



Memperkuat Konsep dan Aplikasi REDD+ di Indonesia

Rekomendasi Kebijakan untuk Meningkatkan Efektifitas,
Efisiensi, dan Keadilan

Refining REDD+ in Indonesia

Policy Recommendations for Increasing Effectiveness,
Efficiency, and Equity

Indonesia Task Force 2012

Universitas Indonesia
University of Washington

Henry M. Jackson School of International Studies

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**Refining REDD+ in Indonesia:
Policy Recommendations for Increasing Effectiveness, Efficiency, and Equity
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Table of Contents

<u>Acknowledgements</u>	iv
<u>Preface</u>	vii
<u>Executive Summary</u>	1
<i>Sarah Boone</i>	
<u>Kesimpulan Eksekutif Dalam Bahasa Indonesia</u>	6
<i>Nety Riana Sari</i>	
<u>Introduction</u>	11
<i>Sarah Boone</i>	
<u>Chapter 1: Land Tenure</u>	19
<i>Nathan Anderson, Henry Apfel, Emir Hartato, Rahardhika Arista Utama and Kristi Young</i>	
<u>Chapter 2: Good Governance</u>	45
<i>Kristi Young, Sandi Halimuddin, Jared Moore, Nety Riana Sari and Sari Damar Ratri</i>	
<u>Chapter 3: Community Participation</u>	66
<i>Jared Moore, Nathan Anderson, Yeni Kristanti, Nataliya Piskorskaya and Rahardhika Arista Utama</i>	
<u>Chapter 4: Knowledge Dissemination</u>	90
<i>Nataliya Piskorskaya, Yeni Kristanti, Ayu Nova Lissandhi, and Sari Damar Ratri</i>	
<u>Chapter 5: Funding Mechanisms</u>	120
<i>Lucas Simons, Nathan Anderson, Henry Apfel and Nety Riana Sari</i>	
<u>Chapter 6: Monitoring, Reporting, and Verification</u>	145
<i>Emir Hartato, Henry Apfel, Sandi Halimuddin, Ayu Nova Lissandhi, Jared Moore, Sari Damar Ratri and Lucas Simons</i>	
<u>Chapter 7: International Community Participation</u>	163
<i>Sandi Halimuddin, Jared Moore, Nety Riana Sari, Lucas Simons and Kristi Young</i>	
<u>Conclusion</u>	188
<i>Nathan Anderson, Sandi Halimuddin and Emir Hartato</i>	
<u>Bibliography</u>	192
<u>Appendix</u>	207

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Preface

The authors of this report are comprised of undergraduates in the Henry M. Jackson School of International Studies at the University of Washington, and students from the University of Indonesia Departments of Anthropology and Geography, Universitas Sanata Dharma Graduate Program on Religion and Culture, and the Indonesian Institute of Sciences (Lembaga Ilmu Pengetahuan Indonesia).

Task Force, the capstone course for undergraduate students in the Henry M. Jackson School, is an opportunity to examine current world issues with the intention of creating policy recommendations. This collaborative seminar is pursued over the course of one academic quarter. The final product is a 200 to 300 page policy recommendation report on a subject selected by the Jackson School staff and meant to address current international issues. After the research and writing process, the Task Force report is then evaluated by an outside expert. The intended audience of this report is the United Nations Environmental Program (UNEP).

The REDD+ Indonesia Task Force is the first task force to be produced collaboratively with students from another university. Both Indonesia and American students engaged in the same activities as members of this Task Force, including research, interviewing, discussion, writing, and editing. The REDD+ Indonesia Task Force was also advised by Professor Suraya Afiff of Universitas Indonesia, in addition to the University of Washington advisor, Professor Celia Lowe. The research methods used include online source material and library research. The Task Force also conducted interviews with experts and political stakeholders in Indonesia, embassy staff, forestry researchers, activists, government representatives, and private citizens. These interviews took place during the 2011-2012 Fact-Finding Mission to Indonesia, from December 29, 2011 to January 13, 2012.

The Task Force was provided with the working title “REDD+ in Indonesia.” This informed the initial readings and provided the Task Force with a framework to begin investigation and research. From the preliminary readings, the Task Force concluded that land tenure issues and associated problems of community involvement and governance represented

significant barriers to the progress of REDD+ capacity building. The Task Force also concluded that the international community could have a substantial part to play in laying the groundwork for REDD+ implementation. In order to address the most immediate issues in the readiness phase, the focus of the Task Force report is primarily on National REDD+ strategy, development and capacity building. This Task Force report aims to address how REDD+ can be designed, implemented and sustained in a way that satisfies the 3E's: effectiveness, efficiency and equity.

Each chapter will provide background information on the chapter topic, followed by a series of subsections detailing the major policy considerations. Each chapter will then conclude with a series of recommendations based on the policy considerations. The chapters are Land Tenure; Good Governance; Community Participation; Knowledge Dissemination; Financial Structure; Monitoring, Reporting, and Verification; and International Community Participation. These chapters represent what the authors believe to be the most important issues to creating, implementing and sustaining REDD+ Indonesia in a way that is efficient, effective and equitable.

Terms and Abbreviations

3E	Effectiveness, efficiency and equity
AMAN	Indigenous Peoples Alliance of the Archipelago
BAL	Basic Agrarian Law 5/1960
BAPPENAS	Ministry of National Development Planning
BAU	Business as usual
BFL	Basic Forestry Law 5/1967
CCPL	Climate Change Program Loan
CDM	Clean Development Mechanism
CEDAW	United Nations Convention on the Eliminations of all Forms of Discrimination Against Women
CFM	Community Forest Management
CIFOR	Center for International Forestry Research
COP	Conference of Parties to the United Nations Framework Convention on Climate Change
CSP	Cross-sectoral partnership
CSPO	Certified Sustainable Palm Oil
DA	Demonstration Activity
DNPI	National Climate Change Council
ERC	Ecosystem Restoration Concession
FAO	Food and Agricultural Administration
FCPF	Forest Carbon Partnership Facility
FECOFUN	Federation of Community Forest Users
FFI	Flora and Fauna International
FGRM	Feedback and grievance redress mechanism
FORCLIME	Forests and Climate Change
FORDA	Ministry of Forestry Research and Development Agency
FPIC	Free, prior and informed Consent
FSC	Forest Stewardship Council

FUG	Forest user groups
G20	Group of Twenty Finance Ministers and Central Bank Governors
GHG	Green House Gas
GoI	Government of Indonesia
ha	hectare
ICRAF	World Agroforestry Centre
IDR	Indonesian rupiah
IFCA	Indonesian Forest Climate Alliance
ILO	International Labour Organization
INCAS	Indonesian National Carbon Accounting System
IPCC	Intergovernmental Panel on Climate Change
ITTO	International Tropical Timber Organization
K:TGAL	Kyoto: Think Global, Act Local
KPA	Consortium for Agrarian Reform
LCE	Low Carbon Economy
LoI	Indonesia-Norway Letter of Intent
LULUCF	Land use, land-use change and forestry
mha	One million hectares
MOF	Indonesian Ministry of Forestry
MRV	Monitoring, reporting and verification
NAMA	Nationally Appropriate Mitigation Action
NAP	National Action Plan
NGO	Non-governmental organization
ODA	Official development assistance
PES	Payments for ecosystem services
POTICO	Project Palm Oil, Timber, Carbon Offsets
RAN-GRK	National Action Plan for Reducing Greenhouse Gas Emissions
RECOFTC	Center for People and Forests

REDD	Reducing emissions from deforestation and forest degradation
REDD+	Reducing emissions from deforestation and forest degradation and enhancing forest carbon stocks
RF	Reforestation Fund
RMI	Indonesian Institute for Forest and Environment
PT RMU	PT Rimba Makmur Utama
R-PP	Readiness Preparation Proposal
RSPO	Roundtable on Sustainable Palm Oil
Satgas REDD+	National REDD+ Taskforce
TAP MPR	The Decree of the People's Consultative Assembly
UDHR	United Nations Universal Declaration of Human Rights
UN	United Nations
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
UNEP	United Nations Environmental Programme
UNEP/GRID	United Nations Environmental Programme/Global Resource Information Database
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation
USAID	United States Agency for International Development
USD	United States Dollars
USEPA	United States Environmental Protection Agency
VHR	Voice of Human Rights
WALHI	Indonesia Forum for the Environment
WRI	World Resource Institute

List of tables

1.1	Property right and land tenure index assessments.....	22
2.1	Forest concessions in Indonesia.....	52
3.1	International legal obligations for FPIC.....	71
3.2	National legal obligations for FPIC.....	72
4.1	Status of relevant REDD+ stakeholders.....	104
4.2	Scheme from UN-REDD in Central Sulawesi Demonstration Area.....	109
6.1	IPCC Tier Guidelines.....	153

List of figures

1.1	Sheet 0519 of the moratorium map released May 2011.....	36
1.2	PT Kallista Alam concession map.....	37
1.3	Sheet 0519 of the moratorium map released November 2011.....	37
1.4	Pulau Padang moratorium and concession map.....	39
5.1	Typology of REDD+ Demonstration Activities.....	126
5.2	National landscape of international public finance in REDD+.....	133
5.3	National commitment to reduce emissions.....	137
5.4	National REDD+ architecture.....	138
6.1	The three basic carbon related MRV components and their relation to the IPCC guidelines.....	148
6.2	UN-REDD MRV scheme.....	149
6.3	Structure in the IPCC Guidelines to account for national changes in carbon pools.....	154
7.1	GreenPalm Certified Sustainable Palm Oil (CSPO) process.....	174

Refining REDD+ in Indonesia:

*Policy Recommendations for Increasing
Effectiveness, Efficiency, and Equity*

Executive Summary

Sarah Boone

Indonesia is the third largest green house gas emitter in the world with much of these emissions attributed to large scale deforestation. The government has recognized the role that deforestation is playing in contributing to the effects of climate change, and President Susilo Bambang Yudhoyono has already committed to unilaterally reducing Indonesia's emissions. Toward this effort, Indonesia has championed its involvement in the United Nations program on Reducing emissions from deforestation and forest degradation and enhancing forest carbon stocks or REDD+. The REDD+ program in Indonesia is designed to reduce emissions by aligning development and market incentives with environmental protection. If REDD+ is successfully implemented, Indonesia's vast tropical forests will qualify for carbon crediting, drawing funds from international investors to offset the costs of preservation. In the long term, these carbon markets could provide Indonesia with a valuable source of income, however at present, Indonesia is still laying the groundwork for REDD+.

While initiating REDD+ is largely a domestic undertaking, the international community and the United Nations in particular, has an important role to play in realizing this goal. This report is an attempt to evaluate the current domestic policies and conditions related to REDD+ and assess policy options that the international community may take to support an effective, efficient and equitable implementation of REDD+. Refining REDD+ will require substantial economic and political support from the global community, and the United Nations is uniquely positioned to catalyze this effort. The recommendations contained in this report are designed to guide UN policy makers in their efforts to support the domestic actions taken by the Indonesian government, while also recommending direct actions from UNEP and the UN-REDD Program.

This report will address a number of specific problems REDD+ currently faces in Indonesia. To begin, pervasive land tenure disputes present a significant roadblock to

establishing REDD+ protected forests, a problem which is exacerbated by corruption and other governance issues. A successful REDD+ program requires that local communities be involved in the decision-making process, but this stipulation has not been upheld by the government of Indonesia, creating tension between forest communities and the central government over issues of human rights. Because of this, community participation in REDD+ activities, has been weak and disorganized. Knowledge dissemination about REDD+ has also been poorly executed, hindering cooperation between stakeholders at in the national, private and local spheres. After discussing these issues, our report will also focus on the role of the international community, analyzing the funding mechanisms of REDD+, issues with Monitoring, Reporting, and Verification (MRV) systems, and finally addressing the involvement of the international community in supporting Indonesia. The UN can play a very positive role in each of these problems, helping Indonesia implement a program that upholds the highest international standards of effectiveness, efficiency and, equity.

As REDD+ is still in an early phase of its development, there are many opportunities to improve its structure before large-scale implementation takes effect. The following is a condensed list of the policy recommendations discussed in each chapter.

Land Tenure

- Redefine the legal definition of forests as set forth by the FAO
- Establish a sub-office in the UN-REDD Programme in Indonesia that will perform on-the-ground evaluations of REDD+ Demonstration Activities
- Award a UN grant to the GoI towards increasing public funding for enforcement of forest and land rights
- Attempt to strengthen international agreements prohibiting trade in illegally-sourced timber

Good Governance

- UN should encourage the Government of Indonesia to increase transparency and accountability in both the land use classification and forest concession processes by introducing third party reviewers
- The UN should create International standards on REDD+ Governance reporting

- UN should build a strong mandate within UNFCCC on local involvement

Community Participation

- Fully and widely integrate a feedback and grievance redress mechanism into local operations and increase frequency and efficiency of free, prior and informed consent operations
- Engage localized civil society organizations to spread REDD+ awareness and work to eliminate knowledge gaps between metropole and hinterland.
- Work towards a carbon rights system that gives smallholder credits price parity with compliance market credits.
- Work with NGOs to develop a national carbon-rights holder aggregator to articulate smallholders with the global market.

Knowledge Dissemination

- Conduct research to evaluate the interconnectedness of stakeholders' interests and the potential obstacles for REDD+.
- Customize REDD+ to the local communities based on the best practices within the community
- Collaborate and engage local chiefs and community leaders to establish dialogue with people directly and promote the recognition of indigenous people's rights, including their knowledge about forest management.
- Facilitate specific working groups to discuss the commitment from the private sector to uphold "best practice" in forest product markets
- Facilitate media coverage on environmental issues on the national or international level.

Funding Mechanisms

- Budget and treasury aid donations are best for promoting capacity in areas such as law enforcement.
- Establish evaluation criteria to make sure REDD+ donors are contributing in accordance with the goals of REDD+

Refining REDD+ in Indonesia

- Facilitate standard cooperation mechanisms between DA developers and national and local governments in Indonesia

Monitoring, Reporting and Verification

- Work to standardize a carbon stock verification system that is scientifically produced and acceptable to all REDD+ participants.
- Recommend that REDD+ participants create independent national verification agencies, and offer legal advice to facilitate this purpose
- Help create efficient, equitable, and effective verification institutions
- Facilitate a forum on MRV which be held annually to discuss reporting results

International Community Involvement

- Encourage international REDD+ participants to jointly design a legally binding agreement to share responsibility in carbon emission reduction efforts.
- Coordinate with the Roundtable on Sustainable Palm Oil to make palm oil operations more ecologically observant and to promote the expansion of Certified Sustainable Palm Oil (CSPO)
- Draft and lobby for international trade bans on unsustainable palm oil
- Promote a unified alignment of objectives, plans and strategies with those of the GoI through increased coordination and a letters of intent

Memperkuat Konsep dan Aplikasi REDD+ di Indonesia:

Rekomendasi Kebijakan untuk Meningkatkan Efektifitas, Efisiensi dan Keadilan

Ringkasan Eksekutif Dalam Bahasa Indonesia

Nety Riana Sari

Deforestasi besar-besaran telah menempatkan Indonesia dalam urutan ketiga Negara penghasil emisi terbesar di dunia. Demi mengatasi besarnya kontribusi deforestasi dalam memperburuk dampak perubahan iklim, pemerintah Indonesia melalui Presiden Susilo Bambang Yudhoyono memberikan komitmen bahwa Indonesia akan mengurangi emisi yang berasal dari deforestasi. Salah satu cara yang ditempuh Indonesia untuk menepati komitmen ini adalah dengan terlibat dalam program Perserikatan Bangsa-Bangsa untuk Mengurangi Emisi yang berasal dari Deforestasi dan Degradasi Hutan, dan melestarikan fungsi ekosistem atau yang dikenal sebagai REDD+ (*reducing emissions from deforestation and forest degradation and enhancing forest carbon stocks*). REDD+ di Indonesia dirancang sebagai program pengurangan emisi melalui penyelarasan antara pembangunan dan insentif pasar dengan upaya perlindungan lingkungan. Jika upaya ini berhasil, maka hutan tropis Indonesia akan layak bagi program karbon kredit sehingga mendatangkan dana dari investor internasional yang dapat digunakan sebagai dana pelestarian lingkungan. Dalam jangka panjang, pasar karbon akan dapat menjadi salah satu sumber penerimaan Negara terbesar, tapi sebelumnya Indonesia harus memperkuat fondasi bagi REDD+.

Walaupun sebagian besar tanggung jawab akan terlaksananya REDD+ berada dalam lingkungan domestik, masyarakat internasional khususnya PBB memiliki peran penting dalam mencapai tujuan ini. Laporan ini merupakan usaha mengevaluasi kebijakan dan kondisi domestik yang berkaitan dengan REDD+ untuk selanjutnya mempertimbangkan langkah-langkah yang mungkin diambil oleh masyarakat internasional demi mendukung implementasi REDD+ yang efektif, efisien dan setara. Dukungan global secara politik dan ekonomi sangat penting demi penyempurnaan implementasi REDD+, dan PBB memiliki posisi yang unik untuk berperan sebagai katalis dalam proses ini. Rekomendasi yang diajukan dalam laporan ini dirancang sebagai panduan bagi PBB untuk membangun kebijakan yang mendukung upaya pemerintah

Indonesia dalam implementasi REDD+ di dalam negeri. Selain itu laporan ini juga mengajukan pertimbangan tindakan langsung yang dapat diambil UNEP dan program UN-REDD.

Untuk mendukung rekomendasi tersebut, laporan ini membahas beberapa masalah spesifik yang dihadapi REDD+ di Indonesia. Sengketa lahan merupakan salah satu hambatan terbesar bagi penetapan area hutan bagi REDD+, yang diperburuk dengan korupsi dan masalah pada tata pemerintahan. Pelibatan masyarakat lokal yang juga menentukan keberhasilan REDD+, belum mendapatkan jaminan dari pemerintah Indonesia, sehingga terjadi perdebatan menyoal isu hak asasi manusia antara pemerintah dengan masyarakat yang menggantungkan hidupnya pada hutan. Dampaknya, partisipasi masyarakat dalam REDD+ menjadi lemah dan tidak terorganisir. Koordinasi antara pemangku kepentingan di tingkat nasional, lokal maupun pihak swasta menemui hambatan dengan tidak meratanya informasi mengenai REDD+ yang beredar. Setelah melakukan analisa pada isu-isu tersebut, laporan ini akan memfokuskan diskusinya pada peran masyarakat internasional, menganalisa mekanisme finansial, menelaah sistem pemantauan, pelaporan dan verifikasi (MRV), dan pada akhirnya membahas keterlibatan masyarakat internasional dalam mendukung Indonesia. Dalam setiap permasalahan tersebut, PBB dapat memainkan peranan positif dengan membantu Indonesia mengimplementasikan program yang menjunjung standar internasional melalui prinsip efektif, efisien dan kesetaraan.

Saat ini, perkembangan REDD+ masih berada dalam fase awal sehingga masih membuka banyak kesempatan untuk memperbaiki strukturnya sebelum implementasi menyeluruh terjadi. Berikut adalah ringkasan daftar rekomendasi kebijakan yang didiskusikan di dalam setiap bab dalam laporan ini.

Tenurial Lahan Hutan

- Menyusun ulang definisi legal tentang hutan sesuai dengan yang ditetapkan oleh FAO
- Mendirikan kantor cabang bagi program UN-REDD di Indonesia yang akan melaksanakan evaluasi lapangan bagi Kegiatan Demonstrasi (*Demonstration Activities, DAs*) REDD+
- Memberikan hibah dari PBB kepada pemerintah Indonesia demi meningkatkan dana publik untuk penegakan hak atas tanah dan hutan
- Melakukan upaya penguatan kesepakatan internasional yang melarang perdagangan kayu ilegal

Tata pemerintahan yang baik

- PBB harus mendorong pemerintah Indonesia untuk meningkatkan transparansi dan akuntabilitas pada klasifikasi penggunaan lahan dan proses pemberian konsesi dengan menggunakan pihak ketiga sebagai peninjau
- PBB harus memformulasikan standar internasional dalam hal pelaporan tata kelola REDD+
- PBB harus membangun arahan yang jelas dalam UNFCCC mengenai keterlibatan pihak lokal

Partisipasi masyarakat

- Integrasi mekanisme pemberian masukan dan pengajuan keberatan secara menyeluruh dalam operasionalisasi REDD+ di tingkat lokal serta meningkatkan frekuensi dan efisiensi dari pelaksanaan persetujuan atas dasar informasi awal tanpa paksaan (*free, prior and informed consent*, FPIC)
- Mengikutsertakan organisasi masyarakat sipil setempat untuk menyebarluaskan pemahaman tentang REDD+ dan bekerja sama mengurangi kesenjangan pengetahuan antara metropolis dan daerah pedalaman
- Mengupayakan terbentuknya sistem hak atas karbon yang memungkinkan pengelola skala kecil memperoleh kesetaraan harga atas kredit karbon yang mereka hasilkan sekaligus memenuhi kredit karbon yang ditetapkan pasar
- Bekerja sama dengan organisasi-organisasi non-pemerintah untuk mengembangkan mekanisme perantara bagi pemegang hak atas karbon di tingkat nasional untuk menghubungkan pemegang hak skala kecil dengan pasar global.

Penyebaran informasi

- Melakukan riset untuk mengevaluasi kesalingtergantungan antara kepentingan masing-masing pemangku kewenangan dengan potensi hambatan REDD+
- Menyesuaikan penerapan REDD+ dengan masyarakat lokal berdasarkan cara-cara terbaik dalam masyarakat

- Melakukan kolaborasi dan pelibatan kepala adat tingkat lokal dan pemimpin masyarakat untuk mengadakan dialog dengan masyarakat secara langsung dan mendorong pengakuan atas hak masyarakat lokal bersama dengan pengetahuan mereka mengenai pengelolaan hutan
- Memfasilitasi kelompok kerja yang secara spesifik membahas komitmen dari sektor swasta untuk memperkuat praktek-praktek terbaik (*best practices*) pengelolaan hutan dalam pemasaran hasil hutan
- Memfasilitasi peliputan media pada isu-isu lingkungan di tingkat nasional dan internasional

Struktur Pendanaan

- Pengalokasian anggaran negara dan pengelolaan dana bantuan berbentuk hibah merupakan pendekatan terbaik dalam mendorong peningkatan kapasitas dalam bidang penegakan hukum.
- Menetapkan kriteria evaluasi pendanaan untuk menjamin agar para pihak penyedia dana REDD+ memberikan kontribusi yang sejalan dengan tujuan-tujuan REDD+
- Memfasilitasi terwujudnya standar mekanisme kerjasama antara para pihak pengembang kegiatan demonstrasi (DAs) REDD+ dengan pemerintah Indonesia, baik di tingkat nasional maupun lokal.

Pemantauan, Pelaporan dan Verifikasi

- Melakukan standarisasi sistem verifikasi stok karbon secara ilmiah dan dapat diterima oleh seluruh negara yang terlibat dalam REDD+
- Menyarankan dan memberikan bantuan legal bagi setiap negara peserta REDD+ untuk membangun badan verifikasi nasional independen
- Membantu membangun landasan bagi prinsip efisiensi, efektivitas dan kesetaraan
- Memfasilitasi forum MRV yang diadakan setiap tahun untuk membahas hasil laporan

Keterlibatan Masyarakat Internasional

Refining REDD+ in Indonesia

- Mendorong pihak-pihak internasional yang terlibat REDD+ untuk bersama-sama merancang kesepakatan yang mengikat dalam hal berbagi tanggung jawab untuk mengurangi emisi karbon
- Melakukan koordinasi dengan *Rountable on Sustainable Palm Oil* (RSPO) untuk melakukan pengawasan ekologis pada perkebunan kelapa sawit dan mendorong pelaksanaan Sertifikasi Usaha Sawit Berkelanjutan (*Certified Sustainable Palm Oil*-, SPO)
- Merancang konsep dan mendesak berlakunya larangan keberadaan minyak sawit yang berasal dari usaha yang tidak berkelanjutan dalam perdagangan internasional
- Mendorong kesatuan objektif, rencana dan strategi dengan antara pemerintah Indonesia dan masyarakat internasional melalui koordinasi dan penandatanganan dokumen kesepakatan

Introduction

Sarah Boone

“Developing countries can play an important part in mitigating climate change by reducing the loss of forests. Developed countries must be prepared to provide financial compensation for these efforts.” - Climate and Forest Initiative, Government of Norway.

As anthropogenic climate change continues to grow in both political and practical importance, Indonesia—the third largest emitter of CO₂ globally after the USA and China— is at a pivotal point in its history.¹ The possible effects of climate change, such as sea level rise and increasingly violent weather will have disastrous consequences for Indonesia. Such consequences force this issue to the forefront of the island nation’s political agenda, demanding dramatic action to decrease emissions at the national and international level. Yet, economic constraints and developmental aspirations present a challenge to reducing CO₂ emissions from economic activities. These activities however are not the burning of fossil fuels or other industrial processes associated with greenhouse gas emissions in most of the world. Instead, Indonesia’s emissions come primarily from large-scale deforestation.²

Indonesia’s government has recognized the role that deforestation of tropical forests plays in global climate change, and has urged the global community to support the protection of its forests. This developing nation has unarguably become a leader in the climate change debate, raising the issue of environmental conservation to the level of global politics. Indonesia’s president, Mr. Susilo Bambang Yudhoyono, has committed to several ambitious projects to

¹ Heru Prasetyo, "REDD in Indonesia: Greening Development." (Jakarta, Indonesia: National Task Force on REDD (Satgas REDD+) 2012.

² Ibid.

decrease environmental degradation and climate change, including a unilateral promise to reduce Indonesia's carbon emissions by 26-41 percent over the next decade. To realize this goal, the president is seeking to leverage the resources of developed countries to simultaneously preserve the invaluable natural resources of Indonesia, while moving toward sustainable development.

The most ambitious of these programs is a national policy to reduce deforestation under the umbrella UN REDD+ program. REDD+ stands for reducing emissions from deforestation and forest degradation, plus enhancement of carbon stock and preservation of ecosystem services. The REDD+ program in Indonesia is designed to reduce emissions by aligning development and market incentives with environmental protection. The Indonesian government is implementing REDD+ along with other strategies to meet the CO₂ reduction goals set by President Yudhoyono." Indonesia's strategy on REDD is an ambitious attempt to involve many stakeholders in reducing CO₂ emissions from deforestation. Indonesia is currently working to implement REDD+ in accordance with the internationally recognized 3E criteria of *effectiveness, efficiency and equity*.³ This report, based on extensive interviews with stakeholders at all levels of REDD+ implementation, describes the current state of REDD+ implementation in Indonesia and makes policy recommendations for how the international community can best support Indonesia's efforts to reduce its emissions from deforestation.

Deforestation and the current position of REDD+ within Indonesian Politics

Deforestation in Indonesia is largely driven by economic land use changes. Typically, corporations are given land concessions by the Indonesian government in order to establish plantations of oil palm, other export oriented crops, and other economic uses.⁴ The companies usually are allotted forest and peat swamp land which they then deforest using slash and burn techniques. For the companies, this process yields very high profits as they can sell the lumber and subsequently establish lucrative plantations. Given the current price signals and the burgeoning international markets for palm oil, coffee and other tropical goods, the government has been slow to challenge the practices of this system of plantation agriculture. However, the

³ Arild Angelsen ed., *Realising REDD+: National Strategy and Policy Options* (Bogor, Indonesia: CIFOR) 2009.

⁴ E. M. Madeira, E. Sills, M. Brockhaus, L. Verchot, and M. Kanninen, "What is a REDD Pilot?" *CIFOR Infobrief* no. 26 (2010), 2.

central government is beginning to take action due to the tremendous cost incurred to the nation and the world as a result of deforestation.

In terms of CO₂ emissions, the effect this land conversion has is astronomical. This is especially true in the case of peat swamps, which release 10 times the amount of CO₂ during deforestation than non-peat forests.⁵ Currently, Indonesia has over 20 Mha of peatlands with approximately 55 petagrams of carbon stored.⁶ However, based on a conservative estimate by the Ministry of Forestry (MOF), the annual rate of deforestation in peatlands between 2000 and 2005 was about 0.1 Mha annually. This subset of the nation's deforestation alone accounted for an average of 660 gigatons of carbon emissions per year.⁷ With such high levels of carbon stored, and such rich ecosystem services, these forests present a great opportunity for implementing REDD+. The possibility of high profits from REDD+ and Payments for Ecosystem Services (PES) could incentivize forest conservation and dramatically reduce private sector deforestation.⁸

There have already been many positive steps taken toward realizing REDD+ in Indonesia. In 2007, Indonesia hosted the UNFCCC Conference of the Parties in Bali (COP 13), where Indonesia led the delegations in articulating the need to create economic incentives to properly value standing forests. At the G20 summit in 2009, President Susilo Bambang Yudhoyono announced a formal commitment to reduce greenhouse gas (GHG) emissions by 26 percent, or by 41 percent with additional international support. As part of this commitment, provincial REDD+ initiatives were created on the islands of Aceh, Kalimantan and Papua.⁹ With these Demonstration Activities (DAs) underway, the president established the National REDD+ Taskforce (Satgas REDD+) to create a strategy for national REDD+ policy and to prepare the infrastructure needed for a national implementation of REDD+. The president has also been very vocal in prioritizing REDD+ through declaring a two-year nationwide moratorium on giving out new licenses for forest and peat land.¹⁰

Since its inception two years ago, Satgas REDD+ has drafted a National Strategy for REDD+ implementation, and is working to create policies that uphold the 3E criteria defined by

⁵ Dharsono Hartono, Interview (Jakarta, Indonesia: P.T. Rimba Makmur Utama, 2012.)

⁶ 1 petagram = 10¹⁵ grams

⁷ D. Murdiyarto, and J. B. Kauffman, "Addressing Climate Change Adaptation and Mitigation in Tropical Wetland Ecosystems of Indonesia," *CIFOR Infobrief* no. 41 (2008).

⁸ Ibid.

⁹ Heru Prasetyo, Interview (Jakarta, Indonesia: National Task Force on REDD/Satgas REDD+) 2012.

¹⁰ Ibid.

the United Nations REDD+ Program (UN-REDD). The strategy has three main phases: preparation or “readiness” of pilot projects, transformation to a national system and establishment of a market for verified reductions. This strategy is a nested approach, in which DAs, often run by provincial governments, become slowly integrated into a national policy.¹¹ These 44 DAs are beginning to be implemented as a vital step in the Readiness Phase and the results from these initial attempts are just becoming available.¹² With the completion of the national strategy in January of this year, Indonesia moved past its first phase and is now working to transition from the DAs to a centralized process of implementation.¹³

The Government of Indonesia (GoI) has been greatly encouraged in this process by international organizations as well, marking REDD+ as a globally important project. In a bilateral movement, the Norwegian and Indonesian governments signed a formal Letter of Intent (LoI) in 2010, in which Norway pledged up to 1 billion USD per year toward REDD+ at COP 13 in Bali.¹⁴ The LoI is significant as it is one of the first voluntary actions by a developed country to pay for ecosystem preservation in the developing world. The government of Norway has been very proactive in taking opportunities to fund green development in an effort to be responsible for its own contributions to CO₂ emissions and climate change. Norway provides an example for other developed nations, showing that the Global North can place greater value on tropical ecosystems, and can support this by economically compensating developing nations for their conservation efforts.¹⁵

Remaining Issues for REDD+ Implementation

While the intentions of the National Strategy are thoroughly grounded in the ideals of the 3E criteria, many problems have already emerged in the first phase of implementation. For this reason, it is necessary to evaluate the current REDD+ policy in order to improve the practical results of the policy. Effectiveness in the context of REDD+ refers to the ability of the program to actually reduce green house gas emissions from deforestation. Efficiency will be used to

¹¹ Arild Angelsen ed., *Realising REDD+: National Strategy and Policy Options* (Bogor, Indonesia: CIFOR) 2009.

¹² E. M. Madeira et al, "What is a REDD Pilot?," 2.

