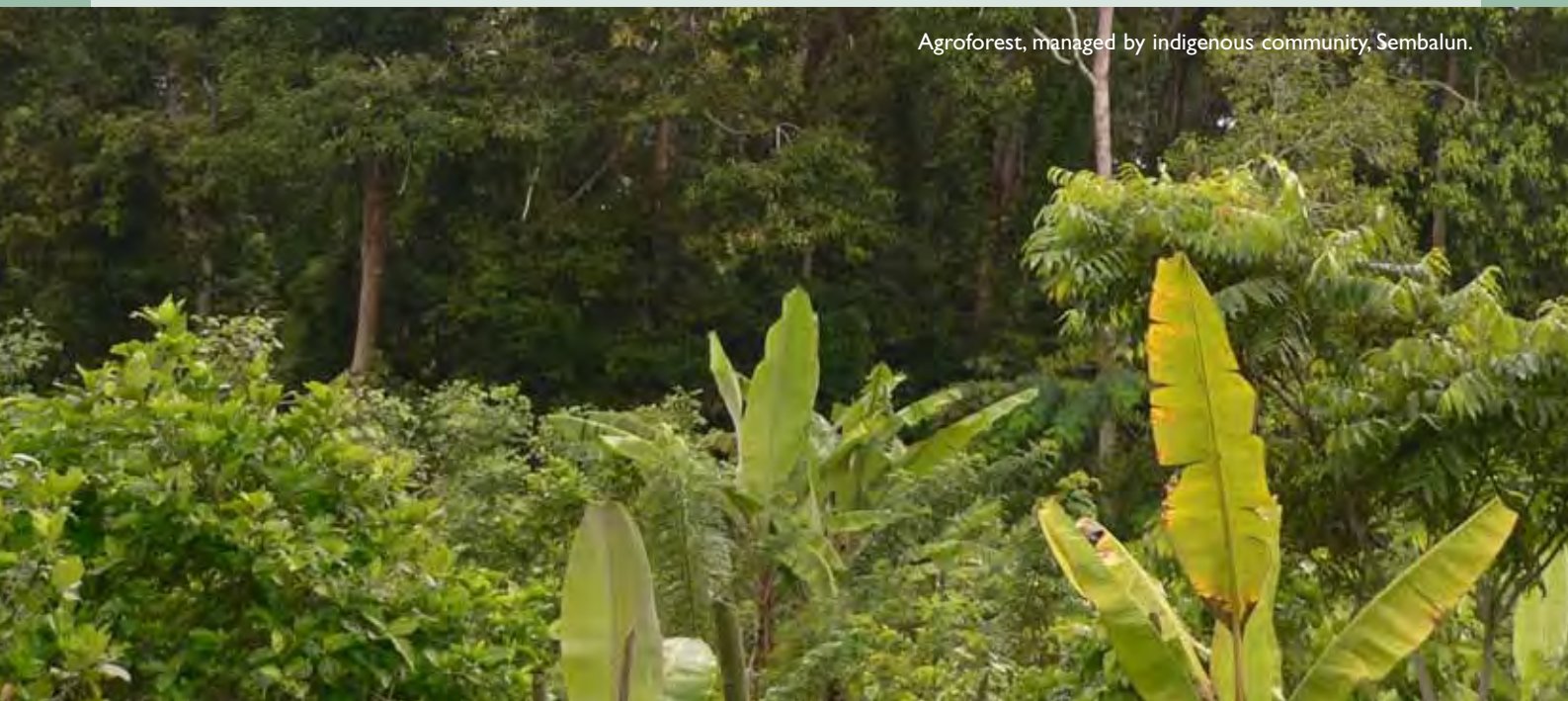
- <http://www.agrimoney.com/news/un-urges-biofuel-curbs-fearing-food-catastrophe-4945.html>
21. Bali Declaration (see below).
  22. *The Guardian* 4/Oct/2012.
  23. See for example report in DTE 83, December 2009 <http://www.downtoearth-indonesia.org/story/climate-change-impacts-voices-villages>
  24. <http://www.oxfam.org/en/grow/policy/extreme-weather-extreme-prices>, accessed 1/10/12
  25. See WDM website, <http://www.wdm.org.uk/stop-bankers-betting-food/movement-against-food-speculation>, accessed 1/10/12.
  26. Futures are agreements to sell a commodity at a certain price at a set time.
  27. *Farming Money How European banks and private finance profit from food speculation and land grab*, January 2012, <http://www.foei.org/en/resources/publications/pdfs/2012/farming-money>
  28. [http://www.actionaid.org.uk/103267/london\\_summit\\_pushing\\_global\\_land\\_grabs\\_and\\_hunger.html](http://www.actionaid.org.uk/103267/london_summit_pushing_global_land_grabs_and_hunger.html)
  29. See link to Pension funds investing in global farmland for food production, GRAIN, updated 2011 at