¹³ Heru Prasetyo, Interview (Jakarta, Indonesia: National Task Force on REDD/Satgas REDD+) 2012.

¹⁴ Joar Strand and Rini Sulaiman, Interview (Jakarta, Indonesia: Royal Norwegian Embassy) 2012.

¹⁵ Government of Norway, *International Climate and Forest Initiative* (Oslo, Norway: Ministry of the Environment) 2008.

specifically refer to the cost-effectiveness of the various programs. Finally equity refers to the equal involvement of varied stakeholders, and an equitable distribution program benefits. The following report analyzes the current situation of REDD+ in Indonesia and evaluates possible steps that the United Nations Environmental Programme (UNEP) may take to support Indonesia in successfully implementing REDD+. Each chapter will address a specific topic related to REDD+ implementation by first summarizing the current situation and then evaluating and recommending policy options.

While REDD+'s abstract ambitions are positively viewed by many stakeholders, Indonesia must overcome many challenges before a successful implementation of REDD+ is possible. These challenges broadly include pervasive land tenure conflict, benefit sharing disputes, the inclusion of local and indigenous peoples in the REDD+ decision-making process, corruption and vertical and horizontal coordination issues within the Indonesian government.

The first chapter in this report deals with the pervasive land tenure issues that threaten the successful implementation of REDD+. These land tenure issues have largely arisen out of political events during the mid 20th century. During the Suharto period, virtually all forest land in Indonesia became government owned and controlled, with very little recognition of the traditional stewardship and land claims by longstanding forest and agricultural communities. The current system of government-regulated land concessions has been a divisive issue for decades. The plans for creating forest reserves are aligned with these pre-existing tenure regimes and with the requirement to demonstrate secure, longterm carbon tenure in order to sell credits in voluntary carbon markets."¹⁶ Solving these disputes is the most fundamental challenge for REDD+ implementation and must be addressed by both the GoI and UNEP.

The report continues by addressing several challenges within the government and legal structures that are hindering implementation of REDD+. Good governance is a key requirement for REDD+ to function smoothly, and many improvements to intergovernmental coordination will have to be designed and realized. For REDD+ to be effective and efficient, the United Nations must take action to support Indonesia in its domestic reforms.

The success of REDD+ in Indonesia also ultimately depends on how well the policy is accepted by local forest communities. In a country that has faced significant hurdles in creating trust between the government and the rural population, the National Strategy includes a fairly

¹⁶ E. M. Madeira et al, "What is a REDD Pilot?," 1.

ambitious plan for community participation. The National Strategy requires that all REDD+ projects include programs for Free, Prior and Informed Consent (FPIC) to gain community approval of REDD+, and Community Forest Monitoring (CFM) to aid in the implementation of REDD+. However at the level of implementation, Indonesian policy makers have shown a high tendency to exclude smallholders from the decision-making process.¹⁷ To date, there have been no successful applications of FPIC or CFM in any of the 44 DAs. To improve community participation, these idealistic mechanisms must be very carefully designed and implemented. There are some avenues that the international community can take to support community involvement, and we find it essential that UNEP consider these options to support REDD.

For community participation and all other aspects of implementation the issue of inadequate knowledge dissemination about REDD+ is a fundamental challenge. Some organizations, such as UN-REDD are actively working to build capacity at all levels of REDD+ implementation. UN-REDD is implementing large scale educational campaigns to educate local peoples in some of the pilot provinces using pamphlets and educational comic books.¹⁸ They are simultaneously leading seminars for provincial government leaders to ease vertical integration of REDD+ implementation between the provincial and central government levels. However, these efforts are not enough, and without a common understanding of REDD+, any policy may meet severe resistance on the ground. Knowledge creation is a political process, and at present there is little recognition of traditional knowledge. We present an in-depth analysis of this problem, as there are many avenues that the international community can pursue to actively support an equitable and reciprocal discourse between the government and the people.

To carry out these aspects of up-front capacity building requires significant funds and organization. This report presents recommendations for refining the funding mechanisms of REDD+ that will facilitate the implementation process prior to the establishment of a carbon market. As REDD+ harnesses both private and public funds for reducing emissions, the financial structures it creates are necessarily complex. In both the short and long term it is necessary to carefully plan REDD+ to be a sustainable private sector investment opportunity.¹⁹ While some companies and governments have already expressed interest in investing in REDD+, the financial mechanisms that will manage these funds have not yet been solidified. This chapter

¹⁷ E. M. Madeira et al, "What is a REDD Pilot?," 1.

¹⁸ Laksmi Banowati, Interview (Jakarta, Indonesia: UN-REDD Programme Indonesia) 2012.

¹⁹ Dharsono Hartono, Interview (Jakarta, Indonesia: P.T. Rimba Makmur Utama) 2012.

seeks to inform UN decision-makers about the importance of investing in REDD+ in its early stages and recommends a number of actions to support capacity building.

Additionally, systems of Monitoring, Reporting and Verification (MRV) are being designed to accompany REDD implementation. There is a need for standardized methods and protocols for MRV and UNEP can do much in terms of advising these policies.²⁰ Most of the DAs and pilot projects either have no system of MRV in place or they rely on third party carbon credit validation based on the Voluntary Carbon Standard and Climate Community and Biodiversity Alliance standards.”²¹ As Indonesia transitions from pilot projects to a fully integrated national strategy, a more standardized process of MRV must be developed. Our recommendations highlight the ways that UNEP can support the Indonesian government in creating internationally recognized mechanisms for MRV.

Finally, the international community can play an important role in helping REDD+ succeed through bilateral and multilateral initiatives and also through reducing the incentives for deforestation. Large international demand for palm oil and other tropical goods has provided an incentive for deforestation that completely contradicts the ideals of REDD+. For this reason, it is necessary that the international community take responsibility for and require that all imported goods are ethically and sustainably produced. REDD+ will not be able to function without lasting international support and commitment. Globally there are around 109 REDD+ projects and DAs underway with Indonesia’s national commitment leading the way.²² UNEP has a key position in terms of setting the global agenda on climate change, and our recommendations are geared toward increasing a sense of global responsibility in stopping deforestation, while maintaining respect for Indonesia and other tropical countries as sovereign entities.

On a second level, UNEP also needs to significantly pressure the international community to be responsible for its “shadow ecologies,” and the destruction of Indonesian ecosystems that result from foreign consumption of tropical plantation goods.²³

This report recognizes that REDD+ is not only a program to reduce deforestation. For many Indonesians, REDD+ presents opportunities and motivation to pursue other social transformations. REDD+ planning and implementation include many significant opportunities

²⁰ D. Murdiyarso et al, "Addressing Climate Change Adaptation and Mitigation in Tropical Wetland Ecosystems of Indonesia."

²¹ E. M. Madeira et al, "What is a REDD Pilot?," 2.

²² E. M. Madeira et al, "What is a REDD Pilot?," 1.

²³ N. Pena, N. Bird, D. Frieden, and G. Zanchi, "Conquering Space and Time," *CIFOR Infobrief* no. 26 (2010).

for Indonesia to evolve and in its structural and political spheres. The Indonesian laws governing forest use and land tenure are largely relics of the colonial era and have disadvantaged large populations socially and politically. Many of these groups within Indonesian society are now leveraging their position in relation to REDD+ to achieve their own political and social goals. For forest communities and communities governed by customary law (*masyarakat adat*) REDD+ presents a new pathway to political rights, recognition and official land tenure agreements.²⁴ For others, REDD+ is a launch pad for tackling corruption and other problems of good governance. In light of the multifaceted positions on REDD+, this report makes a variety of policy recommendations that allow REDD+ to function smoothly for its intended purpose as well as create a gateway for many social and political improvements.

²⁴ Abdon Nababan, and Mina Setra, Interview (Jakarta, Indonesia: National Alliance of Indigenous Peoples/AMAN) 2012.

Land Tenure

Nathan Anderson, Henry Apfel, Emir Hartato, Rahardhika Arista Utama and Kristi Young.

Chapter Summary

Background

Establishing secure and unambiguous land tenure is a necessary step in REDD+ because unclear land tenure increases the likelihood of deforestation and degradation and is thus at odds with the goals of the program. The GoI legal infrastructure has inadequately ensured the security of and access to land. Land tenure in Indonesia is based upon the Basic Agrarian Law 5/1960 (BAL) and Basic Forestry Law 1967 (BFL) and its revision Forestry Law 41/1999 which are based upon the legal structure of the former Dutch colonial administration and designate all land in the country as state-owned. The obscurity and ineffectiveness of this legal framework must be addressed.

Policy Considerations

The UN must address the root causes of insecure and contested land tenure in order to ensure the effectiveness, efficiency and equity of REDD+ in Indonesia. The GoI has failed to protect essential forests because of vague definitions. A necessary step is to refine the legal definition of forests so as to adequately protect primary forests and peatland under international mandate. Furthermore, the GoI has either enacted or overlooked policies that break existing laws and directly challenge the ability of REDD+ to succeed. Addressing this requires the existence of a regulating body to evaluate specific cases in which relevant laws have been breached, and provide a mechanism to make such illegal activity publically known, both to the affected groups

and the international community. This body would direct international attention towards detrimental policy and pressure the GoI to amend their practices. In addition, the GoI must build the capacity of law enforcement to increase land security and prevent illegal activity. Illegal encroachment onto land for forest products will also benefit from stronger international sanctions prohibiting the importation these primary goods.

Recommendations

- Redefine the legal definition of forests as set forth by the Food and Agricultural Administration (FAO)
 - Recommend that Indonesia formally adopt the updated FAO definition
- Establish a sub-office in the UN-REDD Programme in Indonesia that will perform on-the-ground evaluations of REDD+ Demonstration Activities
 - Develop a mechanism to publicly distribute information and bring national and international attention to such issues
- Introduce a UN grant to the GoI towards increasing public funding for enforcement of forest and land rights
- Attempt to strengthen international agreements prohibiting trade in illegally-sourced timber

I. Background

Nathan Anderson & Emir Hartato

Establishing secure and unambiguous land tenure is a necessary step to ensure the successful implementation of REDD+ in Indonesia. Unclear land tenure increases the likelihood of deforestation and degradation and is thus at odds with the goals of REDD+.¹ Furthermore, for the REDD+ financial incentive to succeed, clear ownership must be established so that proper incentives motivate the people who manage forest areas to embrace forest conservation.

¹Arild Angelsen, ed. *Realising REDD+: National Strategy and Policy Options* (Bogor, Indonesia: CIFOR, 2009). 139.

Overlapping and insecure claims to land restricts REDD+ from meeting the criteria of the 3Es. First, the effectiveness and efficiency of REDD+ is threatened by tenure disputes. Policy decisions made on incomplete, inaccurate, or contradictory maps may not be implemented because of ambiguities of land rights. Furthermore, government encroachments onto customary land (land held by communities governed by customary law, or *masyarakat adat*) can be followed by conflicts, further reducing effectiveness, efficiency, and equity. Lastly, when REDD+ benefits are eventually disbursed, insecure land tenure will inhibit the equity PES.

Land tenure is broadly defined by Dr. Roy Prosterman as “the set of rules and relationships among people concerning the use, development, transfer, and succession of rights to land.”² It stimulates the rights and responsibilities concerning land by individuals or groups, both public and private.³ Conceptually, land tenure can be split into two distinct categories: the access to and security of rights to land and other natural resources.⁴ Land access refers to the extent to which people possess land, whereas land security specifies the rights given to those who possess the land.⁵ Both of these criteria need to be met in order to ensure that REDD+ will be effective, efficient, and equitable.

This report will adopt the characteristics of land tenure systems proposed by Prosterman et. al. in crafting policy recommendations.⁶ Their extensive work in obtaining legal land rights for the rural poor around the world makes their analysis of land tenure systems relevant to the issues surrounding land rights under REDD+. The first characteristic they identify is that land tenure systems evolve over time and any attempt towards land tenure reform must take into account these evolutions. Second, such systems are complex, pluralistic, and overlapping. Third, land tenure systems vary across space depending on the historic, cultural, social, political, and economic setting of a specific place. Lastly, law is an important factor in determining the structure of a land tenure system.

These characteristics are all present and pertinent in the Indonesian land tenure system. The transition from Dutch colonial administration and Indonesia’s post-independence regimes

² Roy L. Prosterman, Robert Mitchell, and Tim Hanstad, eds. 2009, *One Billion Rising: Law, Land and the Alleviation of Global Poverty*: Leiden University Press, 21.

³ Ibid.

⁴ FAO “Access and Tenure of Natural Resources” http://www.fao.org/nr/tenure/lt-home/en/?no_cache=1 February 2, 2012

⁵ Roy L. Prosterman et. al., *One Billion Rising*, 31.

⁶ Ibid.

has had significant effects on people's land access and security. This has resulted in a complex legal system with overlapping and unclear laws that often conflict with local land tenure systems. Additionally, land tenure systems differ drastically throughout the country, both between different scales of government, different regions, and different local communities or *masyarakat adat*. Furthermore, all of the varying systems of land tenure are subject to Indonesian law adding an additional layer of complexity. Understanding the intricate interactions between stakeholders and legal frameworks is necessary for understanding the obstacles for REDD+ policy on the ground.

Indonesia has significant obstacles to overcome if land tenure reform is to occur. The compilation of indicators in Table 1.1 lists several indicators of the current state of land tenure in Indonesia.⁷

Table 1.1. Property Rights and Land Tenure Index Assessments

Organization	Indicator
Millennium Challenge Corporation (2009) Land Rights and Access (Range: 0-1; 1=best)	0.556
International Property Rights Index (2009) Range: 0-10; 10=best	6.8
World Economic Forum's Global Competitiveness Index (2008-2009) Property Rights (Range 1-7; 1=poorly defined/not protected by law)	3.5
International Fund for Agricultural Development, Rural Poverty Report (2001) Gini Concentration of Holdings, 1981-1990 (Range 0-1; 0=equal distribution)	0.56
International Fund for Agricultural Development, Rural Sector Performance Assessment (2007) Access to Land (Range 1-6; 1=unsatisfactory access)	3
World Bank Group, Doing Business Survey (2009) Registering Property – Overall World Ranking (Range: 1-181; 1=best)	129
World Bank Group, World Development Indicators (2009) Registering Property: Number of Procedures Registering Property: Days Required	6 39
Heritage Foundation and Wall Street Journal (2009) Index of Economic Freedom: Property Rights (Range: 0-100; 0=no private property)	30
Economic Freedom of the World Index Legal Structure and Security of Property Rights (Range:0-10; 0=lowest degree of economic freedom) Protection of Property Rights (Range: 0-10; 0=lowest degree of protections) Regulatory Restrictions on the Sale of Real Property (Range: 0-10; 0=highest amount of restrictions)	3.93 3.96 5.75

⁷ USAID, *Indonesia Country Profile: Property Rights and Resource Governance*, United States Agency for International Development, 2010.

As these indicators illustrate, the problems surrounding land tenure are numerous. Access to land is restricted, property rights are poorly defined and protected, and registering property is a comparatively lengthy process. All of these issues must be acknowledged and addressed in order to implement REDD+ efficiently, effectively, and equitably.

Furthermore, successful REDD+ policy implementation is contingent upon an understanding of the history of land tenure in Indonesia. The current concept and status of land tenure is rooted in the laws of the Dutch colonial era lasting from 1800-1942.⁸ The Dutch established the first forestry law in 1865, which was used to formally negate indigenous peoples' rights and customary systems of law in forest areas. In 1870, the Dutch released an agrarian law called *domein verklaring* in *Agrarisch Besluit* (Staatsblad 1870 No. 118) in which the state could take land unless there was significant proof of ownership.⁹ These legal regulations were weak and overlapping, and not in accordance with the sociocultural conditions of local indigenous peoples. As such, these laws were not as effective in operating forest concessions as expected by the colonial government.¹⁰

Upon independence in 1949, Indonesia's central government initiated numerous policies concerning land reform, however most of these policies did not deviate significantly from the regulations established by the colonial government and still did not formally recognize indigenous rights. In 1960, President Sukarno decreed the BAL 5/1960 which is the basis for current land rights in Indonesia. BAL 5/1960 allows indigenous peoples to occupy and utilize state lands as long as such use is not in conflict with the interests of the state or any other applicable laws and regulations.

Unfortunately, the ability of the BAL to generate reform was cut short when it became associated with the *Partai Komunis Indonesia* (Communist Party of Indonesia, PKI). While the basic concept of the BAL is to facilitate tenure reform, it became supported by the PKI as a policy to defend the interests of Indonesia's large agrarian population. The communist party used popular momentum for this law to create a movement of poor peasants that claimed farmland using the BAL. This wave of peasant land-grabbing described as 'unilateral actions',

⁸ Kurnia Toha, "The Struggle Over Land Rights: A Study of Indigenous Property Rights in Indonesia" (PhD diss., University of Washington, 2007).

⁹ Nancy Lee Peluso, "A History of State Forest Management in Java", in *Keepers of The Forest, Land Management Alternatives in Southeast Asia*, ed. Mark Poffenberger, (Ateneo de Manila University Press: 1990).

¹⁰ Departemen Kehutanan, 1986, *Sejarah Kehutanan Indonesia I (Periode Prasejarah Tahun 1942)*, Departemen Kehutanan, Jakarta.

created conflict between landlords and village officials on one side and farmers, PKI and the *Barisan Tani Indonesia* (Indonesian Peasant Front, BTI) on the other.¹¹ It created rural radicalism that marked the peasants' struggle as both communist and anti-development. It also gave the military the opportunity to use force to quell those who hindered the transfer of land to large corporations and other development activities. In 1965-1966, the tension rose to its climax as up to one million PKI and BTI supporters were killed by military. This event demonstrates why land issues and struggles were a political sensitive issue in Indonesia during Suharto era. REDD+ provides an opportunity to assist people in gaining rights for land and resources, rights that were ignored during the Suharto administration. For example, *Aliansi Masyarakat Adat Nusantara* (Indigenous Peoples Alliance of the Archipelago, AMAN) uses the REDD+ dialogue as a chance to advocate for government acknowledgement of rights for indigenous.¹²

In 1967, the MOF issued the BFL No. 5. Article 2 of the BFL defines categories of forest based upon the status of ownership. These categories are state forest (*hutan negara*) and owned forest (*hutan milik*). This legal framework strongly negates customary-owned forest (*hutan adat*), transforming this land into state controlled forest. It also states in article 14 act 4 that state, local and private companies may be granted concession rights. However, there are conflicts of interest between the MOF, Ministry of Agriculture, Ministry of Energy, and Ministry of Mining over the proper utilization of forest resources. For example, in 1980, the Ministry of Agriculture asked each provincial governor in areas outside Java to prepare a Consensus Forest Land Use Plan (TGHK). As a spatial planning and mapping process, TGHK is used to support BFL 5/1967 as a strategy that worked to disadvantage forest dwellers.¹³ The provincial forest authorities marked out the acceptable boundaries for different forest land uses within the boundaries of the vast 'forest area' without involving local communities, cultivation areas or local notions of territoriality.

In 1999, the MOF revised BFL 5/1967 into Forestry Law No. 41. This new forestry law recognizes *hutan adat* (customary forest) but still in a limited way. The article 1 of this law puts a formal definition of *hutan adat* by stating that *hutan adat* is the state-owned forest located

¹¹ John F McCarthy. "The Changing Regime: Forest Property and Reformasi in Indonesia." *Development & Change* 31, No. 1 (2000).

¹² Abdon Nababan and Mina Susana Setra. Vol. Interview. Jakarta, Indonesia: National Alliance of Indigenous Peoples (AMAN), 2012.

¹³ Nancy Lee Peluso. "Whose Woods Are These? Counter-Mapping Forest Territories in Kalimantan, Indonesia", *Antipode* 27(4); 383.

within *masyarakat adat* territory. Therefore, under this new definition the state still has control over *hutan adat*. Article 5 of the Forestry Law No. 41 continues to define forest based upon the legal status of its ownership. Based on this article there are two legal status of the forest, which are state owned forest (*hutan negara*) and privately owned forest built on private land (*hutan hak*). There is no independent legal status for *hutan adat*. Moreover, this article also states that *hutan adat* can only be defined if *masyarakat adat* are considered (by the state) to exist and the state officially recognizes their existence as a customary community. However, there is no explanation concerning how the GoI will legally recognize *masyarakat adat*, nor how *masyarakat adat* can register their land as *hutan adat*.

The BAL 5/1960 and BFL 5/1967 with its revision Forestry Law 41/1999 constitute the basis of land use access and security in Indonesia. Despite the attempt of these laws to encompass all issues of land rights, significant problems remain. To improve land tenure in Indonesia, our policy analysis must begin with a critical look at the problems that have stemmed from these laws. As such, this analysis will determine how these issues contribute to a lack of effectiveness, efficiency, and equity in REDD+ implementation in Indonesia and recommendations will identify what UNEP can do to support Indonesia in resolving land tenure conflict.

II. Policy Considerations

A. LAWS

Kristi Young

The national law in Indonesia regarding forests and forest management is ill devised and has led to the mismanagement of forests and forest-dependent communities. There are several legal snares that complicate the role of forest management; agricultural versus forestry law and federal versus provincial mandates. In addition to the unclear issues raised by these competing laws, the problem of forest governance is made more complicated by a lack of relevant legal definitions and licensing laws.

Overlapping agricultural and forestry law

As previously mentioned, the basis for agrarian law in Indonesia is BAL 5/1960 which states that all land and resources in, above, and below Indonesian territory belongs to and is controlled by the central government. While this law is extensive, problems arise when forestry law is considered because despite the stipulation granting all land rights to the state, the MOF has control over forest areas. Forest law and the MOF are supposed to have authority over all areas defined as forest and have designated approximately 78% of Indonesia as forest, putting this area under their control.¹⁴ Complications arose after independence with the enactment of BAL 5/1960, because this law set forth a different theory on ownership and management, while the forestry laws are still firmly rooted in the Dutch theory of total control over the forests, as reflected in BFL 5/1967 and its revision Forestry Law 41/1999, which delegitimize all authority and management systems other than the MOF.¹⁵

The main complication that arises out of the conflicting laws and legal theories concerns forest boundaries. The MOF has the authority to designate the boundaries of forests and has used this to their advantage by claiming that 78% of the Indonesian landmass is forest--approximately twice as much as the Dutch originally designated--while in reality much of this land is grassland or other types of non-forest ecosystems.¹⁶ This gives the MOF a disproportionate amount of control over land in Indonesia. As a consequence of their control over the forest areas, traditional management styles have been marginalized. Over 65,000 households have been evicted, and the MOF has had difficulty in managing the forest in an effective and equitable manner.¹⁷ In order for the power of the MOF to be curbed and the forest to be managed in a more effective and equitable manner, the international community should offer assistance to Indonesia to help them remedy the conflicting legal framework. With a more cohesive legal framework the proper lands can be under the authority of the MOF and REDD+ can be implemented in the areas where it would be the most effective and equitable for the environment and Indonesians.

¹⁴ Chip Fay, *Getting the Boundries Right, Indonesia's Urgent Need to Redefine Its Forest Estate*, (Bogor, Indonesia: World Agroforestry Centre), 6.

¹⁵ *Ibid.*, 6-7.

¹⁶ *Ibid.*, 1-8.

¹⁷ *Ibid.*, 9-11.

Central versus provincial

While the GoI has legal authority over forest management, numerous issues have arisen over disunity between federal and provincial forest management laws. Under Government Act 62/1998 the responsibility for local forest management was passed onto provincial and local governments. As a result, every local area had the autonomy to decide upon its own definitions of forest and to draw the boundaries of the state forest land. These local reports conclude that only 32% of the forest land designated by the MOF is actually forest, an estimate that would cause the MOF to lose authority over 68% of government land claims.¹⁸ In addition it was up to the provincial governments to manage forest-dependent communities, a responsibility they have mishandled, leading to conflict between local peoples, the provincial governments, and the national government. The central government needs to create clear boundaries of responsibilities for the provinces in order to decrease the mishandling of forest land. UNEP could assist in this by offering the assistance of experts to offer advice to Indonesia. By creating a cohesive line of responsibilities the forests can be better managed and REDD+ will be able to be implemented far more effectively.

Definitions

As discussed above a major problem in regards to land rights and conflict is the lack of effective legal definitions of forest and forest types. There are three conflicting definitions of forest. The first comes from the MOF, which has defined forest as “a unit of ecosystem in the form of land comprising biological resources, dominated by trees in their natural forms and environment which cannot be separated from each other.”¹⁹ This definition leaves much open to interpretation, but is it clear that it does include huge tracts of land that are now agricultural forests and not natural forests. Using this definition the MOF greatly extends its boundaries and authority to cover a large part of Indonesia. The GoI defines forest as “a certain area which is designated or stipulated by the government to be retained as permanent forest.”²⁰ This particular definition of forest leaves the government free to decide what to designate as forest, which includes large areas of land that they have decided are forest with no biological reason, allowing

¹⁸ Fay, *Getting the Boundaries Right*, 14-16.

¹⁹ *Ibid.*, 13-14.

²⁰ *Ibid.*, 13-14.

them to have a legal claim over the land and control citizens use and access. State Forest, defined under BFL 5/1967 and Forestry Law 41/1999, is whatever the government so designates is defined as “a forest located on lands where there is no ownership rights.”²¹ These nonbinding definitions allow forest boundaries to be manipulated in ways which affects Indonesians’ use and access to land. In addition, the controversy over definitions illustrates that much of the land under the authority of the MOF should not technically be under their control. The duty of the MOF is to manage forest but currently they are claiming rights to land that is biologically out of their jurisdiction. Controlling land that does not fall under their mandate allows them to operate in an extra-legal gray area which results in the land rights of local people to be discarded. A definitive legal definition of forest is needed to implement REDD+ because without it there will be no way to properly designate, monitor, and rewarded carbon credits to lands.

The second legal problem due to insufficient legal clarity is the lack of definitions of forest categories, which is a particular problem in terms of licensing laws. Legally, there are different regulations on land use depending on its categorical classification. For example, under GoI law it is illegal to develop peatland. However, there are no official legal definitions of peatland, secondary forest, or primary forest.²² This allows for companies and provincial governments to decide on their own definition and leads to the illegal land development. Hence the importance of a clear, binding legal definitions of forest and a correlating official map that uses legal definitions of land will be of great value to the successful implementation of REDD+.²³ UNEP should support the creation of such a map.

Furthermore, it remains unclear if palm oil areas can legally be considered forest. The MOF classified palm oil as forest under MOF Regulation Number 62/Menhut/II/2011.²⁴ However this classification was officially revoked and currently palm oil is no longer classified as forest. Despite this change there is still a debate concerning whether or not palm oil should be classified as forest. Palm oil lobbies are pushing hard to have it classified as forest as it would be eligible for carbon credits. Others organizations, including environmental NGOs, are pushing hard to keep palm oil plantations defined as agricultural land and therefore not eligible for

²¹ Fay, *Getting the Boundaries Right*, 13-14.

²² Beth Gingold, "Indonesia's Ambitious Forest Moratorium Moves Forward." 9 June 2011. *World Resources Institute*. <http://www.wri.org/stories/2011/06/indonesias-ambitious-forest-moratorium-moves-forward>. 28 January 2012.

²³ Ibid.

²⁴ Yuyun Indradi. 2012. Vol. Interview. Jakarta, Indonesia: Greanpeace.

carbon credits under REDD+. However many non-governmental organizations (NGOs) such as Greenpeace are afraid that the palm oil lobby is powerful enough to re-classify palm oil as forest.²⁵ Biodiversity is a key factor in determining the definition of forest, a factor that is not currently given enough consideration. The legal definition of forest needs to consider the importance of biodiversity to the health of a forest. Many environmentalists do not think that a palm oil plantation qualifies as biodiversity and should therefore not be considered as forest. If it were legally permitted to exist under the definition of forest, then developers could grant an ecosystem restoration concession (ERC) to establish a palm oil plantation and claim benefits from the carbon, all under the guise of REDD+.

The debate over the classification of palm oil must be resolved before REDD+ is implemented to determine which areas of land are eligible for credits. UNEP should refuse to include palm oil in the definition of forest in order to prevent it from qualifying for carbon credits as its inclusion would have wide implications for REDD+ and the protection of biological forests. The creation of clear, definitive, legal definitions is a central solution to land tenure conflicts that must be established before REDD+ can be implemented.

Licensing

Complications over licensing are largely due to the lack of useful definitions and conflicting boundaries. Licensing is another source of conflict between the provincial and state government, as both have the authority to grant land rights. However, due to the unclear boundaries of the forest and the unclear categorizations of the different types of forest, licensing is left to the discretion of the concession-seeker and whichever branch of government they choose to work with. This can lead to the development of lands that is protected under law and subsequent conflict between local, provincial, private, and national governments.²⁶ The private licensing issue is relevant because of the scale of private projects in Indonesia. There are over 60 million hectares controlled by the timber industry, 15 million hectares by plantations, 48 million for national parks or preserved land, and over 480 mining concessions to private companies.²⁷

²⁵ Yuyun Indradi. 2012. Vol. Interview. Jakarta, Indonesia: Greenpeace.

²⁶ Gingold, "Indonesia's Ambitious Forest Moratorium Moves Forward"

²⁷ Fay, *Getting the Boundaries Right*, 16.

In addition, licensing laws are currently unclear under the moratorium on granting new permits for development of forest land stipulated in presidential decree number 10/2011. However, this moratorium only pertains to secondary forest and as explained above there is no definition of secondary forest, rendering the decree ineffective.²⁸ It also protects all of the current license boundaries, which is a problem because there is no map showing all of locations and boundaries. In addition, there are many exceptions cited in the document which allows the granting of a significant number of new permits even though they are prohibited under the law.²⁹ Licensing to private companies needs to be resolved and the creation legal definitions, clear boundaries, and integration between the different levels of government is critical to solving this problem. Licencing problems need to be resolved for REDD+ to be implemented fairly and effectively. REDD+ depends on clear boundaries and adequate protection in order to be successfully implemented.

B. INDIGENOUS AND LOCAL COMMUNITY LAND RIGHTS

Emir Hartato & Rahardhika Arista

A recent study from World Bank has estimated that over 54 million people in Indonesia depend on forest resources for their livelihood. As such, REDD+ will have a direct impact on the livelihoods of millions people who live in and around the forest.³⁰ Forest land tenure issues are important and REDD+ implementation must address them at community level. One common perception of REDD+ is that under the current strategy it could harm forest dependent communities by restricting their traditional access to forest resources.³¹

Indigenous peoples and local communities are two main types of existing communities within and around forest areas. Both have different land tenure and resource ownership histories that impact their claims to forest land. *Masyarakat adat* and local communities whose lives are dependent on forest resources face immense problems, as their rights are not recognized by the government. However, to maintain any measure of equity, it is essential that any REDD+ system

²⁸ Gingold, "Indonesia's Ambitious Forest Moratorium Moves Forward"

²⁹ Ibid.

³⁰ The National Forestry Council and UN-REDD Programme Indonesia, *Policy Recommendation: FPIC Instrument for Indigenous Communities and/or Local Communities who will be affected by REDD+ Activities*. (Jakarta, Indonesia: 2011).

³¹ Teguh Surya. Jakarta, *Indonesia: Friends of the Earth Indonesia (WALHI)*, 2012.

recognize their rights to access and manage the forest and other natural resources. UNEP should work with both DA developers and local communities to ensure that both parties are aware of their rights and obligations within REDD+ implementation.

Indigenous Land Rights

Customary land rights are a high priority for the international community and therefore protected by international declarations and law such as The Universal Declaration of Human Rights (UDHR) and The International Labour Organization (ILO) Convention 169.³² A study done by the World Agroforestry Centre (ICRAF) found that unclear land rights and tenure are the fundamental cause of conflict between communities and government in forest projects.³³ For example, in 1995 a conflict over land-use rights incited violent clashes when the government-initiated Mega Rice Project did not recognize the existing communities and their land-use rights at Central Kalimantan area.³⁴ It is important to take these lessons into account so that REDD+ programs are not met with similar resistance.

Indigenous peoples are vulnerable in the absence of a strong, clear and acceptable law to recognize and protect their rights. Approximately 48 million indigenous people live and depend on the forests of Indonesia and 15% of them live in poverty³⁵. Abdon Nababan, secretary-general of AMAN, stated that the central government has tentatively acknowledged the issue of indigenous peoples, but as of yet, there is no legal framework forcing the MOF to recognize indigenous people's rights. Without recognition of their rights, especially of forest tenure, forest-based projects like REDD+ would likely harm and marginalize indigenous people. Therefore, *adat* community land rights must be recognized to accomplish equity in REDD+.

To counter these problems, the government has issued legislation *Ketetapan Majelis Permusyawaratan Rakyat* (The Decree of the People's Consultative Assembly, TAP MPR) IX/2001 on agrarian reform and natural resource management to resolve land tenure and

³² Arnaldo Contreras Hermosilla and Chip Fay, "Strengthening Forest Management in Indonesia Through Land Tenure Reform: Issues and Framework for Action," *Forest Trend* (2005): 16.

³³ Gamma Galudra et al., "Hot Spot of Emission and Confusion: Land Tenure Insecurity, Contested Policies and Competing Claims in the Central Kalimantan Ex-Mega Rice Project Area," Working Paper nr 98. (Bogor, Indonesia: World Agroforestry Centre: 2010). 21.

³⁴ Ibid.

³⁵ Myrna A. Safitri et al., *Menuju Kepastian dan Keadilan Tenurial* (Jakarta, Indonesia: Epistema Institute, 2011),

recognize the rights of indigenous peoples. Article 2 of this law mentions that agrarian reform includes a continuous process in regards to the realignment of control, ownership, use and exploitation of agrarian resources. It aims to achieve tenure certainty, legal protection, justice and prosperity for all Indonesian people. To support this, Article 3 states that agrarian reform and natural resource management should be implemented in accordance with the principles of human rights, including recognition and respect for the rights of indigenous peoples and cultural diversity of the nation's agricultural resources and natural resources.

Kuntoro Mangkusubroto, head of the Indonesian President's Special Delivery Unit, announced the GoI's intention to prioritize the needs of its forest communities and to recognize, respect and protect *adat* community rights. He called for increasing the implementation of TAP MPR IX/2001 that has been on the books for ten years but rarely put into practice.³⁶ Following his suggestion, the government would take action immediately in two areas, with the aim of addressing the lack of coordination across government agencies in addressing forest tenure policies.

On the ground, Satgas REDD+ is implementing the One Map program, focused on developing a single map that will act as the basis for all land tenure decision-making. This resource will be used by all ministries and government institutions to construct policy, this information being provided through a transparent and participative process. One Map is a delineation map that shows the legal status of the nation's forest area, ensuring the recognition of *adat* customary lands rights. Many stakeholders, including donor countries like Norway support the development of One Map to support indigenous rights over land.

Success in the One Map program is very important towards solving land tenure issues and achieving equity in REDD+. However the problem is how the government will incorporate the One Map into indigenous community in land tenure reformation. Representatives from the GoI have explicitly stated that Indonesia does not has indigenous people problem because all Indonesians are indigenous people.^{37 38}

³⁶ Coimba Sirica and Jenna DiPaolo. *Indonesian Government Announces Dramatic Shift in Forest Policy; Signals Commitment to Expand Rights of Communities, Indigenous Peoples*, 2011.

³⁷ Heru Prasetyo. "REDD in Indonesia: Greening Development." National Task Force on REDD (Satgas REDD+), Jakarta, Indonesia.

³⁸ Abdon Nababan and Mina Susana Setra, Interview.

The absence of a clear definition of indigenous peoples at the national level raises several problems in terms indigenous peoples rights. Although the GoI has ratified the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), policies that conflict with indigenous peoples rights have not changed and most *masyarakat adat* are not formally recognized. For example, articles 1 and 5 of Forestry Law No. 41 of 1999 violate the land rights of *adat* communities by integrating forest previously under customary law and state forest. As a result, *adat* communities are excluded from forest management and decision making. The government continues to reject *adat* community land claims, even though many of the customary laws governing the land predate the republic and its legal structure. This situation has spurred conflict between communities and the government and must be reconciled for REDD+ to be equitable. UNEP can provide assistance in compelling the GoI to submit to their legal obligations to protect *masyarakat adat* by helping to disseminate information concerning their rights between parties. Educating *masyarakat adat* of their legal protections will enable them to formally approach the GoI in order to assert their rights. A mechanism to both dispel such information and provide an avenue for legal recourse between *masyarakat adat* and the GoI will satisfy this need.

Local Community Land Rights

Local communities, or forest-dependent communities that do not fit under the category of *masyarakat adat*, face similar problems in obtaining clear legal rights to land. Nevertheless, the MOF has developed a program to legally recognize the rights of forest property by rural communities intended to empower communities who live in forest areas. These programs are defined by recent MOF regulations, such as No. P.6/Menhut-II/2010 on *Kesatuan Pengurus Hutan* (Forest Management Units), No. P.52/Menhut-II/2011 on *Hutan Kemasyarakatan* (Community Forestry), No. P.53/Menhut-II/2011 on *Hutan Desa* (Village Forest), and No. P.03/Menhut-V/2004 on *Hutan Tanaman Rakyat* (Forest Plantations for People). In general, these regulations are efforts to improve the capability and independence of local communities to obtain the benefits of forest resources in optimal and fair elections through capacity building and provision of access in order to improve the welfare of local communities. This community managed scheme offer a degree of protection against land sales and subdivision.³⁹ However, progress in this program is slow and there remains an unbalanced allocation of forest area

³⁹ Hermosilla, “Strengthening Forest Management in Indonesia Through Land Tenure Reform”

between communities and companies. The scheme above also does not allow community to own the lands, it only gives access for community to manage the lands for certain period of time.

In addition, rights over forests sometimes overlap, with some areas being claimed by groups that do not even live in the immediate area. Community managed of forests has its downsides. Several cases in various countries show that occasionally, when the governments transfer land rights to local communities, collusion among community leaders allows a few individuals to appropriate the benefits and concentrate their power and assets.⁴⁰ UNEP can play a significant role in expanding the REDD+ program to improve and strengthen community managed scheme in Indonesia, avoiding potential downside that may occur during REDD+ implementation. As in the case of *masyarakat adat*, distributing information of their legal rights to local communities and providing a mechanism to assert their rights is a necessary step in ensuring the equitable involvement in REDD+. UNEP should focus on developing these mechanisms in order to ensure that local communities are equitably included in REDD+ implementation.

C. POLICIES

Nathan Anderson

The contradictory and overlapping initiation of policies by the GoI is also a relevant issue in the attempt to classify and understand land tenure for the purposes of efficient, effective, and equitable REDD+ implementation. While laws define what *should* occur, the examination of policy determines what *does* occur, and how these occurrences relate to the legal framework. Identifying the problems surrounding land tenure in relation to REDD+ will thus require an examination of not only the relevant laws, but also the ways in which those laws are turned into public policy that affects people.

Unclear or contested policies concerning land use exacerbate current problems concerning land use in Indonesia. Arbitrary land seizures for development projects, industrial uses, or state forestry or plantation purposes are a common feature of Indonesia's agrarian

⁴⁰ Hermosilla, "Strengthening Forest Management in Indonesia Through Land Tenure Reform"

politics.⁴¹ There are numerous cases of multiple concessions being granted to the same area of land.⁴² Lack of knowledge about national land law and the inability to enforce such regulations has prompted local agencies to develop different land certification and taxation policies. These policies represent the failure of the inadequate legal framework to both effectively address and adequately enforce land use in Indonesia.

One of the most prominent cases in which policies contradict GoI law is the moratorium on granting concessions in peat lands and primary forests. The moratorium was created through a recommendation by the Phase 1 Joint Concept Note (JCN), a document developed based on the requirements established by the LoI.⁴³ It was designed to have an immediate impact in reducing deforestation and environmental degradation, demonstrate environmentally sustainable land uses, and develop a initial baseline on the elements of forests and degraded land that would be used in the implementation of a REDD+ strategy.⁴⁴ This moratorium officially took effect in January 2011 as per the JCN mandate, but the terms of the moratorium were not defined until a presidential decree released May 20, 2011.⁴⁵ This decree instructed the GoI to:

“Take the necessary steps in accordance with their duties, functions and authority to support postponement of the issuance of new licences for primary natural forest and peatland in conservation forests, protected forest, production forest (limited production forest, regular/permanent production forest, production forest that can be converted) and other use areas [*area penggunaan lain*] as indicated in the Indicative Map of Postponement of New Licences which is attached to this Presidential Instruction.”⁴⁶

The moratorium was issued as part of President Susilo Bambang Yudhoyono’s promise to cut business as usual (BAU) greenhouse gas emissions by 26% by the year 2020, or 41% with foreign assistance. However, the GoI has failed to uncompromisingly adhere to this overarching policy.

One case in which the moratorium was breached took place in Aceh, where in August of 2011, governor Irwandi Yusuf granted 1,605 ha of forest in the Tripa Peat Swamp to PT Kallista

⁴¹ Craig C. Thorburn, 2004. "The Plot Thickens: Land Administration and Policy in Post-New Order Indonesia." *Asia Pacific Viewpoint* 45 (1).

⁴² Ibid.

⁴³ Julian Caldecott, Mochamad Indrawan, Pasi Rinne, and Mikko Halonen. 2011. *Indonesia-Norway REDD+ Partnership: First Evaluation of Deliverables*: Gaia Consulting.

⁴⁴ Norwegian Embassy in Jakarta. 2010. *Indonesia-Norway Partnership Joint Concept Note*.

⁴⁵ *Indonesia Releases Presidential Instructions for Logging Moratorium 2011*. Forestsblog. CIFOR.

⁴⁶ *Number 10 Year 2011: Regarding Postponement of Issuance of New Licenses*, (2011).

Alam, a palm oil company.⁴⁷ Being designated as peatland, this concession is considered illegal under the terms of the moratorium. The *Wahana Lingkungan Hidup Indonesia* (Indonesian Forum for the Environment, WALHI) Aceh branch protested this move by filing a legal claim against Governor Irwandi, citing a breach of the moratorium. Below is an image of the moratorium map (Figure 1.1), followed by a map of the concession (Figure 1.2). These maps clearly show that the concession includes area protected under the moratorium.⁴⁸ When the next version of moratorium map was released in November of 2011, the shaded peatland area granted to PT Kallista Alam did not appear (Figure 1.3).⁴⁹

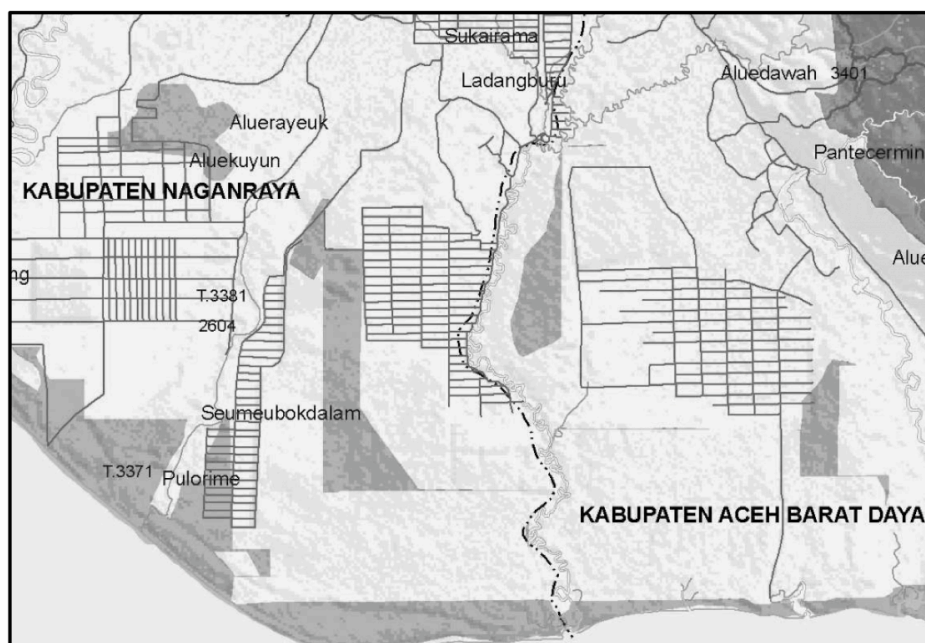


Figure 1.1. Sheet 0519 of the moratorium map released May 2011
Shaded area indicates peatland protected under the moratorium

⁴⁷ Chris Lang, "Indonesia's Ministry of Forestry amends moratorium map and excludes oil palm concession issued in breach of moratorium", REDD-Monitor, 12/14/2011.

⁴⁸ Chris Lang, "Irwandi Yusuf, Indonesia's 'green governor', accused of issuing illegal palm oil concession," REDD-Monitor, 11/24/2011.

⁴⁹ Lang, "Indonesia's Ministry of Forestry amends moratorium map and excludes oil palm concession issued in breach of moratorium"

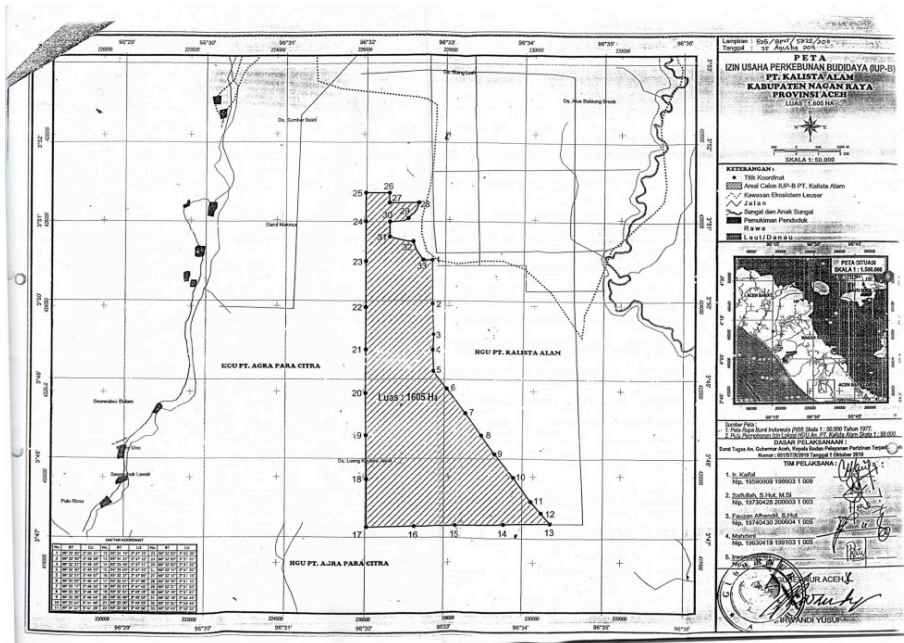


Figure 1.2. PT Kallista Alam concession map
 Shaded area indicates PT Kallista Alam concession

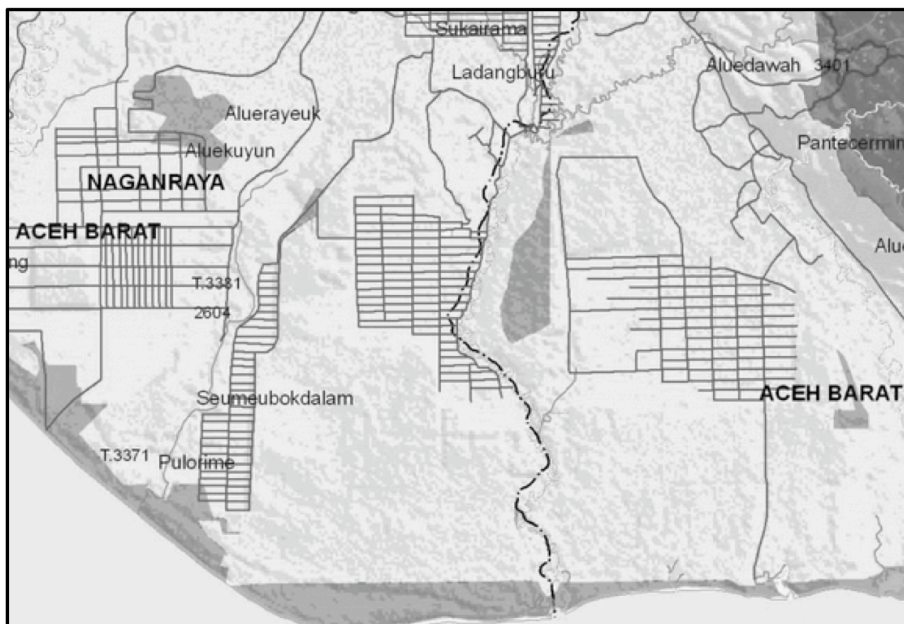


Figure 1.3. Sheet 0519 of the moratorium map released November 2011
 Shaded area indicates peatland protected under the moratorium

This move prompted criticism from Kuntoro Mangkusubroto, the chair of Satgas REDD+. He stated that, “While we recognise the need for the palm oil industry to also grow, signing an agreement with a palm oil company to allow the conversion of protected peat land

into palm oil plantations, very clearly breaks the moratorium.”⁵⁰ Similarly, secretary general at the MOF Hadi Daryanto told the *Jakarta Globe* that “[the concession is] clearly a violation because the area in question is a peat forest. On the moratorium map it’s clearly marked out as protected, but in the revision that followed, it was somehow excluded. That exclusion in itself is also a violation because it occurred after the moratorium went into effect.”⁵¹

This case illustrates the numerous problems associated in the relationship between law and policy in Indonesia. The provincial Aceh government failed to respect the protected land under the moratorium. Once the illegality of the concession was brought to public attention, the GoI altered the moratorium map to ensure the legality of the PT Kallista Alam palm oil concession. Furthermore, this move was condemned by other officials within the GoI, indicating a lack of intra-governmental coordination.

Government policy has also directly neglected to adequately protect local communities’ land rights. A prominent case that illustrates this took place on Pulau Padang, an island off the eastern coast of Sumatra. In 2009, a Ministerial Decree awarded Asia Pacific Resources International Holdings, Ltd. (APRIL) a 41,205 ha concession permit for a pulpwood plantation on the island.⁵² Local communities living in and around this area immediately voiced concerns, claiming that the concession removed their rights to cultivate crops and thus threatened their livelihood.⁵³ They also cited environmental concerns, fearing that the degradation of the peatland area would result in greater likelihood of floods in the rainy season and fire in the dry season. Residents have even gone so far as to stitch their mouths shut in an effort to convey their lack of voice concerning the use of the land they inhabit.⁵⁴ Despite significant protests, the concession remained, with APRIL claiming that “the heavily disturbed nature of Pulau Padang as a whole...demonstrates the strong case for professionally managed plantations on the island, which not only act as buffer zones to protect the sensitive peat dome area but also help deter opportunistic logging and encroachment activity.”⁵⁵

⁵⁰ Lang, “Indonesia’s Ministry of Forestry amends moratorium map and excludes oil palm concession issued in breach of moratorium”

⁵¹ Fidelis E. Satriastanti, 2011. “Ministry to Probe Aceh Forest Clearing Permit.” *The Jakarta Globe*, 12/14/2011.

⁵² *A Silent Protest in Pulau Padang* 2011, Transparency International.

⁵³ *Ibid.*

⁵⁴ *Ibid.*

⁵⁵ REDD-Monitor, 2012, *Guest Post: Indonesia’s Moratorium Map Fails to Include Data on Settlements and Smallholder Farms.*

These two cases demonstrate the significant problems surrounding land tenure and GoI policy. Policies that grant concessions illegally decrease land security and access. If the legal structure does not adequately protect land, then project developers will be wary invest in demonstration activities. The inability of other government officials to halt the concession despite their contentions exacerbates this insecurity. Such actions threaten the effectiveness, efficiency, and equity of REDD+. If the legal structure cannot protect land from encroachment by palm oil companies, then the ability of the GoI to adequately protect the security of pilot projects and protected areas is threatened. These types of policies result directly in increased deforestation and forest degradation, and is thus are at odds with the goals of REDD+.

In regards to land access, contested or illegal policies threaten to remove the land rights of local communities and *masyarakat adat*. These actions will result in a decreased capacity for equity and effectiveness in REDD+. The imposition of forestry policies in Indonesia have often been met with resistance from local communities,⁶⁰ and unclear agrarian policy has resulted in a number of violent conflicts around Indonesia. The *Konsorsium Pembaruan Agraria* (Consortium for Agrarian Reform, KPA), an Indonesian NGO has identified 163 agrarian conflicts in the year 2011.⁶¹ Such disputes have resulted in violence, loss of life, and human rights abuses. It is important that the UN become involved in alleviating the conflicts associated with land policy in Indonesia for the purpose of ensuring effective, efficient, and equitable REDD+ implementation.

Policy recommendations concerning land use policy will focus on adapting legal institutions to deal with the requirements of establishing REDD+ in Indonesia. One of the largest issues to be looked at is the potential reformation of the BAL 5/1960 to better respond to Indonesia's current agrarian issues. The vague language contained in this law allows the GoI to unequivocally appropriate land for numerous reasons; it permits the establishment of policies that do not adequately protect forests and people. Many groups, such as KPA, support this course of action. Giving these groups greater access to legal institutions to effectively attain this goal is a necessary step. Enabling smallholders and other land rights holders developing Demonstration Activities who have been negatively effected by GoI policies to pursue legal recourse will increase public awareness of illegal or contested policies that threaten REDD+. The UN-REDD

⁶⁰ Fay et. al., *Getting the Boundaries Right: Indonesia's Urgent Need to Redefine its Forest Estate*

⁶¹ KPA "Press Release of KPA on Conflict and Agrarian Disputes in the country" (December 25, 2011).

program should focus on identifying policies that breach legal obligations and increase the ability of the negatively affected parties to access legal recourse by developing ties between them and relevant legal representatives. The development of such organizational connections would pressure the GoI to reform its current policies by both establishing a greater voice for civil society as well illustrating how current land use policy threatens REDD+ effectiveness, efficiency, and equity.

D. LAW ENFORCEMENT

Henry Apfel

Illegal logging in Indonesia is a severe problem, one that could potentially challenge efficient, effective and equitable REDD+ implementation. According to a 2007 estimate published by the Blue Green Alliance in partnership with several other environmental and labor organizations, 73-88% percent of Indonesian timber is illegally sourced, and recent estimates have still placed the proportion at around 40-55%.⁶² Much of this illegal activity occurs in national parks, adding greater urgency to this problem.⁶³ “Illegal logging” is a term that encompasses many different illegal activities. Over-harvesting in conceded areas, harvesting beyond concession limits, forged customs papers, smuggling, and false or absent documentation are among the activities that constitute illegal logging.⁶⁴ The problem of illegal logging illustrates the problems associated with land tenure in Indonesia. The extent of such activities indicate the lack of land access and security in forests. It is important to mitigate illegal land use to ensure successful REDD+ implementation. In light of the scope of illegal logging activities, it will be difficult for REDD+ programs to succeed without strong law enforcement.

As preciously mentioned. the MOF holds the legal rights to 78% of land in Indonesia, despite disagreement over the technical classification of forest lands. The MOF is primarily responsible for law enforcement in forest areas, although it shares responsibility with the Directorate of Biodiversity Conservation and the Directorate General of Forest Protection and

⁶² Alda Chan, “Illegal Logging in Indonesia: The Environmental, Economic and Social Costs,” (Blue Green Alliance, 2010) p. 3.

⁶³ Ibid.

⁶⁴ Ibid.,4.

Nature Conservation, as well as local police, the military police, and several other agencies.⁶⁵ Currently, the MOF is attempting to increase the strength of law enforcement by training large numbers of *Satuan Khusus Polisi Kehutanan Reaksi Cepat* (Ranger Quick Response Units, SPORC). The MOF made an effort to train 1,500 of these highly specialized forest rangers by 2009, according to the United Nations Environmental Programme/Global Resource Information Database (UNEP/GRID) Arendal foundation.⁶⁶ This represents a significant addition to the 9,700 forest rangers employed previously.⁶⁷

The same report noted that large-scale organized incursions into parks for the purposes of poaching or illegal logging are extremely difficult for rangers to prevent due to a lack of training, equipment, and ability to recruit or pay informants. Additionally, security personnel hired by logging companies often have military backgrounds and more dangerous armaments than standard park rangers.⁶⁸

According to the UNEP/GRID-Arendal office, law enforcement has the potential to sharply curb illegal logging if and when it is “implemented efficiently and extensively in threatened areas” and with highly specialized and well-equipped personnel.⁶⁹ International law enforcement also has the potential to be extremely effective, but the costs of coordination are much higher than for domestic law enforcement. Still, coordination between governments to enforce bans on illegally harvested timber and to share information can help to make international enforcement activity more efficient.⁷⁰

Since the scale of illegal logging is so immense, enforcement is critical. In practical terms, allowing illegal logging to continue at present levels would significantly undermine REDD+ efforts. Without greater training and equipment for forest rangers and stricter controls on the international trade in timber, illegal logging will continue at extraordinary rates and REDD+ lands will be targeted just as readily as national parks and other forest areas.

Under any REDD+ regime, significant areas of forest land will need to be protected. The pervasive and large-scale nature of illegal logging in Indonesia represents a significant problem for any potential REDD+ scheme. If forest rangers, other law enforcement personnel, and the

⁶⁵ “Law Enforcement Responses to Illegal Forestry Activities,” UNEP/GRID-Arendal, accessed Feb. 15, 2012.

⁶⁶ Ibid.

⁶⁷ “Countering Illegal Logging - Measures and their Effect,” UNEP/GRID-Arendal, accessed Feb. 15, 2012.

⁶⁸ Ibid.

⁶⁹ Ibid.

⁷⁰ Ibid.

international community are unable to sharply curtail this activity, REDD+ will fail because protected timber will be illegally harvested in large amounts. Partly, the severity of illegal logging is the result of a previously mentioned lack of clarity in land tenure law - but even if ambiguities are addressed, a lack of enforcement would pose a serious problem to REDD+ efforts. If rules are unclear, it becomes easier to exploit loopholes or contradicting statements to justify illegal logging and escape or minimize punishment. Similarly, it is more difficult for law enforcement officials to hold transgressors or convict them in a court of law if issues of land tenure are not resolved. For instance, it may be difficult to determine legally what type of land suspects are harvesting from, or demonstrate that they did not have the required access rights to harvest from that land. As a result, illegal loggers may continue with relatively little fear of punishment. Any party with a stake in the success of REDD+ programs in Indonesia therefore has an incentive to combat illegal logging and related practices. The international community can help by providing training to local personnel and working to prevent the international flow of and demand for illegally-sourced timber. By taking up these tasks, UNEP and the international community at large can help to make REDD+ in Indonesia possible. UNEP can assist in these pursuits by providing a framework for international agreements. UNEP represents a unique forum for discussion of both international regulation of the trade in illegal timber and international assistance in strengthening the ability of Indonesian forest rangers to deal with paramilitary groups they may face when combating illegal logging.

III. Recommendations

- Redefine the legal definition of forests as set forth by the FAO to:
 - Include classifications recognizing the importance of biodiversity,
 - Establishing an international standard for the definitions of primary forests, secondary forests, and peatland
- Recommend that Indonesia formally adopt the updated FAO definition
- Establish a sub-office in the UN-REDD Programme in Indonesia that will perform on-the-ground evaluations of REDD+ DAs to ensure that concessions are consistent with national and international laws protecting land rights

- Develop a mechanism to publicly distribute information and bring national and international attention to such issues
- Expand the role of UN-REDD Programme in informing local communities and *masyarakat adat* in issues surrounding their legal rights
- Introduce a UN grant to the GoI towards increasing public funding for enforcement of forest and land rights, including but not limited to:
 - Increasing the scope of local law enforcement; increasing the salaries of forest rangers, police, and judges charged with enforcement
- Request that UN member states provide training services to Indonesian forest rangers.
- Attempt to strengthen international agreements prohibiting trade in illegally-sourced timber and work towards establishing greater information-sharing between Indonesia and consumer nations.

Good Governance

Kristi Young, Sandi Halimuddin, Jared Moore, Sari Damar Ratri and Nety Riana Sari

Chapter Summary

Background

Indonesia has internal problems relating to good governance that need to improve for REDD+ to be beneficial to its maximum extent. REDD+ is a comprehensive program that involves many stakeholders and levels of society, due to its intricate nature for it to be as beneficial as possible it needs to be implemented in an environment that is improving good governance by decreasing corruption, and increasing integration horizontally across and vertically through the levels of government and society .

The three primary governance concerns in Indonesia are the high levels of corruption, the low level of horizontal integration, and low levels of vertical integration. The high levels of corruption cripple the potential effectiveness, efficiency, and equality of REDD+ by decreasing the financial benefits to the different stakeholders, creating an atmosphere of distrust, and by scaring off international investors who do not want to be associated with corruption. The lack of horizontal integration has resulted in overlap and gaps between Indonesian ministries in regards to REDD+ creating an inefficient system with overlapping jurisdictional problems that need to be resolved for REDD+ to be successful. The lack of vertical integration has also led to overlapping jurisdiction and the isolation of important stakeholders such as local communities. A clear standard with continuity for all levels of society involved needs to be established for the realization of REDD+.

Policy Considerations

The problems regarding good governance are difficult to resolve as they are embedded in the governance style of Indonesia, however solving these problems for REDD+ could provide an opportunity for Indonesia to solve them in the larger context. Corruption is present at every level of society in Indonesia and in terms of REDD+ the greatest corruption problem concerns land concessions and forest classifications. Horizontal integration improvement needs to involve a way to help the different ministries coordinate to minimize overlap between their various responsibilities. Currently in Indonesia there are two offices that have been set up to solve this problem in relation to REDD+ and their support could be a key way to improve this situation. Vertical integrations solutions need to ensure the involvement of local communities and a system must be developed to monitor the stakeholder involvement with a focus on the involvement of local communities.

Recommendations

- UN should create international standards on REDD+ Governance reporting and use reporting standards to establish social and environmental safeguards to prevent a government monopoly on REDD+ and protect the voice of local and customary peoples.
- UNEP should build a strong mandate within UNFCCC on local involvement which will increase REDD+'s ability to acknowledge and be responsive to local needs and assist REDD+ to close the gaps among different levels of governance
- The UN should encourage the GoI to increase transparency and accountability in the MOF's process for the international community, Indonesian government ministries, and the public by using an independent, administrative body from the GoI should act as a third party reviewer to support and check the MOF's land use classification and forest concession licensing.
- UNEP should emphasize collaboration with the *Dewan Nasional Perubahan Iklim* (National Climate Change Council, DNPI) and Satgas REDD+ in order to strengthen their roles as integrative forums and offer technical expertise as requested.

I. Background

Kristi Young

Some of the greatest challenges to the successful implementation of REDD+ are the overarching difficulties for the Indonesian government related to good governance. Governance as defined by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) is “ the process of decision-making and the process by which decisions are implemented (or not implemented).”¹ Therefore, good governance would be the effective and equitable ruling of a country and people. Under the UNESCAP criteria, good governance has eight main characteristics:

It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.²

This chapter addresses problems that Indonesia is having in these areas, how they relate to the successful implementation of REDD+, and possible ways governance can be improved.

Indonesia is a young republic still in the process of establishing its government and how it will responsibly manage its duties to its people. The question of good governance is essential to maximizing the success of REDD+; the benefits will likely only be realized with a push for overall good governance in Indonesia. The duty of good governance in Indonesia belongs to the GoI and the Indonesian people, though the role of the international community is vital to helping Indonesia and in preventing transnational bribery and corruption. Global climate change is a problem that does not respect sovereignty and therefore it may be wise for the UN to help Indonesia improve governance by using the resources of the international community and propose some ideas to the Indonesian government. The international community could assist in improving good governance and help the GoI to achieve the quality governance and that is needed for REDD+ to be maximally effective and build a foundation for the improved good governance that is equitable, efficient, and effective in Indonesia.