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(continued from page 20)

- <http://www.grain.org/article/entries/4479-grain-releases-data-set-with-over-400-global-land-grabs>
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  32. *Farming Money: How European banks and private finance profit from food speculation and land grab*, January 2012, <http://www.foei.org/en/resources/publications/pdfs/2012/farming-money>
  33. John F McCarthy, Jacqueline A.C. Vel & Suraya Affif (2012): Trajectories of land acquisition and enclosure: development schemes, virtual land grabs, and green acquisitions in Indonesia's Outer Islands, *Journal of Peasant Studies*, 39:2, 521-549.
  34. Land grabbing by pension funds and other financial institutions must be stopped, Civil society statement on the finance of land grabs, June 2012, FoE Europe.
  35. Access for the Poor? World Bank's infrastructure approach under increased scrutiny, Bretton Woods project, 3/Jul/2012. *Jakarta Post* 5/Mar/2012.
  36. See for example <http://www.downtoearth-indonesia.org/story/big-plans-papua>
  37. See *DTE* 91-92, <http://www.downtoearth-indonesia.org/story/investment-principles-farmland>
  38. For more background and a thorough critique of the PRAI and other standards relating to landgrabbing, see 'Responsible farmland investing? Current efforts to regulate land grabs will make things worse, *GRAIN*, 22/Aug/2012, <http://www.grain.org/article/entries/4564-responsible-farmland-investing-current-efforts-to-regulate-land-grabs-will-make-things-worse>.
  39. FAO Press Release 11/May/2012, <http://www.fao.org/news/story/en/item/142587/icode/>
  40. *GRAIN*, 22/Aug/2012, as above. The Guidelines are available via <http://www.fao.org/nr/tenure/voluntary-guidelines/en/>
  41. *GRAIN*, 22/Aug/2012, as above.
  42. World Bank: 'get out of land!' statement, 23/Apr/2012, as above.
  43. Bali Declaration on Human Rights and Agribusiness in Southeast Asia, adopted Bali 1st December 2011. See <http://www.forestpeoples.org/sites/fpp/files/publication/2011/12/final-bali-declaration-adopted-1-dec-2011.pdf>
  44. For an overview of Indonesia's international human rights obligations, see <http://www.downtoearth-indonesia.org/story/indonesias-sustainable-development-climate-change-and-human-rights-treaty-obligations>
  45. FAO Statistical Yearbook 2012, [http://issuu.com/faosyb/docs/fao\\_statistical\\_yearbook\\_2012\\_issuu/21#](http://issuu.com/faosyb/docs/fao_statistical_yearbook_2012_issuu/21#)
  46. *The Guardian* 4/Oct/2012
  47. Bali Declaration, as above, page 4. Land classifications are, of course, politically motivated, and the political context which facilitates land-grabs also make land and tenure reforms so difficult and complex.
  48. An accessible visual presentation of time left on key world resources can be found at [www.bbc.co.uk/bbc.com/future/ingBBC-stockcheck-02.jpg](http://www.bbc.co.uk/bbc.com/future/ingBBC-stockcheck-02.jpg).
  49. See for example reports listed in *Community & Indigenous Forest Ownership & Management: Potential to reduce forest carbon emissions*, presentation by D. Kaimowitz, Ford Foundation. ♦

Agroforest, managed by indigenous community, Sembalun.



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