¹ United Nations Economic and Social Commission for Asia and the Pacific, "What is Good Governance?" (United Nations2012).

² Ibid.

Indonesia has a presidential democratic republic system of government, in which the president serves as head of both state and government. Ministries are executive departments which serve as presidential aides, are responsible for a sector of governance administration and a specialized field of public service. The United Indonesia Cabinet led by President Susilo Bambang Yudhoyono, who became the president on 21 October 2004, has three coordinating ministers, 20 department ministers and 10 state ministers.³ The coordinating minister is responsible for synchronizing and coordinating the policy design, construction and implementation between ministries in the similar service range. Department minister chair a department responsible for an area of government affairs⁴. The President is deeply involved in combating climate change and has pledged to reduce Indonesia's emissions by 26% in the coming years. REDD+ is an important program that he has taken great interest in by creating new offices such as the DNPI and the Satgas REDD+ to coordinate in order to make REDD+ a reality. Government structure has great impact on the success of REDD+ and an overview of the different ministries involved will be discussed in this chapter.

Indonesia has several difficulties that need to be addressed in order to improve their good governance including corruption and integration problems. For many years, corruption has been a major problem in Indonesia and has seeped into the actions of the government and the courts. On the Corruption Index 2011 Indonesia was ranked a three, a high corruption score.⁵ The problem of corruption will affect the effectiveness, equity, and efficiency of REDD+ and the international community's support of the program. REDD+ should be implemented in an environment that is actively reducing corruption in order for the program to be successful in protecting the forests and the livelihood and rights of Indonesian society.

REDD+ is a comprehensive program that involves people at all levels in Indonesian society. Integration through effective coordination and cohesive actions of all the different people involved from the local peoples on the ground, the provincial governments, and the central government will be a challenge as currently there are substantial problems due to lack of connections between the different stakeholders. All stakeholders have high investment in the

³ Indonesian Government, <http://www.indonesia.go.id/>, February 2012

⁴ Ibid.

⁵ Transparency International, "Transparency International 2011 Report", http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results, February 3, 2012.

forests and their management, and for REDD+ to be implemented fairly and effectively there needs to be greater integration between them. Failure to effectively and fairly integrate these different sectors of stakeholders would turn REDD+ into an ineffective program that is incapable of protecting the forests and mitigating climate change, making vertical integration a priority for the success of REDD+.

Integration which will result in greater coordination of the different ministries and branches of the state government, which is also critical. There are numerous ministries and offices involved in forest management and REDD+ making communication and bridges between the different agencies involved extremely valuable. To ensure that REDD+ runs smoothly, work needs to be done in horizontal integration to ensure that all the ministries involved are represented fairly, that there are no gaps between the duties of the different ministries, and that there is minimal overlap. With successful horizontal integration of these ministries, REDD+ will be more effective, equitable, and efficient.

Many parties have an interest in making REDD+ as successful as possible both as a tool to improve good governance and as a way to mitigate climate change and that in order to achieve maximum benefits the issues of good governance in Indonesia must be addressed. REDD+ has the potential to act as a catalyst in improving the governance in Indonesia by offering a way to combat some of the problems, such as integration and corruption, which Indonesia struggles with. UN support of REDD+ could help both the Indonesian people by improving governance and the people of the world by taking a step towards mitigating climate change. By working and solving these problems for REDD+ precedents and changes might occur that allow these improvements to be made on a larger scale in Indonesia and drastically improve the quality of governance and the responsibility of the Indonesian government to their people. REDD+ is an opportunity that should be seized in order to both protect the forests and to improve the governance of Indonesia.

II. Policy Considerations

A. CORRUPTION

Sandi Halimuddin

During the initial stages of REDD+, in particular during the readiness stage, corruption safeguards in Indonesia will help promote the program's capability and sustainability. According to Indonesian Law No. 20/2001, corruption is broadly defined to include both public and private individuals as perpetrators and describing a wide range of offences, including state losses, embezzlement, tax evasion and acceptance and giving of gifts.⁶ In addition, Indonesian Law No. 31 specifies that corruption is a self-serving, unlawful action that also results in losses to the state.⁷ Corruption in Indonesia is a broad issue that can be manifested both trans-nationally or nationally, locally or in the high levels of government, and privately or publicly. However, this section will focus specifically on the need for transparency and accountability in policymaking, licensing and concessions, and financial processes for the livelihood of REDD+ in Indonesia.

Policymaking

President Susilo Bambang Yudhoyono, perceived by the international community as a pioneer in promoting climate change mitigation policies, has made a commitment to pursue development in Indonesia while addressing climate change concerns.⁸ Through institutional reforms to make both of these goals possible, it is important to address the issue of corruption. Corruption can be manifested throughout the process of policymaking because of wide discretionary power and vagueness in land use classification. The greatest risk in the REDD+ policymaking process is that currently developed policies would institutionalize preferential treatment for special interest groups, which could continue beyond the program's lifespan.⁹

⁶ Ahmed Dermawan et. al, "Preventing the risk of corruption in REDD+ in Indonesia," (Indonesia: Center of International Forestry Research, 2011), 8.

⁷ Ibid., 6.

⁸ Iin Handayani, "The measure of corruption," *The Jakarta Post*, January 6, 2012, accessed February 12, 2012, <http://www.thejakartapost.com/news/2012/01/06/the-measure-corruption.html>.

⁹ Dermawan et. al, "Preventing the risk of corruption in REDD+ in Indonesia," 12.

Disputes over forest land use are a particularly prevalent issue in policymaking due to the state ownership of most of forest lands, under the jurisdiction of the MOF.¹⁰ Through land use policies, the GoI is faced with the task of managing economic interests and protecting the forests. Forest land can be classified under three categories; *hutan produksi* (production forest), which also includes *hutan produksi konversi* (conversion production forest), *hutan lindung* (protected forest), and *hutan konservasi* (conservation forest).¹¹ The MOF has the power to appropriately authorize land use change from conversion production forest to non-forest usage, but according to a report by Transparency International, this direct legal authority is not consistently represented in geographic scaling.¹² This is evident in the local-level governments' ability to make key decisions concerning forest land use that actually contradict the central government's regulations or overarching goals. The *de facto* control of district governments, who carry much power through managing operations, provides an opportunity for corruption to occur due to the loopholes amidst the "geographic and institutional complexity."¹³ It is possible for different levels of government to promote their conflicting interests due to the lack of standardized land use classifications, ineffective regulation and loopholes.

This system of land use allocation is susceptible to corruption within the government due to institutional organization under decentralization and the consequential vertical coordination issues and vague jurisdiction. For instance, due to the wider discretionary power, subnational governments actively promote policies which:

...frequently lead to forest conversion as they are driven by district government's' desires to raise revenue and support local development, or by pressure from communities or business to accelerate forest exploitation.¹⁴

Through bribery, the GoI's direct role in advancing economic interests of communities or businesses will undermine the potential success of REDD+.

Licensing and Concessions

Institutional reform to combat and prevent corruption stemming from the longstanding ties between the GoI and the forestry sector will be a major challenge for REDD+. The purpose

¹⁰ Dermawan et. al, "Preventing the risk of corruption in REDD+ in Indonesia," 3.

¹¹ Ibid., 13.

¹² "Analysing Corruption in the Forestry Sector," (Berlin, Germany: *Transparency International*, 2010), 8.

¹³ Ibid.

¹⁴ Dermawan et. al, "Preventing the risk of corruption in REDD+ in Indonesia," 14.

of government administered licenses is to reinforce the land use policies and regulate the government's forest revenue. However, illegal government support for industry interests can be linked to deforestation by weakening the land use allocation process and the enforcement of land use plans.¹⁵

The four types of forest concessions, their prevalence and the amount of land they encompass are pictured in Table 2.1

Table 2.1. Forest concessions in Indonesia¹⁶

Type of license	Number	Area (thousand ha)	Notes
IUPHHK-HA (logging, natural forest)	304	25,041.9	Large-scale concessions with long timeframes
IUPHHK-HT (timber plantation)	236	9,356.3	Generate the most revenue for Gol
IUPHHBK-HT (non-timber, plantation forest)	1	21.6	Issued for smaller businesses and smaller areas
IUPHHK-HTR (community timber plantation)	42	40.7	

The level of government jurisdiction needed for obtaining a license directly correlates with the scale of the license. The MOF is responsible for administering large-scale forest concessions, a governor can issue non-timber concessions, and a district head (*bupati*) can issue small-scale community permits.¹⁷ In order to participate in REDD+ in Indonesia, designated land must satisfy the program criteria and must already have existing forest concessions.¹⁸

Currently, the Indonesian forest concession system places the primary responsibility of equity on applicants, who are community members or private companies.¹⁹ Applicants identify their desired concession area and are responsible for investigating preexisting land rights. This system allows for the marginalization of local and *masyarakat adat*. In addition, there is a lack of a third party to review land concession applications, which provides government officials broad discretionary power.²⁰ The lack of an outside source also contributes to the lack of transparency in these transactions. Corruption amidst the licensing process is prevalent, as explained in a Transparency International report: "Bribes and political influence may be used either to facilitate

¹⁵ Arild Angelsen, ed. 2009, *Realising REDD+: National Strategy and Policy Options*, (Bogor, Indonesia: CIFOR, 2009), 165.

¹⁶ Dermawan et. al, "Preventing the risk of corruption in REDD+ in Indonesia," 34.

¹⁷ Ibid.

¹⁸ Ibid., 35.

¹⁹ Ibid.

²⁰ Ibid.

logging without appropriate permits or to gain access to forests through questionable land concessions.”²¹

According to an interview with community farmers in the village community of Nyuncung, it was revealed that land tenure conflicts with the state are rooted in the government’s close partnership with logging and mining companies.²² This source revealed that the state neglected the design format of FPIC when it included five out of the nine necessary stakeholders in conducting a land tenure decision. The village community representatives were discounted in the discussion, so the state government conveniently allowed for industrial use of the contested land.

These issues illuminate the difficult task of the GoI to create a balance between goals of economic growth and climate change mitigation. Forestry related corruption also challenges the REDD+ Task Force’s optimism for developing a Low Carbon Economy, as expressed in an interview with Dr. Mubariq Ahmad of Satgas REDD+. According to Ahmad, REDD+’s inclusion in the *Rencana Nasional Penurunan Emisi Gas Rumah Kaca* (National Action Plan for Reducing Greenhouse Gas Emissions, RAN-GRK), Indonesia’s seven percent national growth rate is still possible as the forest industry contributes to less than 3.5 percent of this growth.²³ Although this Low Carbon Economy (LCE) includes proposals for new market incentives and disincentives to create a decarbonizing economy, the issue of historical government support for industrial use of forests must also be addressed.

The GoI would benefit from having a third party reviewer in both the land use classification and forest concession processes. During the land use classification process, there is a lack of standardization between different levels of government on land use classification procedures. After these national standards are solidified, there is a need for increased regulation, which could be supplied or trained by the UN. In regards to the licensing process, there is a need for the Indonesian government to take more responsibility on issuing equitable forest concessions that protect the rights of forest communities and indigenous people. As the application process tends to be exclusive to the government agency and the applicant, an external reviewing body, which could be from the UN, would be beneficial.

²¹ “Analysing Corruption in the Forestry Sector,” (Berlin, Germany: *Transparency International*, 2010), 6.

²² The information is based on firsthand dialogue with Nyuncung villagers during task force field study/site visit in January 2012. The discussion was facilitated by RMI (*Rimba Muda Indonesia*), an NGO working there.

²³ Mubariq Ahmad, Interview, Jakarta, Indonesia: Satgas REDD+, 2012.

B. HORIZONTAL INTEGRATION

Jared Moore and Nety Riana Sari

Another challenge to REDD+ in Indonesia is a lack of horizontal integration—the coordination of government agencies of comparable scale and scope. Indonesian government ministries often face logistical and political challenges in generating multi-stakeholder solutions to issues of mutual concern. Information is not always shared equally amongst government agencies, and conflicting interests can stymie effective response to environmental issues. Conflicting interests may also come into play, as ministries pursue agendas that overlap with others' mandates or priorities.²⁴ Climate change mitigation in particular poses a pan-ministerial challenge, requiring a great deal of cooperation and communication. Agencies such as the MOF, the Ministry of Environment, the Ministry of Social Welfare, and the *Badan Perencanaan dan Pembangunan Nasional* (Ministry of National Development Planning, BAPPENAS) each bring their own interests to the table. Some ministries may not have a direct stake in REDD+ implementation, motivated merely by the prospect of funding. Indonesian leaders have sought to integrate ministerial action on climate change and REDD+ policy by creating the DNPI and Satgas REDD+.²⁵

Horizontal integration suffers most when ministerial values clash. The rival relationship between conservation and economic development in particular can divide ministerial consensus. This troublesome dichotomy is an integral part of the REDD+ dialogue, and will remain a point of contention as REDD+ reaches the implementation phase. The national government lies at the convergence point between global and domestic politics and thus contends with international pressure to preserve forest and substantial national desire for development that marginalizes conservation. If ministries cannot agree on essential environmental issues such as land tenure, national development tactics, and resource use, REDD+ effectiveness and efficiency will be severely constrained.

Historically, some ministries have wavered in commitment to environmental considerations. This fact has worked against GoI coordination on conservation, both within and

²⁴ Dermawan, A., Petkova, E., Sinaga, A., Mumu Muhajir, M. and Indriatmoko, Y., *Preventing the Risk of Corruption in REDD+ in Indonesia*. Jakarta and Bogor, Indonesia: United Nations Office on Drugs and Crime and CIFOR, 2011, 21.

²⁵ Ibid.

between ministries. The MOF, tasked with stewardship of vital national resources, has frequently sided with international extractive companies in the interest of profit. It's no secret that the New Order²⁶ years under President Suharto saw massive deforestation efforts undertaken by foreign investors, with little of the Indonesian dividends leaving Suharto's elite circle. The MOF oversees Indonesia's Reforestation Fund (RF), established in 1989 to provide financial support for reforestation projects in logging concessions. RF endowment is drawn from a volume-based levy paid by logging concessionaires. Unfortunately, RF money has occasionally been channeled to logging elites or politically-favorable projects with little relevance to stated RF ideals. It is estimated that RF officials have disbursed USD 1 billion in cash grants and discounted loans to commercial plantation companies during its existence, in complete disregard for the RF founding mission.²⁷ Indeed, the MOF often operates with auctioneer-like tendencies. Holding the keys to vast natural resource allotments, the MOF has frequently offered concessions to logging companies in disregard of moratoriums or coded FPIC procedures and questionable concern for ensuing ecological damage.²⁸ Much progress needs to be made in addressing concession loopholes and oversight. Greater horizontal integration would likely enhance the transparency of such malpractice and reduce the self-serving tendencies of ministries such as the MOF.

In summary, horizontal integration of Indonesian state agencies suffers from both institutional and political deficiencies. Inefficient or uncertain mandates involving jurisdiction overlap continue to be a major roadblock to environmental safeguarding. Furthermore, conflicting interests and disagreement on mitigation action at the upper echelons of the GoI will pose an ongoing problem for REDD+ even as capacity building at the grassroots level progresses. Developing a REDD+ infrastructure requires a unified political front that supersedes traditional political conflict. Addressing these problems will require direct action from the Presidential Office down and uncomfortable changes for some ministries. It is our opinion that the DNPI and Satgas REDD+ offer the best forums for targeted improvement to horizontal integration. Though each agency has its own legitimacy challenges to contend with, their

²⁶ This term designates the rule of President Suharto, second president of the Republic of Indonesia. A former army general, Suharto rose to power following a failed coup attempt against then-President Sukarno in 1966. He ruled until his bloodless ousting in 1998.

²⁷ Barr, Christopher and Ahmad Dermawan, Herry Purnomo, Heru Komarudin, *Readiness for REDD: Financial Governance and Lessons from Indonesia's Reforestation Fund (RF)*, Bogor, Indonesia: CIFOR, 2009, 2.

²⁸ See the discussion of logging moratorium violation in the Land Tenure chapter.

existence as coordinating bodies that provide horizontal unity are unrivaled in the Indonesian state.

National Climate Change Council

The National Climate Change Council was created in 2008 to centrally coordinate implementation of climate change mitigation and adaptation efforts. A multi-stakeholder agency, it brings representatives from 18 ministries together to develop and implement domestic climate change policy. The DNPI may be a step in the right direction, but is not without critics. The effectiveness of the DNPI in minimizing inter-agency differences is by no means assured. What's more, many Indonesians worry that the DNPI's proximity to the Presidential Office will either afford it extra-legal authority or preclude it from proper vertical integration with regional authorities and the people at large.²⁹

The council has the potential to efficiently streamline ministerial involvement in REDD+. The composition of the council is meant to foster a unified, pan-ministerial approach to climate change, and is comprised of:

1. President
2. Coordinating Minister for Peoples Welfare
3. Coordinating Minister for Economic Affairs
4. Ministry of the State Secretariat
5. Cabinet Secretariat
6. Ministry of Environment representative
7. Ministry of Finance representative
8. Ministry of Home Affairs representative
9. Ministry of Foreign Affairs representative
10. Ministry of Energy and Mineral Resources representative
11. Ministry of Forestry representative
12. Ministry of Agriculture representative
13. Ministry of Industry representative
14. Ministry of Public Work representative
15. Ministry of the National Development Planning/(BAPPENAS) representative
16. Ministry of Maritime and Fisheries affairs representative
17. Ministry of Trade representative
18. Ministry of Research and Technology representative
19. Ministry of Transportation representative
20. Ministry of Health representative

²⁹ Teguh Surya, "REDD: A False Solution to Climate Change," Friends of the Earth Indonesia (WALHI), Jakarta, Indonesia.

21. Meteorological and Geophysical Agency representative

Ideally, the DNPI will align national development targets with concordant climate change mitigation and adaptation strategies. With regards to the diversity of its membership, there is hope that DNPI can develop a clearer consensus on policy to mitigate climate change. The DNPI is also a forum for sharing information regarding mitigation and adaptation. With the advent of a One Map system, the central government and the DNPI alike will enjoy the benefits of a legible and unambiguous view of the national land tenure and usage situation.

Ministerial dissent on REDD+ should be addressed in the DNPI forum, which will prevent the flaring of interest conflict, especially over economic development vs. conservation. Although an enthusiastic advocate of REDD, especially during COP 13 in Bali, former Indonesian Minister of Forestry M.S. Kaban was reluctant to compromise the strong economic growth within the sector, which has been driven largely by forest conversion for pulp and paper over the long term, and oil palm in recent years. In a *Kompas* story just a month before COP 13, he was quoted as saying: ‘REDD must not be counterproductive to utilizing industrial plantation forests as revenue sources.’³⁰

The formal mandate of many GoI agencies can limit their commitment to integrate REDD+ within their own strategic plan of land and forest use. Thus, when the regulations and REDD+ are not in line, there is no compromised formula to answer the contradiction. The DNPI should work to integrate REDD+ development needs into current ministry priorities, and furthermore, name REDD+ as the preferred mitigation activity that DNPI action will pursue. UNEP and UN-REDD should support the DNPI with technical consultation and increased collaboration.

Satgas REDD+

Satgas REDD+ was established to demonstrate the central government’s commitment to REDD+, accompanying the signing of the LoI with Norway in 2009. The first iteration of Satgas began in September 2010 and ended in June 2011, with some of its objectives unfinished.

³⁰Cronin, T. and Santoso, L., *REDD+ Politics in the Media: A Case Study from Indonesia: Working Paper 49* (Bogor, Indonesia: CIFOR, 2010.)

Following a reevaluation period, President Susilo Bambang Yudhoyono convened the second and current Satgas REDD+, with a mandate until December 2012 and modified structure:³¹

1. The Presidential Working Unit for Development, Supervision and Oversight
2. Ministry of Finance representative
3. Ministry of Agriculture representative
4. Ministry of Forestry representative
5. Ministry of Energy and Mineral Resources representative
6. Ministry of National Development Planning (BAPPENAS) representative
7. Ministry of Environment representative
8. National Land Agency representative
9. The Cabinet Secretariat

The ministry-spanning composition of Satgas again demonstrates the need for institutionalized horizontal integration of government agencies. Satgas members themselves have expressed concern that Indonesia doesn't have a singular institution capable of implementing REDD+ and that their own agency may lack coordinating power.³²

Changing the political approach to exploitation in the name of development is one of the Satgas' first responsibilities as the GoI authority on REDD+ implementation. Satgas must demonstrate that REDD+ is a viable source of national income by producing attractive alternative livelihoods at the grassroots level. Avoided deforestation carbon crediting, when paired with a program of community monitoring, can offer substantial income to forest dependant peoples, in both *masyarakat adat* and non-indigenous local communities. Satgas can also allay uncertainty in REDD+ budgeting by serving as the authoritative manager of REDD+ funding disbursement, a task currently overseen by the World Bank. Ministries will compete for this funding, and oversight of disbursement needs to be undertaken with deliberate evaluation and concern for transparency.

In summary, the role of the DNPI and Satgas REDD+ in instituting REDD+ should be that of mediators. Inter-ministerial disagreement is sure to arise over planned REDD+ scale, especially when it poses a threat to extractive business as usual. Both agencies offer forums for discussion and eliminate some confusion over mandate. Overlap is an unavoidable consequence

³¹ Heru Prasetyo, Presentation, "REDD in Indonesia: Greening Development," National Task Force on REDD (Satgas REDD+), Jakarta, Indonesia.

³² Ibid.

of Indonesia's evolving governance system; decentralization has come in fits and starts and made jurisdiction unclear in many ministerial matters.

The DNPI is an excellent step towards streamlining ministerial efforts, but needs assistance in legitimacy. Vocal UNEP support for DNPI action and/or coordination on DAs would improve the DNPI's image as a proactive climate change mitigator with real backing. The DNPI must focus on promoting REDD+ as Indonesia's nationally appropriate mitigation action, working through cross-sectoral partnerships (CSPs) to ensure that civil society is "on board." Satgas REDD+ as a full plate as well. UNEP could assist Satgas in continuing its national deforestation awareness campaign, "Protect Our Forest."³³ Disseminating knowledge on ecologically responsible land use will both encourage smallholders to steward forest responsibly and develop Satgas REDD+'s role as liaison between UN-REDD and the grassroots. Strengthening ties of these two agencies to Indonesian society at large should be through knowledge dissemination and targeted REDD+ implementation will bolster their authority within the GoI as providers of pan-ministerial solutions to Indonesian problems.

C. VERTICAL INTEGRATION

Nety Riana Sari and Sari Damar Ratri

Vertical integration refers to the streamlining of state policy between hierarchical levels of government. During REDD+ in Indonesia increased coordination between national and regional governments would ensure a unified national policy, eliminate regional disparities, and improve the two-way flow of knowledge. REDD+ policy will be passed from national agencies down to Indonesia's subnational government, which will manage or assimilate operations in local communities. The subnational spheres of government will in turn offer feedback and a regional voice.

The creation of REDD+ embodies hope for climate change mitigation and also good governance in Indonesia. With increasing attention directed towards Indonesia's forests as an opportunity for investment, the GoI will be under strict scrutiny by Indonesian society and the

³³ Heru Prasetyo, "REDD in Indonesia: Greening Development." National Task Force on REDD (Satgas REDD+), Jakarta, Indonesia.

international community. Attention should focus on how the GoI incorporates minority stakeholders in order to ensure the voices of the most vulnerable in society are valued in the decision-making process. The subnational government is obliged to perform these two out of eight characteristics of good governance by UNESCAP.

Centralized vs. Decentralized Systems

The long history of decentralization in Indonesia started in 1903, when the Dutch government published *Desentralisatie wet* as the foundation for decentralization in Indonesia, then the Dutch East Indies. The first independent government regime designed an autonomous regional government which was completely under the control of the central government. The biggest accumulation of power occurred during 30 years of New Order Regime when President Suharto was in power and the central government fully controlled every aspect of regional administration. The vertical imbalance between the central and regional government, as well as the horizontal imbalance between regions, further aggravated the political crisis in Indonesia in the late 1990s which resulted in a regime change in 1998. Following the 1998 political turmoil, there was a national uproar to overthrow the authoritative 30 year regime and to reform the Indonesian political system. The new government passed Law No. 22 /1999 on Regional Government and Law No. 25 on Fiscal balance between central and regional government were enacted on May 1999 and became effective in January 2001 which was the first step in remedying the crisis of problematic vertical integration that had plagued Indonesia.

However the existing political tension over local management in Indonesia is not improving with the implementation of the GoI's decentralization policy. Disputes between the national and local government frequently happen over the state's ownership of forest territory. Under decentralization the local government has been granted the right to manage their resources in order to earn local revenue causing an increase in the need to control Indonesia's vast forest wealth. Surprisingly, the authority to grant licenses for forest utilization is still in the central government. Despite the confusion a wide array of small-scale forest exploitations are granted by local authorities continues. Overlapping authority is augmented with the exalted dominance of local governments while the authority for land allotments remains vague.

Decentralization is interpreted as the transfer of power and authority to the district, due to this situation the MOF is facing new challenges. The MOF built its empire based on a large

centralized organization, paradoxically the MOF was one of the first departments making attempts to decentralize.³⁴ Moeliono (2008) illustrated in 1998 that the MOF handed districts the responsibilities over part of the permanent forest estate designated as protected forest, in 1999 districts were allowed to issue small 100-hectare timber cutting permits to communities within the production forest that were meant to provide local people with their timber needs³⁵.

Due to the shifted governments systems in 2005 about half of the state forest (59.2 mha) had been degraded, including 4.69 mha of conservation area.³⁶ An anthropologist from University of Indonesia explained that during Soeharto's era--the centralized system--licenses for private companies or any other party who had authority to manage land was controlled by one powerful state agency. However now with the decentralization system, which gives the authority to district government, it seems like there is no control over land use and all parties can exploit the land without any responsibility to restore the forest.

Authority Patterns: The Flow of Political Commands

Chapter II Law 22/1999 states that the main administrative units are the provinces and they still retain a hierarchical relationship with the central government (Article 2). Nevertheless, real autonomy is given to the *kabupaten* (district or regency) and *kota* (municipality) and they are not in a hierarchical relationship with the province. The latter only has a coordinative role towards the districts and/or municipalities. The provinces are also described as autonomous regions, while they simultaneously retain a hierarchical relationship with the central government. Consequently, it leads to a *de facto* deconcentration³⁷ practice.³⁸

³⁴ Moira Moeliono, "Hands off, hands on; communities and the management of national parks in Indonesia," (New York: Cambridge University Press, 2008), 184.

³⁵ Ibid.

³⁶ Ibid.

³⁷ There are different definitions of deconcentration, relating to the term of decentralization system.

"Decentralisation is usually referred to as the transfer of powers from central government to lower levels in a political-administrative and territorial hierarchy (Crook and Manor 1998, Agrawal and Ribot 1999). This official power transfer can take two main forms. Administrative decentralisation, also known as deconcentration, refers to a transfer to lower-level central government authorities, or to other local authorities who are upwardly accountable to the central government (Ribot 2002). In contrast, political, or democratic, decentralisation refers to the transfer of authority to representative and downwardly accountable actors, such as elected local governments" (Larson). Cited from "Decentralization, deconcentration and devolution: what do they mean?" Compiled by Elizabeth Linda Yuliani, accessed from http://www.cifor.org/publications/pdf_files/interlaken/Compilation.pdf.

³⁸ Rachmad Erland Danny Darmawan, "The practices of decentralization in Indonesia and its Implication on Local Competitiveness" (Enschede: University of Twente, 2008)

Due to these factors remedying the hopeless coordination between the central and provincial government is unlikely. Unfortunately there is little realistic hope for integration between national and subnational government for a successful REDD+ in Indonesia. Yet listening to marginalized people needs to be a priority and currently both the provincial and central governments are too busy competing with each other to give the voice of marginalized people the attention they deserve. For REDD+ this an important problem and there is concern regarding which level of government would take control and would monitor REDD+. Similar concerns come from MOF Forestry Research and Development Agency (FORDA) representatives, who said, “Authority from the central governor is given to district governor. It makes the district governor more powerful, but also would be dangerous.” The different levels of power need to coordinate and have cohesive boundaries for REDD+ to be implemented equally, efficiently, and effectively.

Inefficient Bureaucracy

Loose authoritative arrangements are manifested in inefficient bureaucratic performances. In particular, aspects of the role of the central government have yet to be diminished and they trickily manipulate the subnational government under the umbrella of decentralization. Dharsono Hartono, who heads a private company, has dealt with this issue for approximately four years while trying to obtain a license for Katingan Project concession. He described how the different interests of the subnational and national government forced him to go back and forth in the license system. This is an important and serious matter that requires a comprehensive answer. The inefficient system is hampering the progress of REDD+ in Indonesia, and the labyrinth of Indonesian bureaucracy could prove detrimental to REDD+ as it has for other projects:

In July 2010, U.S. investor Todd Lemons and Russian energy giant Gazprom believed they were just weeks from winning final approval for a landmark forest preservation project in Indonesia. A year later, the project is close to collapse, a casualty of labyrinthine Indonesian bureaucracy, opaque laws and a secretive palm oil company.³⁹

The problems of vertical integration and inefficient bureaucracy are not isolated to the central government. FORDA, a part of national government, pointed out that the inefficiency of

³⁹ David Fogarty, “Special Report: How Indonesia Hurt its Climate Change Project” (Reuters, 2011)

Indonesian bureaucracy is in both national and subnational levels. “From the national level we are developing special plans for each province, not all have been approved yet. It is an ongoing process” furthermore “the system of authority is conflicting at the central level and the provincial level over land rights. There are always negotiations but we are working with the provinces to solve these problems.” The bureaucratic problems need to be solved at multiple levels of government for REDD+ to be implemented successfully.

Spatial Power Imbalances

The response of local governments towards national policies is different. The differences are often based on the nature of the regions; the subnational governments have adapted policies to fit local conditions.

The central government has enacted policies that support REDD+; the President of Indonesia committed to a 26% emission reduction by 2020 and issued Presidential Regulation (Perpres) No.3/2012 on Spatial Planning for Kalimantan on Jan. 5 that allocates at least 45 percent of the total area on Kalimantan to be the world’s lungs.⁴⁰ The challenge for both levels of government is how to translate these policies into sub-national level, straight to local communities. There needs to be a two-way process, the subnational has to advocate the local, urging the national government to be inclusive in policy making. The UN should also support these efforts and support the inclusion of local communities in the decision making process.

The serious issue is that the local has little engagement with global problems. The media noted that:

“Other groups featured frequently as adversaries— which are generally given less prominence, space and direct voice than advocates—include subnational state actors, environmental NGOs and indigenous organizations. Given that, as we have seen, national- level state actors dominate REDD discourse, this might suggest that these actor groups are frequently at odds with national bureaucrats over REDD.”⁴¹

A one fits all policy is impossible. National and subnational governments need increased integration in order to build a strong architecture for REDD+. REDD+ is an internationally designed mechanism answering the global need for climate change mitigation but it needs to

⁴⁰ Elly Burhaini Faizal, “Activists Express Doubt Over 'Lungs of the World' Plan” (Jakarta:Jakarta Post, 2012).

⁴¹ Tim Cronin & Levania Santoso, “REDD+ Politics in the Media: A case study from Indonesia” (Bogor: CIFOR Working Paper, 2010), 23.

adapt to local situations. The urgency of climate change is the same everywhere but the way to address it is different, thus the answers depend on local situations. National government is the actor to translate global into national policy, then the subnational government has to align it with local capacities and answer to the local voice the same time.

Regional/provincial governments hold their interests in forest concession licenses. Decentralization is the moment to undertake autonomous administration, thus independence in local government revenue policies. There are gaps in terms of central-regional mandates within REDD+, not to mention the multitudes self-managed funds of REDD+ initiatives.

Spatial challenge over the scope of authority control has hindered the national government from performing their duty. Formal regulations and mandates are rarely stated as clear access, thus resulting in chances for negotiation over land-use where local authorities might assert their interests. The increasing control of sub-national government over the land has to be balanced with local community participation regulated in formal law. The role of decentralisation in the government, where district and provincial governments have increased power and autonomy in decision making, has added to the complexities of coordination and leadership in REDD+. The UN should support Indonesia in its efforts to increase vertical integration- clearly this is a problem that has serious consequences for land use. For REDD+ to be given the most realistic chance of success the UN should support actions that increase vertical integration and incorporate the voice of local peoples.

III. Policy Recommendations

- The UN should create international standards on REDD+ Governance reporting and use reporting standards to establish social and environmental safeguards to prevent a government monopoly on REDD+ and protect the voice of local and customary peoples.
- The UNEP should build a strong mandate within UNFCCC on local involvement which will increase REDD+'s ability to acknowledge and be responsive to local needs and assist REDD+ to close the gaps among different levels of governance
- The UN should encourage the GoI to increase transparency and accountability in the MOF's process for the international community, Indonesian government ministries, and the public by using an independent, administrative body from the GoI should act as a third party reviewer to support and check the MOF's land use classification and forest concession licensing.
- The UNEP should emphasize collaboration with the DNPI and Satgas in order to strengthen their roles as integrative forums and offer technical expertise as requested.

Community Participation

Jared Moore, Nathan Anderson, Yeni Kristanti, Nataliya Piskorskaya and Rahardhika Arista Utama

Chapter Summary

Background

A REDD+ program that consistently honors wide-scale community participation will protect human rights and ensure effective long term operations. An adherence to FPIC will prevent conflict and strengthen REDD+ as a provider of alternatives to ecologically unsound livelihoods.

Land use project development in Indonesia has typically marginalized smallholders and local communities. FPIC is rarely respected, with the GoI usually beholden to lucrative land concessions for timber, mining, or oil palm companies. Unclear land tenure and lax central regulation creates situations in which the GoI issues development permits to extractive industries without consulting smallholders who actually inhabit the land. Usually, violence and destruction of livelihoods accompany such actions, rending communities and creating a deep distrust of the state. Indonesia needs a national emphasis on smallholder participation in such project development. More specifically, the introduction of REDD+ to local communities and *masyarakat adat* will not be effective, efficient or equitable without attention to local needs, goals, and customs. Thus far, REDD+ DAs in Indonesia have offered limited voice to local actors. Locals will perceive REDD+ as merely another extractive, uncaring enterprise if efforts are not made to include community opinion and wisdom in program development.

Policy Considerations

A universal FPIC institution must precede REDD+ operations in Indonesia. REDD+ must include a feedback and grievance redress mechanism (FGRM) that offers an outlet for dissent and keeps representative development on an equitable and efficient track. Addressing knowledge gaps and misinformation is another challenge to REDD+ in Indonesia. Local communities and *masyarakat adat* deserve tailored presentation of REDD+ information; utilizing existing civil society organizations such as religious institutions can offer a helpful means to gathering popular support for REDD+. In addition, customized solutions to local livelihood concerns must be addressed to make REDD+ an economically attractive option for smallholders who may be dependant on destructive forestry practices.

Recommendations

- UNEP should vocally advocate that the GoI and DA partners must fully and widely integrate a FGRM into local operations and increase frequency and efficiency of FPIC operation. Gender equity in particular needs a greater emphasis in FPIC.
- UNEP should engage localized civil society organizations to spread REDD+ awareness and work to eliminate knowledge gaps between marginal communities and the central government.
- UNEP should work with the GoI and NGOs to develop a national smallholder aggregator to articulate smallholders with the global market, boost their political heft, and encourage popular participation in REDD+.

I. Background

Jared Moore

For REDD+ to be instituted with successful outcomes in effectiveness, efficiency and equity, a high degree of participation on the local level must be nurtured. Not only will local communities and *masyarakat adat* need to be fully informed of REDD+ activities prior to institution, these groups will be critical actors in the ongoing REDD+ national program, currently in the development process at the national level. Community participation in REDD+ requires an emphasis on representative politics, simultaneously protecting human rights and ensuring a stable future for REDD+ in Indonesia. Strong community involvement in REDD+ will maximize efficiency and effectiveness, provided that equity is continually safeguarded.

The first step is a strict, national commitment to FPIC prior to REDD+ institution in local and *adat* communities. In the early stages of local REDD+ strategy development, efforts must be made by capacity-building agents from public and private sector alike to assess local BAU viewpoints and address the allure of potentially ecologically destructive livelihoods such as oil palm. Beyond simple income substitution, it should be noted that enhanced community participation in the national REDD+ dialogue offers co-benefits such as political integration of marginalized peoples. *Masyarakat adat* in particular stand to gain politically from government recognition of their inherent rights and connection to the land that will go hand in hand with an equitable REDD+ program. Other co-benefits include poverty alleviation and enhanced ecosystem services, which derive from the REDD+'s clean, equitable development schemes.

The second REDD+ phase, implementation of national strategy, must allow communities to demonstrate which strategies work and which must be adjusted. Only through a process of mutual feedback can REDD+ can be widely and successfully implemented. Addressing the knowledge gaps that arise between the state and civil society is essential. REDD+ must avoid the tendency for best practices information to be delivered from central authority without localized consideration. By the same token, a lack of information-sharing channels can prevent local knowledge from proper dissemination, both horizontally and vertically. The value of local wisdom in REDD+ should not be overlooked, especially in community-based monitoring operations. Closing these knowledge gaps will foster a more united effort that recognizes local wisdom and prevents patterns of acrimonious state-society relations. Continued involvement of

smallholders and local actors will ensure that equity is preserved and thereby reinforce effectiveness and efficiency.

The third and final phase of REDD+ is continued implementation in the context of low-carbon development with accompanying payments for verified emissions reductions and removals. This phase will hopefully see large-scale community participation, with low-carbon local economies and direct participation in carbon stock monitoring. Local actors are a strategic choice for undertaking monitoring and reporting of local carbon stocks: not only are trained local stewards more cost-effective, their local knowledge and stewardship are invaluable resources the state would do well to preserve and encourage. Thus, a spirit of community participation in REDD+ will generate a mutually reinforcing feedback between equity and effectiveness.

This chapter will address the following policy challenges:

- How to approach the local process of REDD+ strategy implementation using a foundation of FPIC and representation in discourse and operations. How to structure a feedback and grievance mechanism that safeguards community representation in REDD+ maintenance.
- How to address the knowledge gap between central authority and localized communities. Alleviating this gap requires enhanced dissemination techniques that make use of local civil society networks, for example.
- How to make REDD+ economically and socially attractive as an alternative livelihood, especially as an alternative to high ecological impact industries such as oil palm. REDD+ operations must be sensitive to local needs and offer a variety of customizable incentives that ensure adoption and sustained commitment.

II. Policy Considerations

A. FREE, PRIOR AND INFORMED CONSENT

Nathan Anderson & Nataliya Piskorskaya

FPIC is a UN mandate established in the UNDRIP. Countries that have adopted UNDRIP (such as Indonesia) are expected by the UN-REDD program to adhere to free, prior, and

informed consent in activities that may potentially impact indigenous peoples and other forest-dependant communities.¹ This entails recognizing that Indigenous peoples “have the right to own, use, develop and control the lands, territories and resources that they possess by reason of traditional ownership or other traditional occupation or use,” and that they may furthermore “have the right to redress...for the lands, territories, and resources which they have traditionally owned...and which have been confiscated, taken, occupied, used or damaged without their free, prior and informed consent.”² Recognition of FPIC is essential if REDD+ implementation is to be effective, efficient, and equitable. Ignoring FPIC neglects the rights of relevant stakeholders, threatening the equity of REDD+. Restricting the ability of Indigenous Peoples and forest-dependant communities in REDD+ has hindered the implementation of several projects, reducing the potential for efficiency and effectiveness.³ Furthermore, failure to adhere to a policy of FPIC threatens Indigenous Peoples’ land security, further threatening the 3Es.⁴

In the development and implementation of REDD+ in Indonesia, FPIC ensures that coordination with local communities and *masyarakat adat* fully respects their rights and ownership of the land. This principle gives them the right to give or withhold consent to “proposed activities, projects, legislative, or administrative measures, and policies that will take place in or impact their lands, territories, resources or livelihoods”⁵ Faithful implementation of FPIC is essential if REDD+ projects in Indonesia are to satisfy the requirements of the 3Es.

Embarking on a process of FPIC with local communities and *masyarakat adat* is necessary if REDD+ is to be implemented equitably. It establishes them as relevant stakeholders in a relationship in which their legitimacy and sovereignty may otherwise be threatened. Furthermore, recognition of community rights is important for the effectiveness of REDD+ in Indonesia. The level of inclusion given to *masyarakat adat* and local communities has direct effects on the efficacy of REDD+ projects for two main reasons. First, these communities are

¹ Draft: *Guidelines on Stakeholder Engagement in REDD+ Readiness with a Focus on the Participation of Indigenous Peoples and Other Forest-Dependant Communities*: UN-REDD program; Forest Carbon Partnership, 2011.

² UN General Assembly, *United Nations Declaration on the Rights of Indigenous Peoples : resolution / adopted by the General Assembly*, 2 October 2007, A/RES/61/295.

³ Patrick Anderson, *Free, Prior and Informed Consent in REDD+: Principles and Approaches for Policy and Project Development*, Bangkok: RECOFTC - The Center for People and Forests; Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH; Sector Network Natural Resources and Rural Development – Asia, 2011. 9.

⁴ Ibid.

⁵ The National Forestry Council and UN-REDD program Indonesia

directly involved in the local capacity building for a REDD+ project and as such their participation is an integral component of project success. Secondly, they are critical actors in the MRV process, and future PES are contingent upon their involvement in such activities.⁶ In addition, bypassing a process of FPIC can lead to significant conflicts between local communities or *masyarakat adat* and REDD+ project implementers which inhibits the efficiency of the entire effort. Historically, the imposition of forestry policies in Indonesia has been met with resistance from local communities.⁷ Neglecting the free, prior, and informed consent of *masyarakat adat* and local communities can thus impede the effectiveness, efficiency, and equity of each of these processes.

Legal Obligations

The GoI has numerous obligations to ensure that REDD+ implantation respects local communities' and *masyarakat adat* rights to FPIC. First, international law mandates FPIC as both a right and a principle.⁸ These obligations are illustrated in Table 3.1.

Table 3.1. International legal obligations for FPIC

International Laws and Instruments	Relevant Sections
International Labour Organization's Convention 169	Article 14.1; 15.1; 16.2
Convention of Biological Diversity	Article 8 (j)
United Nations Declaration on the Rights of Indigenous Peoples	Article 26.2
United Nations Framework Convention on Climate Change	Annex 1, Law No. 6 1994
UN Collaborative Programme on REDD+	Operational Guideline on th engagement of Indigenous Peoples in REDD+
UN Convention on Biological Diversity	Law No. 5/1994
Forest Carbon Partnership Facility and Forest Investment Program	N/A
Voluntary REDD+ Market Standards	N/A

⁶ Anderson, *Free, Prior and Informed Consent in REDD+*

⁷ Fay Chip, Martua Sirait, and Ahamd Kusworo. *Getting the Boundaries Right: Indonesia's Urgent Need to Redefine its Forest Estate*. Southeast Asia Policy Research Working Paper, no. 25. Bogor: ICRAF Southeast Asia.

⁸ Anderson, *Free, Prior and Informed Consent in REDD+*

In addition, there are human rights treaty bodies that monitor international treaties concerning human rights that are relevant to the process of FPIC.⁹ While these bodies do not explicitly reference FPIC, the protection of human rights of which FPIC is primarily concerned is addressed. They are:

1. International Covenant on Civil and Political Rights Human Rights Committee (CCPR)
2. Committee on Economic, Social, and Cultural Rights (CESR)
3. Committee on the Elimination of Racial Discrimination (CERD)
4. Committee on the Elimination of Discrimination Against Women (CEDAW)
5. Committee Against Torture (CAT) & Optional Protocol to the Convention against Torture (OPCAT) – Subcommittee on Prevention of Torture (SPT)
6. Committee on the Rights of the Child (CRC)
7. Committee on Migrant Workers (CMW)
8. Committee on the Rights of Persons with Disabilities (CRPD)

There are also national legal and administrative regulations that reinforce the principles of FPIC. These legal obligations are illustrated in Table 3.2

Table 3.2. National legal obligations for FPIC

National Laws and Instruments	Relevant Sections
Constitution of the Republic of Indonesia	Article 18B
Agrarian Reform and Management of Natural Resources	Stipulation of the People’s Consultative Assembly No. IX/2001
Environmental Protection and Management	Law No. 14/2008 on Public Information Discourse; Law No. 41/1999 Article 68 [2]B
Protection of Citizen’s Rights for Information	Law No. 5/1994

Despite these numerous legal obligations of international and domestic scale, project developers and the GoI have failed to recognize the right to FPIC in the readiness stage of REDD+ in Indonesia. FORDA has acknowledged this explicitly. In reference to a MOF DA in Meru Betiri National Park in East Java, FORDA acknowledged that they neglected to recognize the local community right to FPIC. They stated that it was too new of a concept for the GOI to have the regulations to ensure its implementation. They added further that the MOF hopes that

⁹ Anderson, *Free, Prior and Informed Consent in REDD+*

such regulations will be in place by the time they are in the implementation stage of REDD+.¹⁰ As this example illustrates, the current relevant laws do not explicitly require the GoI to administer FPIC, whether because of legal loopholes or lack of enforcement between various government agencies. Such loopholes must be addressed if REDD+ is to succeed in Indonesia.

Amending GoI practices cannot be the only area of focus. REDD+ DAs are being developed by a variety of organizations, including national and international NGOs, foreign government through official development assistance (ODA), and private companies. Compelling these organizations to comply with the regulations of FPIC is similarly essential. The scope of the international and national laws summarized above indicates that simply recognizing the rights of local communities and *masyarakat adat* within the legal system is not sufficient. As such, requiring the GoI to draft or sign more of these types of laws is not necessary in order to ensure the recognition of the importance of FPIC in REDD+. Rather, policy considerations will focus on the procedural guidelines and the ways in which they can be clarified by the UN-REDD program so as to better compel REDD+ project developers to adhere to their standards.

FPIC Procedures

Respecting the right to free, prior and informed consent in dealing with local and *masyarakat adat* communities does not consist of adhering to a universal set of guidelines.¹¹ For one, the differences between various local communities and *masyarakat adat* are significant, and as such each community cannot be expected to behave the same way in their relations with project developers. Differences in community representation, culture, language, and geography will require varying approaches in order to ensure the appropriate practice of FPIC.

FPIC guidelines recognize and face challenges of *masyarakat adat* and local communities, and are designed to prevent any potential conflicts between the communities and the stakeholders, such as business communities¹². Although successful implementation of FPIC and adherence to its guidelines is likely to strengthen representation of local communities for REDD+ projects, there are still loopholes in the way that entire groups of indigenous and local communities are represented under FPIC. The most noticeable gaps include the involvement of

¹⁰ Tachri Fathonir. Vol. Interview. Jakarta, Indonesia: Forestry Research and Development Agency (FORDA), 2012.

¹¹ Anderson, *Free, Prior and Informed Consent in REDD+*

¹²"Local People Have Their Voice in Project Implementation." *The Jakarta Post*, March n.d. Accessed February 6, 2012. <http://www.thejakartapost.com/news/2011/03/19/local-people-have-their-voice-project-implementation.html>.

marginalized people, women, children and youth (when appropriate) and temporary villagers within communities.¹³ According to the UN-REDD Programme Guidelines on FPIC, marginalized people face poor political representation and participation, lack of access to social services, and exclusion from decision-making processes on matters affecting them directly or indirectly¹⁴. Successful implementation of FPIC must ensure participation and consent at all steps, but even this process could still exclude marginalized populations.

In some communities, it is in the interests of local leaders to facilitate the conversation between the community and marginalized groups. This would include advising marginalized groups at local meetings, and encouraging and engaging them in the talks. The coherence of what REDD+ entails by a community is critical, as this will allow them to better voice their needs as participants in REDD+. In some communities, civil society groups can help bridge the gap between locals and marginalized populations. Consent and adequate representation of individuals of all social groups in the communities and promotion of local coherence under FPIC is fundamental to indigenous peoples' rights to self-determination to strengthen the legitimacy, efficacy, ownership, sustainability, and longevity of REDD+ actions.¹⁵

Participatory research shows that people tend to amplify the voices of those who already express them loudly, weighing more heavily the opinions of dominant individuals in the community.¹⁶ Women and other marginalized groups are less likely to participate and thus their opinions are not counted and heard. Incorporation of solutions for providing communication channels for those who are underrepresented among the indigenous and local populations is necessary, especially for reticent individuals. The implementation of alternative ways of participation and expressing opinions is needed to avoid exploitation and ensure equal and fair benefit sharing. UNEP should focus on developing a mechanism to include marginalized populations in the FPIC process.

Safeguards put into place to ensure representation of all members of the community should function regardless of their status. FPIC should include cross-checking procedures to

¹³ Anderson, *Free, Prior and Informed Consent in REDD+*, 16.

¹⁴ UN-REDD, "UN-REDD Programme Guidelines on Free, Prior and Informed Consent - Draft for Comment," accessed February 6, 2012.

¹⁵ James Maiden, "Including Indigenous Peoples And Traditional Knowledge In Forest Management Key To REDD+ Success," CIFOR, accessed February 9, 2012. <http://www.cifor.org/mediamultimedia/newsroom/press-releases/press-releases-detail-view/article/238.html>.

¹⁶ CIFOR. "Guide to Participatory Tools for Forest Communities." Accessed February 5, 2012. http://www.cifor.org/publications/pdf_files/Books/BKKristen0601.pdf.

verify full participation to avoid the dominance of the local elites who may be over-represented FPIC. For REDD+ policy makers, it is also important to remember that local people learn to adapt their knowledge to become compatible with outsider lingo and perceptions.¹⁷ Although unlikely, once people are aware of the rules, it may be easy to gauge what benefits they can gain and communicate their needs. Thus it is critical to implement cross-checking methods. Effectively implementing FPIC will not just strengthen participation of the marginalized groups of the indigenous and local communities in issues pertaining to their territories, but perhaps lead to a more cohesive understanding among community members, eliminating under-representation and developing a trusting and open relationship among the stakeholders.

Additionally, adherence to the rights of FPIC entails constant and continued collaboration, consultation, and coordination with the community. Gaining the free consent of a local community or *masyarakat adat* before a REDD+ project does not give the project developer uncontested rights to any future development on the land. Each step of development requires the free, prior, and informed consent of the community in order to respect their rights. The responsibility for the adherence to these principles resides with the project developer. While there can be no nationally encompassing policies to ensure proper respect of FPIC because of the inherent differences in each community, there are nevertheless important guidelines to be followed concerning FPIC which, instituted at the international level, will ensure that REDD+ project implantation will support the essential right of FPIC and thus satisfy the principles of the 3Es.

The UN-REDD Program has already acknowledged the importance of observing the right to FPIC in their implementation of REDD+ and has developed specific policy recommendations to ensure that it is respected.¹⁸ The UN-REDD Program Guidelines on Free, Prior and Informed Consent released in December 2011 lists components that must be included when seeking FPIC.¹⁹ This document states that:

1. Capacity and information needs of the National Implementing Partner and/or rights-holders that need to be addressed before the FPIC process can take place;

¹⁷ CIFOR. "Guide to Participatory Tools for Forest Communities." Accessed February 5, 2012. http://www.cifor.org/publications/pdf_files/Books/BKKristen0601.pdf.

¹⁸ *UN-REDD program Guidelines on Free, Prior and Informed Consent: Draft for comment*

¹⁹ *Ibid.*

2. A designation of whether the process will require a facilitator, and if so, who it should be
3. Where and how the consultations will take place;
4. A timeline for the proposed consultation process to seek FPIC;
5. The appropriate language and media for information sharing and distribution;
6. How decisions will be taken by the community;
7. The geographical territory and communities that the decision will cover;
8. How FPIC will be given, recognized and recorded;
9. The role of others in the process (if any), including local government officials, UN agencies, institutions, donors, independent observers (strongly recommended) and other stakeholders;
10. Methods of verifying the process, including, where relevant, participatory monitoring arrangements;
11. Terms and frequency of review of the agreement(s) to ensure that conditions are being upheld; and
12. Process for voicing complaints and seeking recourse on the FPIC process and proposed policy or activity.

As UN-REDD has already codified these aspects of FPIC, this report will not focus on recommending policies pertaining to the direct implementation of FPIC in REDD+. Instead, the focus will be on the development of a FGRM to ensure that REDD+ implementation in Indonesia presents an opportunity for stakeholders to seek recourse, as required in FPIC guideline no. 12.

Developing a FGRM for FPIC is a necessary step in developing a REDD+ framework that is effective, efficient, and equitable. It is essential that local communities are able to seek recourse in a timely manner if their right to FPIC has been neglected.²⁰ Concerning equity, an effective and well designed FGRM will increase the ability of citizens to voice their concerns and foster greater trust between local communities and *masyarakat adat* and project developers and the GoI.²¹ Such a process will protect the legal rights of communities in REDD+ implementation. A FGRM also has the potential to increase REDD+ effectiveness and efficiency. Data obtained from complaints can be used in subsequent steps of REDD+ implementation in Indonesia, ensuring that such actions will have an increased capacity for success.²²

Under the Forest Carbon Partnership Facility (FCPF) and UN-REDD Readiness Preparation Proposal (R-PP) Template Version 6, Indonesia is obligated to develop a national

²⁰ *UN-REDD program Guidelines on Free, Prior and Informed Consent: Draft for Comment*

²¹ *Readiness Preparation Proposal (R-PP) Version 6 for Country Use and Public Comment: Forest Carbon Partnership Facility*; UN-REDD, 2011.

²² *Ibid.*

FGRM.²³ The FCPF is a governance structure for REDD+ that includes 28 members elected by REDD+ country participants, financial contributors, forest-dependant indigenous peoples and other forest dwellers, and NGOs and other international organizations.²⁴ It is designed to help participant countries prepare for REDD+ implementation by developing a standard framework. Countries can submit R-PPs to the FCPC, which are then reviewed to determine if the proposals will be added to the framework. The R-PP templates include guidelines which must be addressed in an R-PP. The most recent version of the R-PP template (version 6) includes guidelines for FGRM, stating that it will be a “process for receiving and facilitating resolution of queries and grievances from affected communities or stakeholders related to REDD-plus activities, policies or programs at the level of the community or country.”²⁵ The R-PP should include specific plans on how Indonesia will develop, utilize, and institutionalize a FGRM.²⁶ This should entail of proposals to conduct an assessment of any existing feedback and redress mechanisms, develop a framework for the proposed mechanism, and describe how information sharing and consultation on the proposed mechanism will occur.²⁷

Given that the R-PP will be proposed by the GoI, the role of the UN-REDD Program in creating a FGRM for the FCPF should be to provide financial and technical support in conducting the aforementioned assessment and framework development. Such assistance should ensure that any mechanism adheres to the UN-REDD Program Guidelines on Free, Prior and Informed Consent, which states that an international grievance mechanism must be established recognizing the principles of independence, fairness, transparency, professionalism, accessibility, effectiveness, and subsidiarity, and must be tailored to the particular features of the institution.²⁸ Policy recommendations will thus focus on how the UN-REDD program can most effectively aid Indonesia in drafting a R-PP that establishes a feedback and grievance mechanism for FPIC that is in with the principles of equity.

²³ *Readiness Preparation Proposal (R-PP) Version 6 for Country Use and Public Comment*

²⁴ "About FCPF: Introduction," Forest Carbon Partnership Facility, accessed February 11, 2012, <http://www.forestcarbonpartnership.org/fcp/node/12>.

²⁵ *Readiness Preparation Proposal (R-PP) Version 6 for Country Use and Public Comment*

²⁶ *Ibid.*

²⁷ *Ibid.*

²⁸ *UN-REDD program Guidelines on Free, Prior and Informed Consent: Draft for Comment*

B. KNOWLEDGE GAP: LOCAL, NATIONAL AND INTERNATIONAL

Rahardhika Arista Utama and Yeni Kristanti

The FPIC paradigm has inspired the governor of Aceh to use an approach similar to FPIC in engaging community in the development process. Unaware of this kind of procedure before, the governor faced many problems related to community unrest against. This resistance to the development program was due to a lack of prior consultation with the community.²⁹ Government officials' unfamiliarity with social safeguards when engaging communities in the development process is common in Indonesia. This creates friction, even as decentralization broadens opportunities for local governments and communities to have more autonomy in formulating and practicing policies and creating regulations that are appropriate to local standards. In fact, people's participation is ranked as the highest priority in the decentralization agenda according to law No. 18/1997, UU No. 34/2000, UU No. 41/1999, UU No. 10/2004, and UU No. 32/2004.³⁰

There are two main reasons why the government and people of Indonesia undervalue the meaning of participation. First, decades of centralized, authoritarian governance has institutionalized top down mechanisms. Though a reformation era has continued for more than a decade, it is not yet enough to change this top-down culture. This system of hierarchy has resulted in a more narrow space for public participation and maintains the government-driven approach at the community level. Second, the knowledge or information about the term "participation," let alone the laws about participation is not well understood,. The meaning of community participation is often depreciated merely into disseminating information, meeting attendance, involvement in workshops or seminars, or a token for successful public relations. In short, the basic principle of participation, namely well-informed and autonomous decision making, is neglected. Finally, the role of community participation in forest management and its position in the implementation of REDD+ in Indonesia has not been codified. Community participation in forest management historically has been very problematic due to land and

²⁹ Anderson, Patrick (The Samdhana Institute), Interview , Jakarta, Indonesia, Jan 2012.

³⁰ Sudirman, "Melegalkan Partisipasi Masyarakat dalam Kebijakan". *CIFOR Governance Brief June 2006 No. 32*. (Bogor, Indonesia: 2006), accessed 13 February 2012.
http://www.cifor.org/publications/pdf_files/govbrief/GovBrief0623.pdf

resource tenure conflict, conflicting or overlapped authorities aka regulations, human rights violations, gender insensitivity, and decentralization in forest resource management.³¹

Most of the international communities involved in REDD+ (especially the Norwegian government, USAID and UN-REDD) are very supportive and respect community participation. However, there is a significant gap between ideals and actions. Ideally, if they are supportive, they should ensure that any formal agreement with the GOI (government of Indonesia) is also available in *bahasa Indonesia*. Having that so, they will enlarge a chance for any Indonesian citizens, who are concerned with REDD+ implementation but do not understand the international language(s) being used in the agreement, to learn the essence of the agreement and its implications for Indonesia. Knowing the implications, any Indonesian citizen will be able to take informed decisions. This is in line with the UN-REDD Programme guidelines on the FPIC number five, about having the appropriate language and media for information sharing and distribution.³² However, this is not always done. For example, the LoI between the Norwegian and Indonesian governments is written in English, without an official translation into Indonesian.³³ The lack of translation deters the local community from understanding the implications of the agreement, and precludes them from becoming involved in monitoring the implementation of REDD+ activities. Local community in this matter is the affected community, including *masyarakat adat*. Some *masyarakat adats* unite themselves under the same organization called *Aliansi Masyarakat Adat* (AMAN) or the alliance of customary people. They have been fought for their rights as indigenous people. Unfortunately, the LoI fails to advocate the recognition of the indigenous people from the GoI³⁴ which makes REDD+ implementation become problematic, especially in relation with land tenure. According to CIFOR, “indigenous rights is part of land tenure”³⁵ which implies that both issues are very closely related.³⁶ And in the end it has consequence in determining the degree of people participation in forest

³¹ Yanti Kusumanto and Martua T. Sirait, “Community Participation in Forest Resource Management in Indonesia: Policies, Practices, Constraints and Opportunities”. *Southeast Asia Policy Research Working Paper, No. 28*. (Bogor, Indonesia: 2010)

³² *UN-REDD program Guidelines on Free, Prior and Informed Consent: Draft for Comment*: FAO; UNDP; UNEP, 2011

³³ Chris Lang, “We want to change this threat to an opportunity”: Interview with Abdon Nababan and Mina Setra, accessed 2 February 2012. <http://www.redd-monitor.org/>

³⁴ *Ibid.*

³⁵ CIFOR, 2012, Interview, CIFOR, Bogor, Indonesia

³⁶ A.M. Larson, 2011, Forest tenure reform in the age of climate change: lessons for REDD+. *Global Environmental Change* 21, 540-549.

management activities.³⁷ The more secure the land tenure is, the more participative the community.

In an interview, UN-REDD mentioned that they involve central religious leaders to spread information widely and educate local communities about the importance of forest management and climate change issues related to forest.³⁸ This effort seems harmless and effective, however it could potentially leave out non-believers or those who reluctant to join religious practices. The community might not be homogenous in term of religious practice. It might also create violation in the future, if for example, REDD+ should take on a specific religious affiliation. This could be harmful as it could cast some social factions as pious and others as sinners or rebels depending on their position on REDD+.

Beside ratified Human Rights Law number 30/1999, Indonesia has national instruments to guarantee freedom of expression and religion, such as *Pancasila*³⁹ and 1945 Constitution. Both national instruments emphasize religious tolerance, but it does not make Indonesia as theocracy or secular state. The GoI recognizes only six legal religions, Islam, Buddhism, Hinduism, Christianity, Catholicism, and Confucianism, and indigenous belief system is considered as merely *adat*, not a religion, therefore *adat* falls under the scrutiny of Ministry of Education.⁴⁰ This policy is seen as discriminative for some Indonesian citizens, especially *masyarakat adat* who have their own systems of religious beliefs and practices which some of them have even been existed since before the Hindu-Buddhism era in the archipelago.⁴¹ That policy is often used as legitimate instrument by the government to force its citizens to embrace the only recognized religions,⁴² or to affiliate their inherited believes into one of the recognized religions⁴³ by modifying their beliefs to have the following categories: monotheistic, holy book, prophet, and

³⁷ Dolisca, F., D.R. Carter, J. McDaniel, D.A. Shannon, C.M. Jolly, 2006, Factors influencing farmers' participation in forestry management programs: A case study from Haiti, *Forest Ecology and Management* 236 (2006), 324-331

³⁸ Laksmi Banowati, Interview, Jakarta, Indonesia: UN-REDD program Indonesia, 2012.

³⁹ Five basic principles of state: believe in All-embracing God, just and civilized humanity, Indonesian unity, democracy and social justice.

⁴⁰ Schiller, Anne. 1996. An "Old" Religion in "New Order" Indonesia: Notes on Ethnicity and Religious Affiliation. *Sociology of Religion* vol. 57, no.4, pp 409-417

⁴¹ Aliansi Nasional Bhinneka Tunggal Ika. 2012. Eksistensi Agama Asli dan Perkembangannya dari Masa ke Masa. <http://www.anbti.org/>

⁴² Aliansi Nasional Bhinneka Tunggal Ika. 2012. 2000 Warga Tanpa Agama, <http://www.anbti.org/content/2000-warga-tanpa-agama-0>

⁴³ Schiller, Anne. 1996. An "Old" Religion in "New Order" Indonesia: Notes on Ethnicity and Religious Affiliation. *Sociology of Religion* vol. 57, no.4, pp 409-417

universal ethical teaching.⁴⁴ Fail to do so, the citizens would likely to face legal penalty for religion defamation which is stipulated in the Law number 1/PNPS/1965. Though guaranteed by 1945 Constitution, but the religious freedom is not really taken place in Indonesia. The government often fails to provide protection to its citizens, especially to the minority; instead it often lets the “legalized religions” believers to attack people whose belief is considered as deviant from the “legalized religions”, such as Ahmadiyah case.⁴⁵ Within this context, UN-REDD should be careful in its effort to educate the local people, especially in relation with the *adat* which usually connected with their beliefs, including their perspectives about environment. Therefore, before seeking community involvement through religious circles, UN-REDD must first ensure that they do a preliminary assessment on the socio-cultural background of the community and meticulously research the diversity of the affected communities, as different communities will have different responses to such a project. Failure to make this preliminary step will risk that the agency will not meet the required components of FPIC.

UN-REDD and government agencies such as the DNPI, Satgas REDD+, and FORDA understand that people participate more readily when educated on programs such as REDD+.^{46 47} Because of this, they have set REDD+ education as a priority. The education, though, could depreciate the principle of participation if the agencies mainly view one way education, from them to the local community. In such a scenario, the community merely receives of information, as they are not knowledgeable about the danger of deforestation and does not “participate” in any active way. However, Greenpeace has argued that forest dependent people are concerned about the impacts of deforestation in their own ways and for their own reasons, though they may not know about REDD+ and climate change.⁴⁸ Other civil society organizations generally have similar kind of perception about community.⁴⁹

⁴⁴ Mc.Daniel, J. 2010. Agama Hindu Dharma Indonesia as a new Religious Movement: Hinduism Recreated in the Image of Islam. *Nova Religio: The Journal of Alternative & Emergent Religions*, no.1, pp 93-111

⁴⁵ Human Right Watch. 2012. World report 2012: Indonesia, Events of 2011. <http://www.hrw.org/world-report-2012/world-report-2012-indonesia>

⁴⁶ Banowati, Laksmi, Interview, Jakarta, Indonesia: UN-REDD program Indonesia, 2012.

⁴⁷ Ahmad, Mubariq. Interview. Jakarta, Indonesia: National Taskforce on REDD (Satgas REDD+), 2012.; Fathoni, Tachrir. Interview. Jakarta, Indonesia: Forestry Research and Development Agency (FORDA), 2012; Prasetyo, Heru. "REDD in Indonesia: Greening Development." National Task Force on REDD (Satgas REDD+), Jakarta, Indonesia; Sukardi, Doddy. Interview. Jakarta, Indonesia: National Council on Climate Change

⁴⁸ Yuyun Indradi. Interview. Jakarta, Indonesia: Greenpeace, 2012.

⁴⁹ Liswanto, Darmawan, Interview, Jakarta, Indonesia: Flora and Fauna International (FFI), 2012. Also corroborated by: Nababan, Abdon, Interview, Jakarta, Indonesia: National Alliance of Indigenous Peoples (AMAN), 2012;

However, having good perception on forest does not guarantee community's participation. Research in Pampli (a hamlet in Sepakat village of Kuwu Utara district, South Sulawesi) found that forest dependent people have very good perceptions about the forest, but that good perception did not motivate them to actively participate in protecting the forest.⁵⁰ The low participation in forest protection was due to lack of education and their ignorance. Their lack of knowledge affects their capacity in daily economic transaction and retains them in poverty. They considered themselves as very dependent towards the forest resources, but their dependency did not motivate them to initiate forest protection. This finding reverses Dolisca et. al.'s conclusion which stipulated that the higher level of dependency towards forest reflects the higher level of people participation.⁵¹ Other influencing factor of their ignorance to forest protection was the fact that the forest is owned by the state and the law enforcement was not taken place effectively.

To narrow the knowledge gap between the affected community and the external stakeholders who work for REDD+ in the forest where the affected community live, there are several things to consider. First, UN-REDD should ensure that they have staff and NGO partners who speak or understand the language of the affected community. Second, UNREDD with its implementing partners make thorough research about the social-cultural life of the affected community, and respect their knowledge by referring the relevant ones into REDD+ knowledge, thus abridging them in comprehending REDD+ knowledge. And third, based on the preliminary social-cultural research about the affected community, UN-REDD designs the best format or strategy to educate them about REDD+ while keeping wide eyes and ears to accommodate their suggestion for the improvement of the knowledge deliverance, ensuring community participation to take place. UN-REDD could work hand in hand for this purpose with civil society such as FFI or World Wildlife Fund (WWF) who have been working in Indonesia for years and known for their intensive accompaniment for local NGOs and local communities. They could become good resources for information about society groups who can work best with the community, and good resources for some best practices in approaching local communities.

⁵⁰Ngakan, P.O., Komarudin, H., Achmad, A., Wahyudi, Tako, A. 2006. Ketergantungan, Persepsi dan Partisipasi Masyarakat terhadap Sumberdaya Hayati Hutan Studi Kasus di Dusun Pampli Kabupaten Luwu Utara, Sulawesi Selatan. CIFOR, Bogor, Indonesia

⁵¹ Dolisca, F., Carter, D.R., McDaniel, J., Shannon, D.A., Jolly, C.M. 2006. Factors influencing farmers' participation in forestry management programs: A case study from Haiti. *Forest Ecology and Management* 236 (2006), 324-331

C. CUSTOMIZING INCENTIVES

Jared Moore

In order for REDD+ to fully engage smallholders, local communities, and *masyarakat adat* peoples with claims to forest, it must provide attractive incentives for participation. As these actors shift from emissions-intensive to low-carbon livelihoods, REDD+ must meet their social and economic needs. This requires thorough and community-specific BAU evaluations, especially regarding emissions-intensive income sources such as mining, oil palm, logging, or timber plantation.

REDD+ effectiveness frequently hinges on its local allure as an alternative or additional income source. However, developing the correct local incentives is no simple equation of income opportunity cost. It's important to note that few landholders are motivated solely by profit to conserve ecosystem services and may participate for moral, aesthetic, or other reasons. Yet as a December 2009 CIFOR “infobrief” stated, “providing compensation for lost livelihood opportunities will at best only reproduce poverty.”⁵² Because poverty and unsustainable management of local resources often go hand in hand, addressing economic disparity will certainly enhance REDD+ efficiency and effectiveness. Many see REDD+ as a provider of routes out of poverty, as it empowers local communities to direct their own economic development and profit from sustainable resource management. Thus, UN-REDD+ and the GoI must ensure that communities receive financial, political, and logistical support beyond mere income substitution.⁵³

The GoI, UN-REDD, and selected partner organizations must integrate such incentives into FPIC operations. FPIC must address the unique financial challenges that a REDD+ transition will incur—uniformity cannot be expected. There are many reasons Indonesia's local or *adat* communities may be wary of REDD+ initiatives. The transition to REDD-approved livelihoods can entail significant transaction costs discouraging to smallholders, especially the severely impoverished. Local communities may be averse to transition for cultural or political

⁵² Ellen Wollenberg & Oliver Springate-Baginski, 2009, *Incentives +: How can REDD Improve Well-being in Forest Communities?*, Bogor, Indonesia: CIFOR, 1.

⁵³ *Ibid.*, 3-4.

reasons. In many cases, local communities and *masyarakat adat* have fears of future economic exploitation that injections of cash from the state or international donors will not allay. REDD+ must provide a comprehensive and customizable selection of incentives that solve local problems and meet local needs. There are several ways to incentivize local community/*masyarakat adat* participation in REDD+:

- Develop performance-based payment systems for increased environmental stewardship, including PES and carbon trading rights. Transaction-less payments such as infrastructure development or the building of schools for local communities should also be incorporated.
- Restructuring local economies through development of ecologically sound agriculture and introduction of a smallholder aggregator.
- Working to introduce or improve local land tenure security and equity through conditional land tenure.⁵⁴

Performance-based Payments

A direct income substitution is an essential starting point for community involvement in REDD+ as opposed to over-extractive forestry. Compensation for avoided deforestation can take multiple forms:

- Results-based PES to families or communities.
- Wages for community carbon monitoring activities.
- Carbon trading income, reliant on voluntary market transactions.
- Infrastructural improvements such as schools, roads, or agricultural technology.

PES include compensation for active watershed stewardship, soil conservation, and forest restoration. PES are typically directed to areas where BAU trends suggest increased ecological strain and forest degradation. REDD+ efforts will harness PES to avoid deforestation, especially in areas where the allure of timber and oil palm makes the opportunity cost of REDD+ substantial. These payments should be delivered at multiple levels: families would receive a monthly income for participating in REDD+ projects and communities as a whole could petition

⁵⁴ Wollenberg & Springate-Baginski. 2009. *Incentives +: How can REDD Improve Well-being in Forest Communities?* 2.

for grants to fund ecologically-appropriate development projects.⁵⁵ Offering a variety of payment types works to address the CIFOR suggests the following driving principles for PES scheme development:⁵⁶

- Hard conditionality, with close monitoring of carbon stock changes and explicit sanctions for non-compliance.
- Targeting of high-threat areas, using spatial modeling to introduce PES into areas at risk for deforestation.
- Targeting of high-service areas with special ecological significance.
- Differentiate payment rate according to local opportunity costs.

PES schemes can be user-led or government-led. User-led arrangements involve local best practices and are appreciably flexible. Government-led PES schemes offer lower transaction costs, policy uniformity, and reduced leakage. The scale of Indonesia's REDD+ PES scheme will likely evolve over time. Programs such as "Rewarding upland poor for environmental services" (RUPES), spearheaded by ICRAF, are the vanguard of small-scale PES developers in Indonesia.⁵⁷ Current REDD+ DAs are also pursuing user-led arrangements, with the GoI channeling funding to NGO capacity builders. As REDD+ adoption spreads, the GoI may take a more active role in directing a national PES scheme.

As the chapter on MRV discusses, wages for community carbon monitoring would also incentivize REDD+ participation. Such a national community monitoring system should offer a flat rate of payment for monitoring work rather than payment proportional to the carbon sequestered. This would safeguard against intra-community income disparity that might result in conflict and reduce REDD+ effectiveness and equity.⁵⁸

Many Indonesian smallholders hope that REDD+ will offer financial benefits beyond cash-in-hand.⁵⁹ Funding for the building of schools, medical clinics, and roads has been advocated as a compensation option that maximizes community well-being and avoids

⁵⁵ Wollenberg & Springate-Baginski. 2009. *Incentives +: How can REDD Improve Well-being in Forest Communities?*.3.

⁵⁶ Arild Angelsen, ed. *Realising REDD+: National Strategy and Policy Options*. Bogor, Indonesia: CIFOR, 2009, 222.

⁵⁷ Natasha Pauli, *Rewarding Local Land Stewards for Reducing Emissions from Deforestation and Degradation*: Globe International, 2009.

⁵⁸ Angelsen, ed. *Realising REDD+*, 112.

⁵⁹ Several villagers in Nyungcung hamlet expressed hope for such benefits from REDD+, expressing preference for non-cash compensation that spread benefits.

reinforcement of income disparity. Furthermore, the transaction costs of such development can be lower than those of tracking and disbursing PES to an assortment of local households, an appealing option for the GoI and NGO partners.

Carbon Trading

Smallholder carbon trading offers another avenue for incentivizing REDD+, but the capacity for a smallholder-based carbon market in Indonesia is currently lacking. Land tenure uncertainty makes carbon ownership difficult to delineate. Even when tenurial claims are concrete, the high transaction costs of reaching global buyers discourages a dynamic marketplace. As it stands, carbon trading is a frightening endeavour for smallholders due to the unpredictability of future income; the alternatives of agricultural expansion or fast-cash timber extraction are appealing because income is relatively quick and predictable. It makes sense to work towards a smallholder carbon market, which may be an important future provider of sustainable livelihoods.

Incentivizing carbon trading is best accomplished with a compliance market model. Such a model gives carbon crediting an edge on lucrative but destructive palm oil cultivation. While oil palm cultivation is estimated to generate a net present value of USD 3,835 to 9,630 per hectare annually over a 30-year period, a voluntary market approach to PES from REDD+ will only net USD 614 to 994 per hectare in NPV over the same 30-year period. The playing field can be leveled by valuing REDD+ carbon credits at price parity with carbon credits in compliance markets. In the growing compliance market, vanguarded by the European Union, credits have a greater value to the organizations seeking to meet state-declared carbons caps. A compliance market valuation would boost carbon trading profit to USD 1,571 to 6,605 per hectare. What's more, it is estimated that revenue could reach USD 11,784 per hectare if carbon payments were based on a front-weighted allocation (FWA) model.⁶⁰ FWA would allow credits to be assessed and sold during the first 8 years of REDD+ operations. This is the period when deforestation might be most alluring and would spare smallholders the long 30 year wait for profit they might

⁶⁰ Rhett A. Butler, Lian Pin Koh, and Jaboury Ghazoul. *REDD in the Red: Palm Oil could Undermine Carbon Payment Schemes*: Mongabay.com, 2008.

experience in a simple, voluntary market based REDD+ program.⁶¹ Of course, the global implementation of a compliance mechanism hinges on the results of future COP meetings.

UNEP should work towards a future carbon trading market that offers compliance weighting to smallholders. This may be a distant reality, considering the lack of international, binding follow-up to the Kyoto Protocol. It's unsure when or how such a replacement will be developed, but it's important to encourage the capacity for such a compliance market, especially in areas with appreciable -- and lucrative -- stored carbon. This report does not attempt to develop specific criteria for the future carbon market. Instead, the resolve shown by UNEP towards such a market would increase the confidence of communities that future PES is in fact a reality and thus increase the likelihood of their participation in REDD+ activities.

Economic Restructure

Offering a structural safety net as part of REDD+ implementation is another way to attract smallholders to avoided deforestation. A national smallholder aggregator should be established to provide such a safety net. An aggregator is a coalition that freely accepts smallholders, offering political strength and lowering the transaction costs of PES disbursement and carbon trading. Such an organization offers strength on numbers in engaging vertical structures of power. Not only do smallholders enjoy better representation when interacting with the state or the private sector, such an organization would offer a forum for grievance and lower the opportunity cost of avoided deforestation through REDD+. A national aggregator would also offer a helpful means of attracting investment or carbon trading opportunity.⁶²

Aggregators also assist in matching carbon credit buyers and sellers, a substantial challenge for REDD+ as it attempts to integrate Indonesia's multitudinous small scale economies. The transaction costs associated with purchasing carbon credits can be substantial when carbon-rights holders aren't articulated with the global market. Aggregators are a more enticing business partner for buyers of carbon credits than scattered smallholders. In addition, the ability to compete with economies of similar scale such as the oil palm sector is a substantial

⁶¹ Rhett A. Butler, "Can Carbon Credits from REDD Compete with Palm Oil?" Mongabay, accessed January 29, 2012, http://news.mongabay.com/2009/0330-palm_oil_vs_redd.html.

⁶² Wollenberg & Springate-Baginski. 2009. *Incentives +: How can REDD Improve Well-being in Forest Communities?* 2.

support to smallholder involvement in REDD+.⁶³ The Federation of Community Forest Users (FECOFUN) in Nepal offers a compelling example of a successful aggregator. Bringing together hundreds of smaller local Forest User Groups (FUG), the Federation allows smallholders an amplified political voice and reduces the transaction costs associated with carbon trading in developing countries.⁶⁴ Indonesia lacks a national coalition of smallholders, yet there are many NGOs like *Rimbawan Muda Indonesia* (Indonesian Institute for Forest and Environment, RMI) that co-opt conservation projects based on community unity. Establishing a national aggregator for the currently fractured smallholder landscape would be an excellent step towards community representation in REDD+ politics and articulation with carbon buyers from the international community.

Conditional Land Tenure

Land tenure delineation is a problematic element of community participation in REDD+. While offering land tenure security as a carrot to prospective REDD+ participants can help incentivize the program, there is a definite need for land tenure reform before a discussion of REDD+ can even begin. This report's chapter on land tenure reform outlined steps that might promote equitable tenurial reform on the national scale. Local-level REDD+ operations can also work to strengthen land tenure security. Conditional land tenure could be offered by the GoI as a reward for diligent stewardship and avoided deforestation. The GoI would legally award plots of land following demonstrated commitment to REDD+. Not only would such a program work as an incentive to REDD+ participation, it would serve to ameliorate large-scale tenurial difficulties. In addition, the clear definition of local land rights is the first and most essential step towards developing a smallholder carbon market. To safeguard equity, the GoI and NGO partners must ensure that such tenurial designation is accompanied by FPIC and transparency, lest local power structures marginalize poorer actors.⁶⁵

⁶³ Wollenberg & Springate-Baginski. 2009. *Incentives +: How can REDD Improve Well-being in Forest Communities?* 2.

⁶⁴ "Federation of Community Forest Users, Nepal Homepage." Federation of Community Forest Users, Nepal, accessed February 10, 2012, <http://www.fecofun.org/home/index.php>.

⁶⁵ Wollenberg & Springate-Baginski. 2009. *Incentives +: How can REDD Improve Well-being in Forest Communities?* 2.

In summary, incentives for local community or *masyarakat adat* participation in Indonesia's REDD+ scheme must be flexible and numerous. Each district, village, and hamlet will view REDD+ benefits differently, and will require FPIC that offers a menu of payment and benefit plans. UNEP should work through UN-REDD, the GoI, and trusted NGO partners to promote FPIC emphasis on such a menu of benefits. UNEP can also help in building the capacity for a future carbon market by assisting in the foundation of a national smallholder aggregator. This coalition will offer the strength of numbers for marginalized Indonesians as REDD+ moves forward, and will perhaps offer essential articulation with a future global carbon market. UNEP can advocate for conditional land tenure as a GoI tool for REDD+.

III. Recommendations

- UNEP should vocally advocate that the GoI and DA partners must fully and widely integrate a FGRM into local operations and increase frequency and efficiency of FPIC operation. Gender equity in particular needs a greater emphasis in FPIC.
- UNEP should engage localized civil society organizations to spread REDD+ awareness and work to eliminate knowledge gaps between marginal communities and the central government.
- UNEP should ensure that REDD+ operations must include on-the-ground evaluation of BAU economics, consultation with local communities and indigenous groups that assesses needs and values. FPIC consultation must consider how PES are perceived locally and offer a variety of compensation plans.
- UNEP should encourage instituting flat rate payments for community-based Monitoring and Reporting work, which could eliminate a potential for intercommunity conflict and reinforce equity in REDD+.
- UNEP should work with the GoI and NGOs to develop a national smallholder aggregator to articulate smallholders with the global market, boost their political heft, and encourage popular participation in REDD+.
- UNEP should work towards a carbon rights system that gives smallholder credits price parity with compliance market credits. In addition, front-weighting crediting would make REDD+ more effective as an alternative to destructive livelihoods.

Knowledge Dissemination

*Nataliya Piskorskaya, Yeni Kristanti, Ayu Nova
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Chapter Summary

Background

The difficulty with knowledge dissemination in Indonesia is related to the ways that information is created and spread. REDD+ is a complex program that involves various stakeholders nationally and internationally but after its implementations REDD+ will mostly have an effect on people that live in communities where projects are taking place. Due to complexities of REDD+, it is vital to make the information about REDD+ available and comprehensible, bringing more transparency and awareness of unequal power relations in Indonesia.

Potential barriers to effective knowledge dissemination about REDD+ in Indonesia are lack of understanding, knowledge gaps, language barriers, unequal power relations, and the role of the media. A lack of understanding among the stakeholders degrades the effectiveness, efficiency and equality of REDD+ by creating confusion among the people. The knowledge gap has created inconsistencies in the information that is provided to stakeholders making it hard for them to understand what REDD+ actually is. Unequal power relations attenuate the acknowledgement of different information among the stakeholders and that has led to lack of cooperation. The lack of consistency in information provided by the media has created confusion among the people in regards to REDD+.

Policy Considerations

Lack of understanding among the stakeholders is difficult to resolve as different stakeholders have various power and influence in REDD+s implementation. Dialogue and research on how to make information accessible to the public could lead to more coherence and cooperation in Indonesia. Although the government of Indonesia holds the most power when it comes to knowledge dissemination, the international community could help eliminate the misunderstandings between the stakeholders while implementing REDD+. Language barriers marginalize certain populations from participating in REDD+ discussions. Identifying the loopholes in the current systems of knowledge dissemination will help bring local communities to the discussion, improving the legitimacy of projects. Lack of coordination while disseminating knowledge between the stakeholders undermines smooth transition to REDD+, however synchronizing the knowledge between stakeholders will strengthen REDD+ projects. Educating the media is a crucial part of effectiveness of REDD+ thus educating the producers of information will lead to more transparent and democratic information flow. Unequal power relations in Indonesia make it difficult for people with few rights to participate in the REDD+ debate.

Recommendations

- UNEP should address REDD+ to the local communities based on the best practices within the community. In this case UN should collaborate and engage local chiefs and community leaders to establish dialogue with people directly.
- UNEP should promote the recognition of indigenous people's rights, including their knowledge about forest management
- UNEP should promote balanced news principle and help integrate scientific, technocratic and traditional values in forms of accurate data to avoid public misunderstanding

I. Background

Nataliya Piskorskaya and Sari Damar Ratri

REDD+ in Indonesia faces numerous obstacles related to disseminating knowledge of the program and its policies. Sharing knowledge among the stakeholders is crucial to meet the 3E criteria; efficiency, effectiveness, and equity. The need for a better informational flow arises from the increased number of communities that are affected by REDD+. Many communities, and their civil society representatives, continue to be dissatisfied with and confused by the REDD+ decision making and implementation process.¹ The potential financial rewards of REDD+ attract many constituencies at the local, regional, national and international scales. With so many actors involved and only one wielding significant power—the GoI holds 70% of Indonesia’s land rights—it is important to understand who creates knowledge about REDD+ and what information about REDD+ is deemed credible. People who live in the forests are often seen by the GoI as agents of deforestation in Indonesia, and for this reason, their knowledge is often discounted. However, this opinion is being challenged. A recent report from Global Forest Watch stated that “deforestation in Indonesia is largely the result of a corrupt political and economic system that regard[s] natural resources, especially forests, as a source of revenue to be exploited for political ends and personal gain.”²

Government representatives, civil society groups, and local forest-dependent peoples all have different perspectives on REDD+ stemming from their fundamentally different views of forests. Vulnerable populations often do not have a deep understanding of the technicalities of REDD+, making them unaware of the benefits that could be achieved by REDD+ implementation. Likewise, government agencies, such as the ministry of forestry, often do not take the knowledge forest-dependent people have of their surrounding environment seriously. Thus, it is important that knowledge is disseminated in a reciprocal way, in which the government would honor the forest management knowledge of local communities and

¹ Abdon Nababan and Mina Susetra, Interview, Jakarta, Indonesia: National Alliance of Indigenous Peoples (AMAN), 2012.

² Global Forest Watch, Accessed February 10, 2012.
<http://www.globalforestwatch.org/english/indonesia/forests.htm>.

indigenous peoples, and distribute it to the public, businesses and the international community, and vice versa.

The people's general distrust of the centralized government has a long legacy which is already having an impact on REDD+ implementation. Now that Indonesia has a decentralized system of government, the central government, wishing to implement REDD+ with a top-down approach, is struggling to do so. REDD+ requires cooperation and collaborating between the GoI and many levels of stakeholders in order to achieve its goals, but this will prove very difficult if the government exercises only a weak influence on all levels of society. Thus, REDD+ policymakers need to make sure that information pertaining to REDD+ is disseminated properly among the myriad of stakeholders to avoid potential inefficiencies and ineffectiveness of REDD+.

Unequal power relations in Indonesia leads to problems with disseminating knowledge, as information about REDD+ may be structured in such a way as to benefit one party over another. This raises the tension and leads to conflict between stakeholders, making it necessary to focus on this issue while REDD+ is still in its implementation process. Problems with implementation may arise if the values of local stakeholders are not given much recognition. There is existing knowledge that is constructed from various actors, but there is still little agreement between the stakeholders. As we can cite from Cronin and Santoso the culture and politics of climate change are “dynamic and contested spaces battled out by the various actors” and there is considerable competition among scientists, industry, policymakers and NGOs in creating knowledge.³ Each of them is likely to be actively seeking to establish their particular perspective, creating difficulties for creating common understanding of the issues.⁴

It can be concluded that the best solution to solve problems of knowledge dissemination in regards to REDD+ architecture can only be achieved if we successfully define how the knowledge about REDD+ has been formatted and address the obstacles to effective information diffusion. Disclosing them would enable us to locate problems based on the 3E criteria in knowledge dissemination specifically, and REDD+ implementation generally. This chapter divides the concerns of knowledge dissemination into the following subgroups: knowledge gaps,

³ Tim Cronin and Levania Santoso, “REDD+ politics in the media: A case study from Indonesia: Working Paper 49,” (Bogor, Indonesia: CIFOR, 2010), 4.

⁴ Ibid.

language barriers, lack of coordination, educating the media, and unequal power relations. This chapter examines the various kinds of knowledge that have been produced and used by different actors. From the information obtained from the conducted interviews and brief discussions with interviewees, it can be concluded that there is dissimilarity about how REDD+ mechanisms for knowledge dissemination are being portrayed and how they should be implemented.

The gap of knowledge sub-section will analyze varying Indonesian REDD+ stakeholder viewpoints by examining primary data obtained from the field research. Language is very potential way of communicating REDD+ to the people due to innumerable dialects in Indonesia. The complexity of language used by policymakers might be a problem if the terminology is not properly defined and interpreted into all existing dialects. This will undermine the equity criteria of REDD+ due to fact that without understanding the rules, local communities may not receive the equal share of benefits.

The media might be a potential instrument in building public awareness of REDD+. In order to share information, the media has to research independently and understand issues before presenting it to the people. Media often tends to be reliant on the government for the information, thus provide only one side of the story creating biased knowledge. Such knowledge of environmental issues constructed by the media undermines the effectiveness of REDD+ by creating wrongful information that creates an ill-advised bias against REDD+. This issue needs to be addressed by REDD+ policymakers. Finally, the last sub chapter will address the origins of these problems in the scenario of unequal power relations in REDD+ and how some people lack power to challenge the information constructed by more dominant actors in the society. Looking deeper into these issues will help uncover some of the hidden problems of Indonesian society and reveal areas that require deeper policy research.

II. Policy Considerations

A. LACK OF UNDERSTANDING

Nataliya Piskorskaya

Carrying out REDD+ in Indonesia is facing many challenges related to land ownership, indigenous populations and human rights that need to be addressed prior to REDD+

implementation, thus among those salient topics, the knowledge dissemination plays an important role. Because Indonesia is so diverse in all aspects, it is vital to look into how, where, for and by whom the REDD+ related information that is being disseminate is created. In order to ensure that local, national and international actors are on the same page and are not lacking understanding in certain areas -- we have to research on what knowledge they are basing their actions on. Knowledge dissemination among the stakeholders is vital for the 3E criteria of REDD+ to ensure commitment, fair division of benefits, and guarantee compliance of all players with laws and regulations.

Greater importance for knowledge dissemination pertains to people that may lack understanding due to residing in remote coastal areas and forests. With about 44 DAs currently in places in the areas of Kalimantan, East Java, Aceh, Papua, Sulawesi and thousands of people facing the impact of climate change, it is important to make sure that people in those areas are raise awareness of in the case of safeguarding indigenous communities. This requires implementation of REDD+, successfully amalgamating the knowledge between the government, institutions and civil society groups, ensuring that all parties are

REDD+ is one of the identified mitigation measures that requires the full cooperation and solidarity of all stakeholders, in which knowledge has to be circulated and shared among all. REDD+ also presents an opportunity to increase awareness about customary wisdom that people possessed for thousands of years and put into practice for generations. As an example, indigenous communities have all the necessary tools and knowledge needed to be able to cope with extreme weather conditions. Their methods have ensured a healthy and sustainable ecosystem for years and they are highly skilled in managing biodiversity. The central role and contribution of indigenous people to the forest management are still not fully recognized, and at present these peoples may lack the information they need to participate in the dialogue.⁵ That does not just put people's livelihoods at risk, but also risks that ignorance of traditional forest management may undermine the efficiency of REDD+ projects. The acceptance of local knowledge among the stakeholders will lead to more engagement from communities where people could share and exchange local forestry practices while developing or working on REDD+.

⁵ "Collaborative Partnership on Forests," accessed February 17, 2012, http://www.forestsclimatechange.org/fileadmin/downloads/fd5/summaries/discussion_social_safeguards.pdf.

One of the most contested practices that are still misunderstood by various stakeholders is swidden agriculture or “slash and burn.” It has produced a great deal of debate in the context of agroforestry development. Swidden agriculture is defined as “clearance of forest and a short cultivation period with a long fallow period during which forest returns and soils recover”.⁶ The GoI does not view swidden agriculturalists as possessing any formal land tenure rights.⁷ Prominent reports by the FAO and the World Bank claimed that the swidden agriculture practices of traditional farmers, combined with high rates of rural population growth, were placing unsustainable pressure on forest resources.⁸ The lack of understanding between the GoI and the indigenous people leads to formation of knowledge that is highly contested. A sustainable REDD+ strategy will require a careful balancing of the knowledge of diverse stakeholders. Bringing in the knowledge of local people and mutual understanding of it into the REDD+ process will not only allow stakeholders to tap into the wealth of knowledge on the drivers of deforestation and forest degradation, and how effectively address them, but will also add credibility and legitimacy to the process as a whole.

Knowledge Formation

The local communities’ knowledge and unequal power distribution between local people and policymakers may create policies that favor ones that have more power, eventually leading to the faulty information. This is especially the case in Indonesia as it faces difficulties to achieve good governance and to avoid corruption in REDD+ policymaking. In some cases the government has even violated its own laws with complete impunity.⁹ Due to the inequality of power and poor governance, it becomes very easy to ignore or discredit the knowledge that local people might have, as described above in the case of swidden agriculture, as local people’s opinions or considerations are hardly taken into consideration. This is an obstacle to equity and effectiveness of criteria of REDD+, as ignorance and lack of recognition of traditional knowledge might lead to a clash where local communities will choose to abstain.

⁶ “Indonesian Heritage Series,” accessed February 5, 2012. <http://www.nusantara.com/heritage/swid/index.html>.

⁷ Michael R. Dove, "Theories of Swidden Agriculture, and the Political Economy of Ignorance," *Agroforestry Systems*, 1(2), 85-99.

⁸ Forest Watch Indonesia, "The State of Forest Indonesia," accessed February 13, 2012, <http://www.globalforestwatch.org/common/indonesia/sof.indonesia.english.low.pdf>.

⁹ This information is based off of conversation between task force members and village leaders in Nyuncung.

The abridgement of people's rights make it unlikely for people to have the power to defend their rights and the knowledge they possess about forest management and fully participate in the REDD+ discussion. Indigenous people that are struggling to ascertain their rights to the land are the ones that are more likely to be harmed by knowledge that was formatted by the GoI. The rights to the land being in the hands of most powerful, make it very easy to acquire land for REDD+ which may further deprive people of their rights and livelihoods.¹⁰ Excluding people's expertise due to the unequal power relations leads to the recognition of knowledge that most Indonesians and policymakers accept, created by the GoI. People could attempt to declare their property rights, but they have no tangible proof of ownership, making it easy to neglect people's rights and ability to participate in the discussion.¹¹ As the GoI holds most of the power in knowledge formation and dominates the discussion, it is quite easy for it to regulate the policies pertaining to REDD+ in favor of more powerful and affluent actors.

The GoI has avoided some of the catastrophic events that the local communities learned how to deal with and have not been given proper attention and recognition. The calm response of the GoI and lightweight explanation of the causes of natural disasters has not ignited much action, thus forming an idea among the citizens that the catastrophic events do not relate to most of the country. The local communities have developed coping mechanisms to deal with extreme weather. More than 16 million people live in Indonesia's 15 largest watersheds. Forests help protect fresh water supplies by stabilizing soil on hillsides and regulating the speed and timing of river flow. Yet these watersheds lost more than 20 percent of their forest cover between 1985 and 1997.¹² Legal and illegal logging, caused by weak inspection and governance, leaves ground less able to absorb excess water and make it more prone to landslides.¹³ Every year, people are killed due to floods and landslides.¹⁴ "When we are in the rainy season, we are always hit by floods and land slides and in dry season, drought always occurs," said one campaigner from

¹⁰ Ahmad Demawan, et al., "Preventing the risk of corruption in REDD+ in Indonesia." CIFOR, UNODC, accessed February 10, 2012. http://www.cifor.org/publications/pdf_files/WPapers/WP80Dermawan.pdf.

¹¹ Abdon Nababan and Mina Susetra, Interview, Jakarta, Indonesia: National Alliance of Indigenous Peoples (AMAN), 2012.

¹² Forest Watch Indonesia. "The State of Forest Indonesia," accessed February 13, 2012, <http://www.globalforestwatch.org/common/indonesia/sof.indonesia.english.low.pdf>.

¹³ "Floods keep thousands from homes in Indonesia, Malaysia." *Reuters*, December 30, 2006, accessed February 10, 2012, http://www.illegal-logging.info/item_single.php?it_id=1853&it=news.

¹⁴ Ibid.

Greenpeace.¹⁵ The indigenous/local people are greatly effected by climate change and weather extremes, yet the communities' knowledge about forest management and rights are still not fully recognized. The lack of recognition and understanding of the roles that the local communities play, leads to the wrongful formation of knowledge in the society.

The need to educate policymakers and promote independent research and knowledge sharing about local communities is due to the distrust that is created by the government that have been avoiding the existence of indigenous people. Since the knowledge of the indigenous people could greatly contribute to many aspects of REDD+ it is important to encourage international experts research and circulate the findings to the public. Bringing in new independent analysis about the contributions of local communities will lead to a shift in perceptions of indigenous people. Organizations such as AMAN, stated that indigenous people do not have rights to the land and have little say in what is happening to the territories that they reside in.¹⁶ The deeper research and knowledge sharing could empower local communities to participate in the REDD+ debate, as well as share the knowledge about best practices.

With that being said it is important that the knowledge is disseminated in the reciprocal way, where government is assessing and considering the knowledge of the local communities and indigenous people as well as distributes it to the public, businesses and international community. While the GoI is dominating in the way it is providing information to the public, it is the efforts of international community that could greatly influence the way the Indonesian government agencies are viewing the knowledge of the local communities. By providing more attention to some of the areas that the GoI has been abstaining from and sharing that knowledge with the public will help discredit the misinformation about the knowledge of indigenous communities.

While the REDD+ is in discussion in the capital and in pilot projects on the ground, stakeholders such as the GoI, civil society organizations and businesses are currently struggling to effectively disseminate information about the implications of REDD+. The inability of the government to maintain support from local and *adat* peoples after the decentralization, due to people's distrust in the government, created widespread stigma against the government. With this in mind, we see the difficulty of the bureaucracy to win popular support on REDD+ that is not

¹⁵ "Floods keep thousands from homes in Indonesia, Malaysia." *Reuters*.

¹⁶ "Rainforest Information Centre Educational Supple," accessed February 19, 2012, <http://www.rainforestinfo.org.au/background/people.htm>.

fully supported throughout Indonesia or supported for the false reasons. To make REDD+ an effective, efficient, and equitable policy in Indonesia, the UN should inform local communities about REDD+ based on the best practices and engage people to participate in the REDD+ debate. UN should also provide financial support to the communities that are willing to work on creating organizations that would encourage them to voice their opinions about REDD+.

B. GAP OF KNOWLEDGE

Yeni Kristanti

The differences and disagreements among stakeholders are determined by different interests, strategies, and “beliefs” which then creates a knowledge or truth regime.¹⁷ Taking Michael Foucault’s idea about truth regimes, or in terms of REDD+ a knowledge regimes, this sub-chapter aims to deconstruct the knowledge regime about REDD+ held by different REDD+ stakeholders in Indonesia.¹⁸ The following section examines primary data obtained during field research and secondary data taken from various sources, such as brochures, books, journals, websites, and other relevant resources. The deconstruction aims to locate the knowledge gap among different stakeholders on the topic of REDD+ development and analyzes conflicting knowledge based on unequal power relations.¹⁹ In addition, this section aims to explore the idea of maintaining the power of individuals or groups and relegate the claim of truth absolutism by any, not even the government or dominant authorities. After locating the gap, there will be an analysis about the gap’s impacts, especially for the affected communities, and some ideas on how to address the gap through a knowledge dissemination program.

This analysis is based on a limited number of interviews with the stakeholders, therefore does not represent the complete spectrum of stakeholders of REDD+ implementation in Indonesia. There are five classifications of stakeholders: international community, state agencies, business community, civil society groups, and local communities. The analysis of local communities is based on informal interviews in the hamlet of Nyuncung, within Halimun National Park area of Bogor district, West Java. It is important to note that these stakeholder

¹⁷ A. Angelsen, M. Brockhaus, M. Kanninen, E. Sills, W. D. Sunderlin, and S. Wertz-Kanounnikoff (eds), “Realising REDD+: National strategy and policy options.” (Bogor, Indonesia: CIFOR).

¹⁸ Foucault defines 'regimes of truth' as the historically specific mechanisms which produce discourses which function as true in particular times and places. Taken from: <http://www.michel-foucault.com/concepts/index.html>

¹⁹ Paul Robbins, *Political Ecology: a critical introduction*. (London: Blackwell Publishing, 2004).

categories are not homogenous, and within these group's there might be conflicting interests and motives. This analysis, however attempts to give a rough description of the gaps of knowledge faced by each of these stakeholder groups.²⁰

Knowledge on REDD+

International Communities

In this category the taskforce interviewed three agencies, namely the Norwegian embassy, the United States Agency for International Development (USAID), and the UN-REDD Program. The first two are donor agencies, while UN-REDD is a collaborative initiative building on the UNEP, the UNDP, and the FAO to assist the GoI in preparing and implementing National REDD+ Strategies. Norway is one of donors to UN-REDD program in Indonesia. These three agencies support REDD+ implementation in Indonesia because Indonesia is considered the world's largest CO₂ emitter from the forestry sector. REDD+ implementation is considered as one of the best ways to tackle carbon emissions in a concrete and feasible manor, especially with the commitment of the Indonesian ruling authorities to reduce 26% carbon emissions from BAU standards. REDD+ is seen as a good mechanism to gain financial value through forest protection. All of these stakeholders agree on the need for capacity building concerning REDD+, and UN-REDD is one of the leading organizations for preparation and implementation of REDD+ strategies and action at national and sub-national levels. UN-REDD explained their strategies to educate people (citizens of Indonesia) on REDD+, encompassing relevant cultural and social representatives to reach larger audiences (e.g. through religious leaders or organizations). During the interview with UN-REDD representatives in Jakarta, the taskforce was able to examine educational media about REDD+. The brochures used to disseminate knowledge to local communities are very fancy and yet very complex with sophisticated language that might be difficult for local people to understand. This highlights the level of sensitivity that is required to effectively deliver the knowledge about REDD+ and its projects to communities, and the difficulty of achieving that goal.

²⁰ CIFOR, Interview, CIFOR, Bogor, Indonesia, January 12, 2012.

State Agencies

Based on interviews with Indonesia Satgas REDD+, FORDA, and DNPI along with their presentations, government agencies have common perceptions concerning REDD+. This concept created through the political and diplomatic discussions at the global COP 13 in Bali, followed by President Susilo Bambang Yudhoyono's announcement on the commitment to reduce 26% of carbon emission from BAU. President Yudhoyono has issued decrees to legalize REDD+ projects in Central Kalimantan and the formation of Satgas REDD+ as well as to set up REDD+ institutions in Indonesia. Because of this political commitment at the global and national level the government agencies under Susilo Bambang Yudhoyono are obliged to support successful REDD+ implementation.

The MOF issued the REDD+ National Strategy 2009-2012 to guide policy intervention concerning REDD+ implementation which includes policy interventions to solve the root causes of deforestation, such as land use, land-use change and forestry (LULUCF), REDD+ preparedness, creation of MRV system, REDD+ institutionalization (including capacity building and information dissemination), and analysis on related matters.²¹ Heru Prasetyo from Satgas REDD+ mentioned that one of the root challenges of REDD+ implementation is land tenure conflict, especially conflict between the state and communities.²² Another common perception and position among government agencies is their denial of the existence of indigenous peoples. All of them adhere to the belief that all Indonesians are indigenous. The denial is in fact breaching the commitment of the government as a signatory state to the UNDRIP in 2008.

From the governmental perspective REDD+ must be understood through a scientific explanation mostly taken from international research findings by IPCC or UNFCCC. The government also considers that the Indonesian people lack the capacity regarding REDD+ knowledge on how to protect forests. Pak Heru mentioned that a paradigm shift is needed to change the way people view forests and approach forest protection. The GoI plan is to educate people about REDD+ by replicating the successful family planning education strategies employed during the Suharto era.

²¹ Strategi REDD-Indonesia Fase Readiness 2009-2012 dan Progress Implementasinya.

²² Prasetyo, Heru. Interview. Jakarta, Indonesia: Indonesia REDD+ Task Force, 2012

Civil Society Groups

While in Jakarta we visited seven civil society groups: AMAN, WALHI, Flora and Fauna International (FFI), Greenpeace, Epistema, the Samdhana Institute and *Kemitraan* (partnership). Civil society does not have a uniform opinion on REDD+ implementation in Indonesia. AMAN uses REDD+ issues as a chance to advocate for the recognition of indigenous people's rights -- "No Rights, No REDD".²³ AMAN is a national organization representing indigenous peoples of the archipelago of Indonesia. Its members are customary communities (*masyarakat adat*). Currently AMAN has 1,163 registered customary communities as its members.²⁴ AMAN's view is that indigenous people have been protecting forest for hundreds of years and that REDD+ is just a new mechanism of forest protection that rewards the efforts financially. Despite the different views regarding the best ways to protect forest, AMAN still sees REDD+ as an opportunity to negotiate with the government for the betterment of the indigenous people's rights and forest protection. AMAN has advocated for the creation of social economic maps and submitted them to the authorities for recognition. Organizations such as AMAN play an important role in knowledge formation and reveal the concerns of people that might otherwise have been ignored by the society.

WALHI criticized REDD+ actions in Indonesia by calling it a false solution as many problems are associated with it, such as land tenure conflicts, corruption, and a negative bureaucratic system. However, WALHI did not provide any alternative solutions.²⁵ FFI supports REDD+ because of their desire to protect fauna.²⁶ During the interview FFI clarified that its priority is on environmental and social safeguards. The organization regards local communities as partners in achieving its goals. Greenpeace's main agenda in Indonesia is zero "deforestation", thus for them REDD+ is not a new solution.²⁷ They also agree with two year moratorium on forest and peat land destruction as one of REDD+ preparation phase. They are aware that the local communities and government have a wide knowledge gap concerning REDD+ and its implementation. They simultaneously work in high and grass root levels. At the higher levels they aim to ensure that the GoI provides effective and feasible REDD+ regulations, and at grass

²³ Abdon Nababan, Interview, Jakarta, Indonesia: National Alliance of Indigenous Peoples (AMAN), January 2012.

²⁴ "AMAN, Documents," accessed January 2012, http://www.aman.or.id/dokumen/278_anggota.html

²⁵ Mohammad Teguh Surya, Interview, Jakarta, Indonesia: Wahana Lingkungan (WALHI), January 2012.

²⁶ Darmawan Liswanto, Interview, Jakarta, Indonesia: Flora and Fauna International (FFI), January 2012.

²⁷ Yuyun Indradi, Interview, Jakarta, Indonesia: Greenpeace, January 2012.

root levels the support the community with knowledge and capacity building on REDD+. Epistema works on legal studies and soft advocacy. They agree with the REDD+ mechanism as long as it does not harm people and environment. Epistema did research on responsiveness of central and district governments regarding REDD+ and climate change issues and found that the biggest issue in REDD+ implementation is the low capacity and lack of coordination.²⁸

Business Community

PT Rimba Makmur Utama (RMU) is a private sector organization that works to conserve around 220 thousand hectares of peat forest in Central Kalimantan through REDD+ mechanisms. PT RMU sees REDD+ as an opportunity to gain benefits for profit motive. Based on the presentation delivered by the director of PT RMU, Mr. Dharsono, the company prioritizes social and environmental safeguards and views local communities as partners in achieving their objectives.²⁹

Local Communities

Greenpeace argued that forest dependent people are concerned about the impacts of deforestation and their way of life, though they may not know about REDD and climate change.³⁰ AMAN holds similar view about it.³¹ Research done by ICRAF found that communities have low levels of knowledge and understanding of REDD+.³² In spite of that, local communities have their own knowledge, culture and history in managing and protecting the forest³³ which has worked for many years.³⁴ The community in Nyungcung village on the slope of Halimun mountain in West Java which we visited serves as a good example of community based forest management. They do not work alone though as they work with the forestry ministry and the local NGO RMI.

²⁸ Myrna Savitry, Interview, Jakarta, Indonesia: Epistema, January 2012.

²⁹ Dharsono Hartono, Interview. Jakarta, Indonesia: Rimba Makmur Utama, 2012.

³⁰ Yuyun Indradi, Interview, Jakarta, Indonesia: Greenpeace, 2012.

³¹ Abdon Nababan, Interview, Jakarta, Indonesia: National Alliance of Indigenous Peoples (AMAN), 2012.

³² M. Van Noordwijk, G. Galudra, R. Akiefnawati, G.B. Villamor, H. Purnomo, Suyanto. "Local perspectives on REDD In comparison with those at the international negotiation tables and their representation in quantitative scenario models," World Agroforestry Centre (ICRAF), 2011.

³³ Michon Geneviève, "Domesticating forests How farmers manage forest resources," CIFOR and ICRAF, 2005.

³⁴ Abdon Nababan, Interview, Jakarta, Indonesia: National Alliance of Indigenous Peoples (AMAN), January 2012.

Conflicts of Knowledge

Table 4.1 below shows the gap of knowledge, power, position and impacts of REDD+ in for the relevant stakeholders, including: the international community, government agencies, civil society, business, and local community.

Table 4.1. Status of relevant REDD+ stakeholders

Stakeholders	Knowledge on REDD+	Position on REDD+	Power	Affected
International Community	high	support	high	low
Government agencies	high	support	high	low
Civil society	high	Neutral/ opposition	low	low
Business	high	support	middle	middle
Local Community	low	Neutral/ opposition	low	high

Table 4.1 shows that the four elements of REDD+ (international community, government agencies, civil society, and business community) that have high knowledge on REDD+, but they are the least affected by REDD+ projects. The international community and governmental agencies hold high power and leadership in REDD+, thus their support for REDD+ definitely affects how they determine policies. Civil society is not uniform; some of them support REDD+ but some oppose. They have good leadership and through knowledge of REDD+ but they lack power. The business community has high knowledge of REDD+ but they are in the middle for leadership. This means that in the sub-national level their position and capital could influence the local authorities in decision making and policies. On the other hand, they are still under the authority of the central government and international community who could cancel their concession license any time. The business community may be effected by changes in REDD+ policies, but compared to local communities this group is less vulnerable due to their financial and human capital. The local communities know least about REDD+ and they are the most vulnerable and are most affected by the implementation of REDD+. The problem is that local

communities do not have the power to nullify policies implemented by the authorities, including the sort of environmental knowledge they have to learn.

This is also where the knowledge gap is. The knowledge of REDD+ is mostly theoretical and the practices would be in the forest areas where the local communities live. The knowledge gap leads to policies that could potentially benefit some stakeholders that exercise more power, but hurt the ones that lack power. From the table above we see that knowledge about REDD+ and power directly correlate with each other, hence the most influential actors are government agencies and international community, the most etiolated ones - local community, and business being in the middle. Thus when the REDD+ policies are drafted the government will have the most power to implement the policies that they support even if they are unlikely to be affected by REDD+ projects. In this case, local communities that are likely to be affected are left powerless. REDD+ could serve as a mechanism that educates local communities about REDD+, empowering them to have the means to participate in the debate. Any ecological changes, better or worse, from the practice will directly effected them. For them it is not merely changing the paradigm, but the conditions for livelihood, social, and cultural changes.

Addressing the knowledge gap is important because it can secure UN-REDD implementation of REDD+ implementation in Indonesia. The key issue in knowledge dissemination is the creation of a more reflexive understanding of science as a social practice, not to increase the public's technical knowledge about it and therefore belief in the scientific facts of REDD+. It should be to increase public understanding of and therefore trust in the existing social process.³⁵ Therefore, first, UN-REDD should develop simpler and less-complicated language to disseminate REDD+ knowledge, and it would be best if UN-REDD associates the new knowledge with the existing knowledge that has been practiced by communities to conserve their forest. Second, before conducting REDD+ education for the forest dependent communities who are highly affected by the REDD+ program UN-REDD should ensure that they conduct preliminary multi-stakeholders participatory assessment. Third, UN-REDD encourages the government to be more accommodating to folk knowledge about forest management. The community may not have standard and scientific explanation about their knowledge, hence UN-REDD can support the government to provide a research center with open

³⁵ D. Demeritt, "The Construction of Global Warming and the Politics of Science." *Annals of the Association of American Geographers*, 91 (2), 2001, 307-337.

mindful researchers who can work together with local communities to develop their own science based on their own knowledge and social practice. Fourth, to disseminate REDD+ knowledge UNREDD could involve civil society who have been working in environmental issues in Indonesia for a long time and have close access to forest communities, such as FFI, WWF, WALHI, AMAN, Greenpeace. The last three organizations have been very critical with REDD+ implementation in Indonesia, therefore they should be embraced and help open communication and develop the best methodology for knowledge dissemination.

C. LANGUAGE BARRIERS

Yeni Kristanti

Supported by UN-REDD, the Center for People and Forests (RECOFTC) assessed the strengths, weaknesses, and capacity gap of REDD+ capacity building during the readiness phase of REDD+ implementation in Asia Pacific countries.³⁶ One of their findings revealed that a lack of information in languages spoken by communities living in and around project areas is one of important obstacles of REDD+ awareness. This is worsened by the fact that REDD+ terminology is not well defined in national, let alone local and tribal languages due to its complexity. The complexity and unclear delivery of REDD+ terminology causes confusion, thus ineffectiveness of REDD+. RECOFTC analyzed that the often ill-informed media has hindered the REDD+ awareness campaign because of inaccurate publications and contradictory public information.

The problem of language barriers is also one of the obstacles for individuals working directly with REDD+.³⁷ Beside that, NGOs and government agencies in developing countries found that the technical terminologies kept them from comprehending the information about REDD+. If REDD+ is too overwhelming for NGOs or government agencies then it must be the same for local community. Another crucial finding from the survey is the lack of or minimal tools to help the educators to convey REDD+ information. This problem is relevant to language barriers, as sometimes words in any language are not enough to deliver a message effectively,

³⁶ RECOFTC (The Center for People and Forests), "Are Capacity Building Services Meeting Countries' Needs?" RECOFTC, Bangkok, 2011.

³⁷ Forum on Readiness for REDD, "Survey on REDD Communications Barriers and Needs. Forum on Readiness for REDD," 2011.

http://www.theredddesk.org/sites/default/files/resources/pdf/2011/forum_2011_survey_analysis_report_final.pdf

especially for very complex information such as REDD+. The process needs tools to simplify the message delivery, especially for people with specific needs, such as the illiterate, disabled, etc. While talking about tools for knowledge dissemination, other needs arise, such as electricity, paper, computers, radios, and other communication tools. In Indonesia, many people—especially those living in remote areas—do not have access to electricity. These people who have less access will not be able to access the knowledge provided and will consequently know less about REDD+ due to lack of appropriate dissemination tools.

However, the language barrier is not merely about technical problems in conveying information. Another crucial issue about language being used for REDD+ is dominant versus marginalized languages. REDD+ knowledge is constructed by authorities who have power to put down other knowledge considered as against or not in line with the ruling authorities. Using political power, ruling authorities may institutionalize the dissemination of their constructed knowledge. By mainstreaming their knowledge it would be easy to control people on what to think, how to think, and even what is wrong and what is right. If dominant REDD+ knowledge is not spread through local languages, it will influence the social-cultural practice of the people. It is possible that by neglecting to use local dialects and forcing people to learn the official Indonesian language, it could discourage the use of the dialect. And if this language and knowledge diminish, people might lose their identity. This situation might create uniformity of forest management culture, but repress uniqueness and cultural diversity. REDD+ could help eliminate the marginalization of languages and facilitate the information flow to communities that have not had explicit information about REDD+.

Tackling language barrier is not as simply as translating into the target language, but there are many factors to consider, such as social-cultural background of the target community, the appropriate tools and the availability of resources. The first recommendation is in line with the previous one given to address knowledge gap, namely respecting and acknowledging local knowledge in forest management and establishing research center to support local community. By having this UNREDD and the government will have better and objective “filter” in determining which local knowledge can be accommodated and which can be left out. By doing so, they will be prevented from doing arbitrary eradication of local language and knowledge. Additionally, this will enrich UNREDD and the government with valuable information to develop REDD+ knowledge without neglecting the diversity of social cultural backgrounds of

local community. Second, use simple and comprehensible language, with helpful tools and media to effectively reach the least accessible but the most vulnerable local community. Third, provide REDD+ related information in local language. This should be done after UNREDD and other stakeholders do the first recommendation.

D. LACK OF COORDINATION

Ayu Nova Lissandhi

There are many obstacles to disseminating REDD+ knowledge, an integral challenge in bringing REDD+ into the implementation phase. For example, the clarity of new terms introduced by REDD+ items is vital as certain words might be different from or not be accurately represented in local languages. Deforestation, degradation, carbon stock, moratorium, MRV, and other terms may not have appropriate equivalents in the more than 700 languages spoken in Indonesia.³⁸ The challenge for Indonesia right now is to develop a national REDD+ apparatus, which the GoI is approaching with a “learning by doing process.”³⁹ Since REDD+ has been introduced to Indonesia relatively recently, the process of implementation may face challenges due to lack of coordination between policymakers and people in local communities.

Spreading information and knowledge about climate change and the activities of the REDD+ program are included in the guidelines on FPIC published by the UN-REDD Programme.⁴⁰ Based on these guidelines, capacity building and collaboration among stakeholders will determine the success of REDD+ implementation. Effective knowledge dissemination also supports DAs by fulfilling needs such as local capacity-building, local understanding of REDD+, and technical support in local communities.

³⁸ Lewis, M. Paul (ed.), 2009. *Ethnologue: Languages of the World*, Sixteenth edition. Dallas, Tex.: SIL International.

³⁹ Heru Prasetyo, Presentation, Jakarta, Indonesia: Indonesia REDD+ Task Force, January 2012.

⁴⁰ UN REDD Program Indonesia, “Central Sulawesi’s Readiness to Implement REDD+ after 2012,” 11.

Table 4.2. Scheme from UN-REDD in Central Sulawesi Demonstration Area⁴¹

Knowledge Dissemination Coordination	
UN-REDD	FPIC Guidelines
BAPPENAS	National Strategic Planning (by regional consultation)
Local government	Governor, Office of Forestry, Office of Agriculture, Office of Mining, Office of Public, Office of the Environment and regional Investment Coordination Body
Other	NGOs, Indigenous peoples, private sector and universities

Obstacles

As Table 4.2 shows, stakeholder obligations are complex. Furthermore, there is no guarantee that all of stakeholders' interests can be fully accommodated in the establishment of REDD+ DAs.⁴² Thus, the creation of a communication strategy is necessary to clarify the obligations of the REDD+ participants. To achieve that, REDD+ implementers need to address the following obstacles in order to increase coordination:

Misunderstandings

Knowledge derived from differing types of land use will create misunderstanding between stakeholders.⁴³ Prior to final implementation of REDD+, the work strategies of various stakeholders should be synchronized to amalgamate each approach. An economic growth paradigm also restricts the development of REDD+ implementation.⁴⁴ Mindsets would be pushed by the interests of the following groups categorized by their knowledge concerning REDD+:

Scientific Knowledge (scientists, universities, experts, etc)

Scientific publications concerning the activities of REDD+ are complex and not easily comprehended by stakeholders without prior knowledge on the issue of climate change. Deforestation and degradation were relevant issues within the scientific community well before REDD+ entered the scene in Indonesia. What is important in this context is ensuring that

⁴¹ UN REDD Program Indonesia, "Central Sulawesi's Readiness to Implement REDD+ after 2012," 7.

⁴² Heru Prasetyo, Presentation, Jakarta, Indonesia: Indonesia REDD+ Task Force, January 2012.

⁴³ Tim Cronin and Levania Santoso, "REDD+ politics in the media: A case study from Indonesia: Working Paper 49," (Bogor, Indonesia: CIFOR, 2010), 4.

⁴⁴ Heru Prasetyo, Presentation, Jakarta, Indonesia: Indonesia REDD+ Task Force, 2012.

scientific publications on REDD+ clearly emphasize the importance of protecting forests. Unfortunately, research or education publications are not able to translate some common technical terms for the dissemination process. UNEP can aid the GoI in ensuring that such technical information can be easily disseminated to local populations.

In some cases the private businesses, seeking to maintain their land use interests in the forest, could distribute environmental information that downplays the extent of deforestation and forest degradation in order to continue pursuing present economic activities. For example, the Social Environmental Impact Assessment standard could be supported by scientific proof claiming that business activities do not significantly harm the environment. This situation illustrates the potential that faulty information could be distributed, misinforming local populations about REDD+. UNEP must ensure that any inaccurate information be identified as such.

Technocratic Knowledge (represented by government agencies)

The GoI has established REDD+ as part of the national strategy but sub-national government must also has to be included in regional planning. Neither the REDD+ national nor international structures have been fully developed. Decentralisation is an obstacle in identifying environment policies as a regional priority. The regime change during the democratic transition in 1999 has resulted in a number of conflicts regarding land use (see Chapter 1). There is a double standard between forest management by district authorities forestry policy as stipulated by the central government. For example, regional governments are eager to make a profit from areas under their jurisdiction that are rich in mineral resources. The issue of climate change and deforestation is low on the agenda of regional governments due to a lack of funding and power that has resulted from decentralisation. On the national level that mineral-rich area could be considered a potential conservation site. Due to the lack of coordination between regional and central governments, private companies involved in mining could manipulate the political situation to continue to degrade these areas. UNEP must ensure that each level of government recognize the need for conservation by disseminating relevant information about the need for coordination on REDD+ between central and regional administrations.

Traditional Knowledge (represented by society organization, local community, etc.)

The relation between humans and nature could present an obstacle to REDD+ due to the hierarchy that humans establish in which natural resources are subject to human exploitation. For example, an eco-spiritualistic perspective presents nature as a gift from God given to accommodate humans in their daily lives.⁴⁵ This perspective justifies the exploitation of natural resources because nature is seen as being created exclusively for human use. The challenge for the UN-REDD Programme and GoI is to shift the paradigm in certain sectors Indonesian society and establish conservation as important. This is especially important given that *masyarakat adat* have been historically engaged in CFM. There is still much confusion surrounding PES to communities, as of yet such mechanisms are not clearly defined.⁴⁶ The system lacks a central organization that is in charge of disseminating information to the people about their rights under REDD+. There is still debate about what kinds of tools should be used and put in place to accomplish that in Indonesia. REDD+ should emphasize the creation of a structure that could serve for public consultation. Implementing community-based forest management (CFM) is a challenging because incorrect information about REDD+ could lead to community's scepticism and distrust.

Knowledge Gaps Between the GOI and Other Stakeholders

Knowledge gaps exist between the GoI and specific groups and other stakeholders, which results in poor coordination. Implementation of REDD+ will require active participation from local people because the programs will significantly effect their daily lives. The LoI signed by the GoI and Norway in 2010 emphasizes the value of *masyarakat adai* under REDD+ because they have experience in the conservation of natural forest and biological diversity. REDD+ needs to address the challenges stemming from the fact that Indonesians are spread throughout the archipelago and that most live far from the center of political activity. As a result of this geographical separation, local communities are unlikely to be heard. Local communities are not organized to coordinate with REDD+'s bureaucratic system. Without proper coordination between local communities and REDD+ policymakers, knowledge about REDD+ entails is

⁴⁵ Charles L. Harper, "Environment and Society: Human Perspectives on Environmental Issues," (New Jersey: Prentice Hall, Inc., 2001).

⁴⁶ Heru Prasetyo, Presentation, Jakarta, Indonesia: Indonesia REDD+ Task Force, January 2012.

unlikely to be disseminated. This lack of coordination also pertains to civil society organizations such as AMAN that are still negotiating ways to integrate their agenda into the national REDD+ strategy. Groups such as AMAN see REDD+ as an opportunity to promote their agenda on a national level. UNEP should work to coordinate the different priorities of various stakeholders and ensure that the voices of local communities and *masyarakat adat* are considered in the national REDD+ strategy.

E. EDUCATING THE MEDIA

Sari Damar Ratri and Ayu Nova Lissandhi

With the spread of technology and increased availability of electricity in remote areas of Indonesia, information media plays a significant role in shaping public opinion of REDD+ schemes. In order to distribute information about REDD+ in a positive fashion, the media should present information about related issues in a way that is clear, inclusive, and objective. Adhering to these criteria will prevent the media from providing faulty information from reaching the public and promote the effectiveness, efficiency, and equity of REDD+. Journalists can lack understanding of the basic concepts of REDD+, and this deficiency could undermine the effectiveness of REDD+ as people tend to be very trusting and accepting of the information provided by the news. When the media provides inaccurate information, a duality is created between the realities of REDD+ and public understanding. The representation of *masyarakat adat* in particular needs to be more objective and observant of the larger societal forces at work in their traditional livelihoods. Addressing media disinformation is the best solution towards opening up the discussion about the issues surrounding REDD+. Opening up borders for Indonesian journalists to the international community and encouraging more diligent research methods will help Indonesia's media be more objective.

The UN-REDD Programme in Indonesia office recognizes that REDD+ is a complex issue that needs to be communicated differently to varying target audiences to be effective. Mass media actors play a key role in identifying and interpreting environmental issues and mediating the relationship between scientists, policy actors, and the public.⁴⁷ Mass media can be

⁴⁷ "CIFOR, Publications," accessed February 19, 2012.
http://www.cifor.org/publications/pdf_files/WPapers/WP53Pham.pdf.

conceptualized as an ‘influential and heterogeneous set of non-nation state actors that function as both windows and drivers of informal and formal discourses, which embody the expression of cultural and political identity.’⁴⁸ Thus, the media not only reflects but also effects social perceptions about REDD+. In Indonesia, the mass media and television in particular dominate REDD+ information dissemination. This continues the media’s historical role as an amplifier of state rhetoric. In the 1970s, the mass media participated in a successful national family planning program. In 1998, the mass media disseminated information about the dangers of corruption, collusion and nepotism. More recently, the media raised awareness of climate change and REDD+ strategies before the UNFCCC COP 13 in December 2007, and in the following years as international agreements began to be realized as domestic policies.⁴⁹ In particular, President Susilo Bambang Yudhoyono’s commitment to reducing emission by 41% with international support elicited debate because many saw this as conflicting with economic growth projected at 7% per year. The media spread information about this commitment, which contributed towards defining public opinion.

In the early debates centered around climate change, most Indonesian media sources focused their attention on the international and national perspectives of the REDD+ policy making process. Issues such as land use and scientific perspectives on the environment were neglected in media coverage. Perhaps more importantly, indigenous rights were not sufficiently covered during this period. Indigenous people and other forest-dependent communities, by living in forested areas, have an inherent connection to REDD+ based on its attempts to reduce deforestation and forest degradation. The focus on the political aspect of REDD+ marginalized the issues surrounding indigenous rights. By ignoring these issues, the media neglected to bring public attention to the variety of problems REDD+ faced in Indonesia and thus misinformed the public of the necessary preconditions for successful implementation. Thus, it is important to look into the media portrayal of REDD+, especially how the idea of REDD+ is being framed and presented to the people.

Given that media informs public opinion, it is necessary that media coverage of REDD+ delve deeper into the relevant issues in order to effectively disseminate knowledge of the issues

⁴⁸ Boykoff (2008) cited in Cronin, Tim and Santoso, Levania. “REDD+ politics in the media: A case study from Indonesia: Working Paper 49,”(Bogor, Indonesia: CIFOR, 2010), 4.

⁴⁹ Tim Cronin and Levania Santoso, “REDD+ politics in the media: A case study from Indonesia: Working Paper 49.”

surrounding REDD+. One prominent example in which the media has swayed public opinion concerns the ability of local communities and *masyarakat adat* to effectively manage their own forests. The view that indigenous people cause deforestation on their land developed during the Suharto era. This administration omitted the term “indigenous peoples” in official environmental policy. Suharto argued that there are no indigenous people in Indonesia because all Indonesian citizens could be considered “indigenous.” However, conceptualizing all Indonesian people as uniformly indigenous results in the fading away of unique cultural identities. As a result of this approach, environmental policy explicitly excluded *masyarakat adat* from forest management with the justification that this would be better for the environment. This view subscribes to a philosophy that Garrett Hardin referred to as the “tragedy of the commons.”⁵⁰ Hardin posits that given unrestricted-access to public property, people tend to exploit the limited resources. This approach towards *masyarakat adat* in public policy significantly marginalized them and rejected their methods of CFM. More recently, concerns have been raised that *adat* communities are engaging with extractive industry in ecologically harmful ways. For example, a news story recently revealed a case of *masyarakat adat* corroborating with private companies in series of organized illegal logging activities. The story effectively channeled blame to *masyarakat adat* without deeper explanation or research. Such reports can incite public condemnation or confusion, especially for persons with limited knowledge of deforestation issues.

On the other hand, perspectives that over-emphasize *masyarakat adat* forestry wisdom can produce their own problems. Recent debates have highlighted the importance of including *masyarakat adat* in the REDD+ process; “putting the people first” has become the new paradigm in environmental issues. Through the media, many actors such as local and international NGOs, scientists, corporations and the GoI have succeeded in turning public attention towards indigenous issues. Many NGOs and social scientists have promoted CFM as an effective method to reduce deforestation, emphasizing the ability of *masyarakat adat* to manage resources through customary laws. While swidden agriculture had previously been characterized as environmentally destructive, media coverage of such practices now promote swidden’s sustainable potential. Such media coverage enforces the idea that local communities have an innate capacity to manage their own land, which is not on its own a dangerous belief. However,

⁵⁰ Garrett Hardin, "The Tragedy of the Commons," *Science (New York, N.Y.)* 162, no. 3859 (1968): 1243-8.

this conception of *masyarakat adat* can become a “noble savage” point of view that stereotypes *adat* communities. The danger of viewing *masyarakat adat* in such a uniform, prejudiced way is that it reduces the flexibility of REDD+ policy.

Indeed, both of the above representations -- condescension of *adat* communities and the noble savage misconception -- serve to misconstrue the realities of CFM. The fact is that *masyarakat adat* have diverse customs and livelihoods, and accordingly have divergent capacity and enthusiasm for conservation efforts. It is important to note that many changes occur when *masyarakat adat* encounter globalization forces such as market economies and scientific methods. The interconnectedness of the modern world has tangible effects on indigenous life. Purwanto (2008) illustrates this fact in his article about villagers in Taman Nasional Tanjung Putting.⁵¹ He believes there is a shifting paradigm concerning timber consumption. Villagers who formerly consumed a limited amount of timber to meet their daily needs have now started to exploit timber as means of earning money. Indeed, assumptions that local wisdoms exist in a timeless fashion are incorrect. Articulation with global market forces has had a tremendous impact on local lifestyles and has often encouraged extraction for quick profit.

The media needs to move beyond the dichotomy of “noble savage” vs. “uneducated outsider.” Harry Surjadi from the Society of Indonesian Environmental Journalists (SIEJ) believes that many Indonesian journalists tend to “accept information without understanding it and just put it in their reports...the most important policy issues related to REDD+ are often missed because reporters don’t understand REDD+ and publish opinions without debate or challenge.”⁵² Media organizations need to focus on the bigger picture, especially as pertains to *masyarakat adat* relations to REDD+ and society at large. UNEP must keep in mind the danger of polarized *adat* perception and advocate methods of knowledge dissemination through the media that does not simplify the position of indigenous people in REDD+. In addition, enhancing the voice of *masyarakat adat* in the national REDD+ discussion will reduce the opportunity for third-party misconstruction.

Ensuring that *masyarakat adat* embrace their integral part in REDD+ activities is a difficult but essential task. Many will question the necessity of a REDD+ program in their area,

⁵¹ S. A. Purwanto, *Another way to live: Tanjung Putting National Park*. (New York: Cambridge University, 2008), 211.

⁵² Tim Cronin and Levania Santoso, “REDD+ politics in the media: A case study from Indonesia: Working Paper 49.”

given the unclear impacts of climate change or prideful views of their current conservation efforts. As such, the media has a powerful role in bringing indigenous people into the REDD+ fold. Some media sources suggest that appeals to “family values” may offer a greater impact in knowledge dissemination. Slogans or recommendations that emphasize a “better world for the next generation” seem to captivate *masyarakat adat* and local community consciousness. Of course, *masyarakat adat* are likely to remain skeptical of GoI intent in REDD+ due to a historical neglect or disrespect. The GoI and relevant NGOs must accordingly commit to indigenous rights and demonstrate their commitment through reforms such as those discussed in this report’s chapter on Land Tenure.

Increased collusion between indigenous rights groups and the media could also eliminate the disconnect between fact and propagated news. Some Indonesian television stations -- such as Trans TV, Metro TV and MNC TV -- are offering informative programming such as demonstrations of indigenous people living in harmony with the nature. Such a media commitment to balanced education will strengthen REDD+ knowledge dissemination. In addition, NGOs such as WALHI and Voice of Human Rights (VHR) must liaison with media outlets to provide a voice to smallholders and *masyarakat adat* interests. VHR is currently involved with 420 community radio partners and AMAN to widen the discussion of human rights issues in REDD+. The goal is a paradigm shift towards support for conservation activities with social marketing concept that includes as many community stakeholders as possible. UNEP has a role to play in this effort as well, offering its marketing and publishing expertise to community organizers such as VHR and AMAN. Care must be taken to balance the discourse of REDD+, and no one NGO should overwhelm the rhetorical field. UNEP should work through existing alliances, such as the group of Indonesian civil society organizations that produced the “Common Platform on Saving Indonesia’s Forests to Protect the Global Climate.”⁵³ UNEP should seek to be as politically neutral as possible, while ensuring that marginalized stakeholders receive the media attention they deserve.

F. UNEQUAL POWER RELATIONS

Sari Damar Ratri

⁵³ The document, released in October 2010, offers critical recommendations to the GoI towards closing regulatory loopholes and enhancing human rights as part of the NAMA. Accessible at: <http://www.greenpeace.org/seasia/id/PageFiles/110812/Indonesia-CSOs-common-platform-11OCT-en.pdf>

Since REDD+ is still in the process of implementation and various actors from different levels are taking part in REDD+'s implementation, it is unclear which actor will be in charge of what. For instance, one major concern is that indigenous people do not have the same amount of power to voice their concerns about REDD+'s equity. Since REDD+ is relatively a new program, the tasks of each actor are not yet assigned creating confusion among people. Ostrom's policy of working rules, which are used to manage people activities, provides a useful framework for viewing unequal power relations in REDD+. Ostrom elaborates that working rules are used to determine who is eligible to make decision in some arena, what actions are allowed or constrained, what procedures must be followed, what information must or most not be provided, and what cost and payoffs will be assigned to individuals as a result of their actions⁵⁴.

To make the REDD+ regulations and rules clearly defined and agreed upon by all parties is necessary. But the question is, how they can be participate on these rules of REDD+? All parties such as, international community, government, private company and local community have to know what their role is in order to play by these rules. Through the process of "institutionalization," REDD+ as abstract category can be objectified itself into reality and has its possibility to put it into practice. In other word, this institution can play a role as a bridge between the regulations of reducing emission from deforestation and forest degradation with the actual of people's livelihood.

The explanation and clarification of roles and responsibilities is critical because knowing and realizing the role of each actor makes interaction between stakeholders possible on every level. Specifying the responsibilities and authority of different actors will clarify the intentions of each stakeholder, revealing their intentions. This will help REDD+ to gain more effectiveness since knowing what will be happening on the ground before project's implementation will reveal to people all of the steps of the project. That process will lead to discussion, dealing with potential problems and possibly adopting local knowledge that could improve the process. The roles of all actors have also be recognized from the beginning to avoid further confusion. Since REDD+ involves international, national and sub-national stakeholders, it is vital for the actors to be transparent and clear on what roles they will be taken on. The GoI has to clearly define what rights people will have under REDD+, clearly disseminate that to the people while welcoming

⁵⁴Elinor Ostrom, 1992. *Crafting Institution: Self Governing Irrigation Systems*. ICS Press. California.

their concerns. As an example, due to the power that the GoI has it might quite easily impose certain rules on the communities that are less vocal and lack power. Same with businesses - they have to be assigned roles by the government and be strictly regulated by the GoI. Whatever is being decided and discussed in Jakarta has to be disseminated to the people on the grounds. Since some local communities do not have power to change regulations and most of the times participate while policies are drafted, it is vital for REDD+ to realize this problem and reassure the people that they will be included in discussions. Only due to well-defined and designed roles as well as reciprocal recognition will unequal power relations between the stakeholders of REDD+ be resolved.

Long history of centralization and shift to decentralized government systems, put district government in charge to deliver public services, manage natural resources and raise local revenue⁵⁵. The local governments were not ready to handle that, especially when they lacked power to challenge national government. Without any authority, local governments are unable to regulate and question whatever is happening on their territories and are unable to voice their opinion or share their knowledge with high level decision-makers.

Institutionalization of REDD+ program means knowing the issue in depth so that every level level of organization can take part in an appropriate way base on their capacity. Because REDD+ program come up from public consciousness of threats natural destruction, it is needed public participation to contribute on REDD+ appliance as collective action.

The REDD+ program is just like a game with various players. They are playing the same game, and just like a game, what happens on the field is governed by general rules. General rules are used as reference for every player on that game to play their own role. Each actor has their on subjective meaning about nature that merge into one goal as a common interest. REDD+ should be defined clearly so that all stakeholders know the rules and and how each of the roles is important. This is an area in which the international community can help spread knowledge.

⁵⁵ M. Moeliono. *Hands off, hands on; communities and the management of national parks in Indonesia*. Cambridge University Press. New York. 2008. 167.

III. Policy Recommendations

- UNEP should conduct more research on every level (*i.e.* international, national and subnational levels) and evaluate the interconnectedness of stakeholders' interests and their effects on natural resources management.
- UNEP should direct research towards potential obstacles that might effect the process of institutionalization REDD+. Participation/Collaborative Action Research could be one of the methodologies and approaches to consider.
- UNEP should facilitate specific working group to discuss the commitment from private sector to do the best practice especially who work in forest product utilization for example: eco labelling standard.
- UNEP should address REDD+ to the local communities based on the best practices within the community. In this case UN should collaborate and engage local chiefs and community leaders to establish dialogue with people directly.
- UNEP should promote the recognition of indigenous people's rights, including their knowledge about forest management.
- UNEP should nominate and award candidates and newspapers for the best mass media led research on environmental issues on the national or international level.
- UNEP should promote balanced news principle and integrate the information from science, technocratic, and traditional values in forms of accurate data to avoid public misunderstanding.
- UNEP has to use simple and comprehensible language, with helpful tools and media to effectively reach the least accessible but the most vulnerable local community.
- UNEP should promote social environmental safeguards in knowledge dissemination program. The program in grassroots level needs multi-sectors approach such as poverty reduction, education or capacity building, appropriate forest management design, clear benefit sharing, sufficient support and accompaniment by robust NGOs.⁵⁶

⁵⁶ K. Schreckenber and C. Luttrell, "Participatory forest management: a route to poverty reduction?" *International Forestry Review*, 11(2), 221-236.

Funding Mechanisms

Lucas Simons, Nathan Anderson, Henry Apfel and Nety Riana Sari

Chapter Summary

Background

In order to establish the foundation for REDD+ plus in Indonesia that will allow it to function in accordance with the three Es a clear funding structure will need to be laid out. To establish such a payment *for results* system that is the ultimate goal of REDD+ certain upfront capacity-building costs must first be addressed. In Indonesia upfront costs will include: establishing different kinds of *demonstration activities* or REDD+ project sites to test what type or types of forest management system work best for meeting REDD+ goals, establishing a standardized MRV system to produce reliable data that payment for emissions reduction can be based on, and capacity building for law enforcement.

Policy Considerations

Various funding sources have already been established that support REDD+ efforts in Indonesia. Policy makers will need to consider what sort of funding mechanisms, including the various funds of the national government, funds going directly to local government or NGOs to support DAS, should be supported to promote the 3Es and best achieve the goals of REDD+.

Recommendations

- Encourage on budget on Treasury donations to support good governance.
- Facilitate meetings between large, international DA developers and GOI for landscape-level projects.
- Develop standardize process for coordination between DAs to make DAs more efficient.
- Develop one framework for DAs to encourage further investment in DAs.
- Support GoI in streamlining concession granting process.
- Establish criteria for international NGOs participating in DAs to ensure fair cooperation with local communities and support of good governance.

I. Background

Lucas Simons

Notwithstanding the fact that REDD+ is a globally accepted design to mitigate climate change,

“...how to finance reduced emissions from deforestation and degradation is still a matter of debate. Recent estimates suggest that the cost of preparing and implementing such measures to ensure a 50% reduction in forest emissions will be between US\$15 and 35 billion per year.”¹

The existing funding for REDD+ programs is generated from numerous sources including international development organizations such as the World Bank; foreign country aid agencies as well as through bilateral agreements; multilateral climate funds like the Global Environment Facilities’ Trust Fund or the World Bank’s Strategic Climate Fund; current market-based schemes like the Clean Development Mechanism (CDM) under the Kyoto Protocol, or the European Union Emissions Trading Scheme; and various international NGOs. Yet the questions remain about what groups or agencies are best equipped to handle such large income streams and how spending should be allocated to achieve REDD+ goals in accordance with effectiveness, efficiency and equality principles of REDD+.

In order to fulfill minimum Readiness requirements for REDD+, upfront capacity-building (Readiness) costs must first be addressed. Discussion of the global carbon market that REDD+ will be an integral part of is still taking place in international fora. Specifics on the goals, structure or functioning of the international carbon market have not yet been laid out. Carbon markets in the EU and other European countries have begun to function² but the workings of an international carbon market are still largely undecided. The upfront capacity building costs for REDD+ in Indonesia are clearer. They include laying out initial land tenure clarification, building an MRV system for forest carbon stock, development of a consultation

¹ Cassimon, Danny, Martin Prowse, Dennis Esser, *The pitfalls and potential of debt-for-nature swaps: A US-Indonesian case study*, (Belgium: Institute of Development Policy and Management (IOB), University of Antwerp, Prinsstraat 13, B-2000 Antwerp, 2010) 94.

² *Investment and Financial Flows to Address Climate Change; Ch. 7 Potential of Carbon Markets*: United Nations Framework Convention on Climate Change, 2010. pg 138

process for ensuring equity between all REDD+ stakeholders, and institutional capacities for law enforcement. Addressing these costs will be necessary to establish a strong foundation that allows the REDD+ program in Indonesia to be successful and support the international carbon market in the future. This chapter will focus on the funding mechanisms that support those upfront capacity building costs.

The chapter is divided into two sections. The first will discuss funding that flows through non-government entities to support capacity-building for REDD+. An overview of the policy considerations on funding REDD+ demonstration activities, or pilot projects, will be presented first and then a discussion of criteria that should be used by international donors for granting money to NGOs or other non-government entities that support projects to build REDD+ readiness. The second section will address the question of money that flows from international donors to the Government of Indonesia at both national and sub-national levels. That section will include a discussion of priorities that the Government of Indonesia has set for allocation of those funds in terms of upfront capacity-building measures and how that aligns with the National Strategy (Indonesia Development Plan).

II. Policy Considerations

A. FUNDING THROUGH NON-GOVERNMENT ENTITIES

Nathan Anderson and Henry Apfel

Demonstration Activities

The discussion concerning finance within REDD+ in Indonesia is centered on attracting different forms of private and public funding for a carbon market to be established after 2012. Developing REDD+ projects in Indonesia is a necessary first step towards establishing a functional international carbon market, and thus the ability of project developers to successfully contribute towards readiness activities is crucial for the success of REDD+. Private funding is necessary if REDD+ is to effectively address to main causes of carbon emissions in Indonesia.

As mandated in the 13th UNFCCC Conference of Parties (COP 13) in 2007, REDD+ partner countries should develop DAs in the Readiness phase.³ These DAs will provide the

³ *Semi-Annual Report 2011: UN-REDD Programme Indonesia*. Indonesia: UN-REDD Programme Indonesia; Directorate General of Forestry Planning Ministry of Forestry, 2011.

model for future activities once REDD+ begins to be implemented. According to the P.68/Menhut-II/2008 issued by the MOF, DAs should be implemented to “test and develop methodologies, technology and institution of sustainable forest management that endeavor to reduce carbon emission through controlling of forest deforestation and degradation.”⁴ They are an important component of the development of REDD+ because they are the sites in which activities are being tested.⁵ DAs develop upfront capacities, such as creating links between project developers and the GoI helping to clarify land tenure issues, creating the basis for PES, and establishing best methods for MRV. Thus, determining the most effective, efficient, and equitable way in which these DAs are to be implemented will be an important step towards REDD+ implementation.

There are three main categories of groups which are involved in providing financial support for the DAs in Indonesia. The first is multilateral organizations.⁶ These include: *Meru Betiri* of the International Tropical Timber Organization (ITTO), and Accountability of Local Level Initiatives to Reduce Emission from Deforestation and Degradation in Indonesia (ALLREDDI), which is part of the World Agroforestry Centre (ICRAF). A second category is DAs developed by bilateral organizations. These are: Australia’s Kalimantan Forests and Climate Partnership (KFCP), Republic of Indonesia (*Republik Indonesia*) and Norway’s Letter of Intent (LoI), Forests and Climate Change (FORCLIME), *Gesellschaft für Internationale Zusammenarbeit* (Society for International Cooperation; GIZ), the Republic of Korea’s Korea International Cooperation Agency (KOICA), and the Japan International Cooperation Agency (JICA). Lastly, other organizations such as the Berau project of The Nature Conservancy. Each of these organizations directs funding towards DAs in order to develop upfront capacities for the successful implementation of REDD+. Because of this, it is necessary to identify which form of DA funding best satisfies the criteria of the 3Es and encourage this style of upfront capacity building.

⁴ P.68/Menhut-II/2008

⁵ *Semi-Annual Report 2011: UN-REDD Programme Indonesia*. Indonesia: UN-REDD Programme Indonesia; Directorate General of Forestry Planning Ministry of Forestry, 2011.

⁶ Ibid.

As of 2010, approximately 44 REDD+ DAs have been established with private investment and donations.⁷ A REDD+ DA has three main components.⁸ First, activities are aimed at reducing emissions from deforestation and degradation within a contiguous area. Second, such activities are explicitly recognized by project developers as REDD+ projects, and lastly, such activities are in some capacity dealing some level of the GoI. Private REDD+ projects establish carbon claims on the landscape or site level, with the goal of being able to capitalize on these claims once the global carbon market is established.⁹

Landscape and site level projects vary significantly in their scope.¹⁰ A landscape level pilot consists of a heterogeneous landscape with a variety of different uses. Developers actively engage with the local or national government in a special planning process. Because of the heterogeneity of the area, landscape level pilots must address multiple drivers of deforestation in different forest classifications with varying stakeholders (local communities, mining and timber companies, etc.). A site level pilot operates in a forest area with a homogeneous legal (or closely defined areas). They require the approval of the GoI and do not engage in special planning. Site level pilots are the more common of the two. In a CIFOR report published November 2010, 12 of the 17 DAs they sampled were classified as site level.¹¹

There are four main strategies used by DA developers in Indonesia in order to establish carbon claims (see Figure 5.1).

⁷ REDD-I. "Proyek Percontohan." , accessed February 12, 2012, http://www.redd-indonesia.org/index.php?option=com_content&view=article&id=205&Itemid=87.

⁸ Erin Myers Madeira, Erin Sills, Maria Brockhaus, Louis Verchot, and Markku Kanninen. *What is a REDD+ Pilot? A Preliminary Typology Based on Early Actions in Indonesia*. Bogor, Indonesia: CIFOR, 2012.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

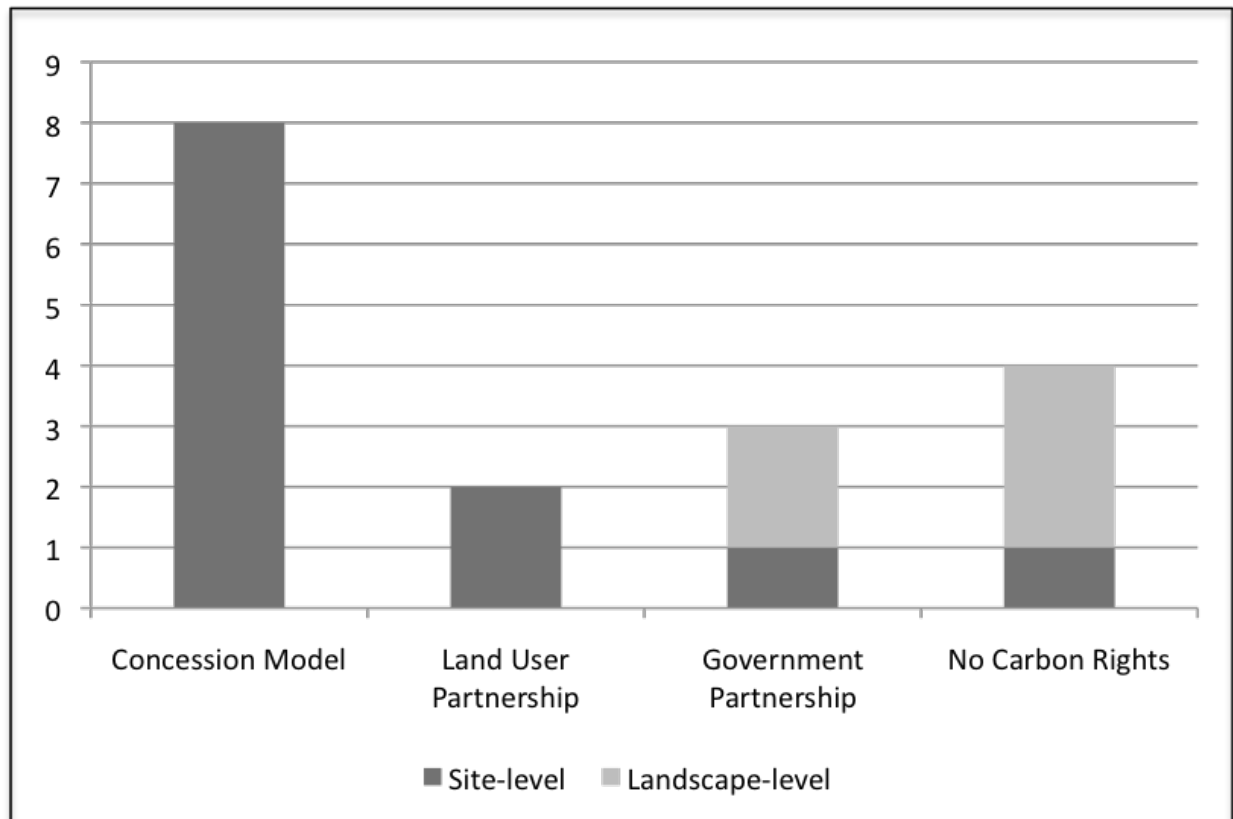


Figure 5.1. Typology of REDD+ Demonstration Activities¹²

The Concession Model

Concessions are given to project developers by the government. The GoI legally owns all of the land and resources in Indonesia. BAL 5/1960 states that all land and resources in, above, and below Indonesia territory belongs to the government. Furthermore, the BFL 5/1967 and its revision 41/1999 state that all forests lands that with no private titles are considered state forest lands. Concessions grant companies the management of land that remains under public ownership, but are more effectively managed by the company than the government.¹³

There are two different methods for obtaining forest concessions for developing REDD+ DAs. The first is to gain a license/permit to manage land under the official category of “production forest lands” through a logging concession, and then implement sustainable logging practices that will allow concession holders to gain carbon credits.¹⁴ The more common method

¹² Madeira et. al., *What is a REDD+ Pilot?*

¹³ Ibid.

¹⁴ Ibid.

is to obtain an Ecosystem Restoration Concession (ERC). These concessions differ from logging concessions in that they occur in lands already logged or degraded and are obtained for the purpose of ecosystem restoration. These concessions were introduced by the MOF in 2007 and allow holders to gain revenue from carbon and PES. An ERC concession lasts 60 years, and can be extended for another 35 years, and is thus attractive to private investment because of the increased land security. Obtaining an ERC requires permits and approvals from various levels of government, a process which can often be lengthy and complex.¹⁵ The concession model accounts for 8 of 17 pilots in the aforementioned CIFOR report.¹⁶

Land User Partnerships

In this strategy, a project developer will enter into an agreement with an existing land user and both parties will share the carbon credits. The project developer does not gain legal rights to the land and carbon.¹⁷ One way in which this approach is realized is through entering into an agreement with timber or palm oil concession holders, who could then either set aside land for conservation or initiate more sustainable management practices. This partnership could also take place between local stakeholders, such as local communities, *masyarakat adat*, and project developers. Two of the seventeen pilots in CIFOR's report adopted this approach.

Government Partnership

This approach is similar to a land-user partnership in that the project developer does not legally own the land or carbon, but instead shares potential benefits with GoI.¹⁸ This approach would occur in protected forest areas where there are no local stakeholders with which to enter into a land user partnership. This accounted for three of CIFOR's seventeen inspected DAs, two being a landscape level projects and one being a site level project.

¹⁵ Madeira et. al., *What is a REDD+ Pilot?*

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

No Carbon Rights

This approach is the same as the government partnership approach, except that the project developer aids the GoI in developing a DA but does not seek carbon rights. The GoI retains all legal rights and potential benefits.¹⁹ Four of the seventeen CIFOR pilots had no carbon rights, three being landscape-level projects and one being site-level.

In recommending a course for REDD+ in Indonesia that aligns with each of the 3E principles, an evaluation of each of these models is necessary. The most appropriate approach would reduce the transaction costs of developing a DA, not be impeded by lengthy bureaucratic processes, produce verifiable forest carbon emission reductions and respect the rights of relevant stakeholders.

One prominent transaction cost of gaining a concession concerns the time necessary to develop a DA. The longer a DA takes to develop, the more transaction costs are incurred. For example, this process is inhibited by the bargaining process, or, the time it takes to agree upon an acceptable plan between the different parties in a transaction. Delays could be attributed to a lengthy bureaucratic process, a difference of opinion between transaction partners, or difficulties associated with coordinating meetings between parties. Further relevant transaction costs are policing and enforcement costs, or, the costs associated with ensuring that other parties adhere to the contract. This is especially important in the case of government or land-use partnerships where there exists a significant disparity in power between the two participants. In such a case, the more powerful partner would have less incentive to adhere to the agreements, and such inconsistencies would delay the development of a REDD+ DA.

Reducing the transaction costs of a REDD+ DA is a first step to attract further private investment.²⁰ Thus, establishing pilots with lower transaction costs is an effective way to promote the expansion of REDD+ in Indonesia. Of the four DA approaches, the two with the highest transaction costs are those that enter into government or land-user partnerships. This would account for their relatively low occurrences.²¹ Entering in a partnership with local

¹⁹ Madeira et. al., *What is a REDD+ Pilot?*

²⁰ See Chapter 2 “Good Governance” for further recommendations on reducing the difficulties associated with dealing with GoI bureaucracy.

²¹ Erin Myers Madeira, Erin Sills, Maria Brockhaus, Louis Verchot, and Markku Kanninen. *What is a REDD+ Pilot? A Preliminary Typology Based on Early Actions in Indonesia*. Bogor, Indonesia: CIFOR, 2012.

government, local stakeholders, or private companies that own land rights reduces the efficiency or REDD+ DAs because of the time and money spent navigating bureaucratic structures and coordinating strategies. Furthermore, project developers will have smaller returns on their investments because benefits from carbon claims will have to be shared with other stakeholders. For these reasons, partnerships with land users or GoI that attempt to share carbon claims are not recommended.

The concession approach to developing REDD+ DAs are more efficient in terms of transaction costs. When project developers do not have to coordinate with other parties, the cost of implementing projects is lower. Obtaining a concession also means that only developers will have the rights to the carbon. In addition, the security of an ERC concession is attractive to investors. However, despite these advantages, there are potential problems with following a concession approach. First, while being more efficient than a partnership approach, the process of obtaining a concession is still impeded by the complex and lengthy bureaucratic process. PT. Rimba Makmur Utama (RMU), a private company developing a Katingan peat restoration and conservation project in central Kalimantan, applied for a concession in October of 2010 and as of this writing has yet to receive permission to initiate a DA.²² In a similar case, a DA proposed by US investor Todd Lemons and Russian energy company Gazprom has experience significant obstacles in obtaining a concession from the MOF. Implementation of this DA has been halted after three years of work towards gaining a concession and over \$2 million in development costs because the MOF cut the 90,000 ha concession in half.²³ In order for the MOF to attract more concession model DAs, the process for granting forest land concession will need to be streamlined to decrease transaction costs.

A further problem in adhering to this model is the potential for human rights violations by project developers. Concessions obtained that encompass areas where *adat* communities reside may violate their rights to their land. In order for this to be avoided, the essential right of FPIC must be observed by project developers.²⁴ If these two obstacles gain be remedied, then a concession model approach for DAs will prove to be effective, efficient, and equitable. Policy recommendations should thus focus on removing the aforementioned impediments.

²² Hartono, Dharsono. Vol. Interview. Jakarta, Indonesia: P.T. Rimba Makmur Utama, 2012.

²³ David Fogarty, "Special Report: How Indonesia Hurt its Climate Change Project," *Reuters*, August 16, 2011.

²⁴ For further information on FPIC, see the Community Participation chapter

Of the six different approaches, the best option in terms of the 3Es is a no carbon right, landscape-level model in which large, international organizations partner with the GoI. Their large scale allows them to address multiple causes of deforestation (planned and unplanned) over a large area with varying forest definitions. It also enhances effectiveness by controlling a larger share of stored carbon. In addition, because proponents do not seek carbon rights, the transaction costs of coordinating with the GoI are decreased. This is not to say that there are no transaction costs. Navigating GoI bureaucracy remains a formidable task, but the high amount of potential emissions reduction means that it is nevertheless more cost effective.²⁵ Because of the scale and size of investment that this approach entails, the only project developers are bilateral aid organizations and large international conservation NGOs.²⁶

Policy recommendations should focus on reducing impediments and encouraging investment towards no carbon right, landscape-level REDD+ DAs by large, private corporations. The UN should promote such investments because they most effectively address multiple causes of deforestation and forest degradation in the most cost efficient manner. Such recommendations would include facilitating collaboration between the GoI and such investor organizations to promote the establishment of such DAs.

Non-Profit, Non-Governmental Institutions in REDD+ Finance

For the purposes of this section, REDD+ as a whole will be taken as a type of economic good. Non-profit, non-governmental institutions have an important role to play in the production of this good. Organizations such as Kemitraan, CIFOR, the Samdhana Institute, Conservation International and the Nature Conservancy have come together to work towards laying the groundwork for REDD+ implementation. Such organizations contribute to research and activities that help build solutions to good governance, sustainable forest and resource management issues. In a democracy like Indonesia these institutions are an important part of civil society that provides alternative solutions to problems facing REDD+ development.

²⁵ Imagine that a no carbon rights, landscape-level developer who will manage A ha of land and a concession developer which will manage B ha of land, where $A > B$ (as is the case in landscape- vs. site-level projects). If it takes both parties C amount of time to coordinate with GoI, then the former approach will be more efficient because $A/C > B/C$.

²⁶ Madeira et. al., *What is a REDD+ Pilot?*

A comparison between the Samdhana Institute and Kemitraan is helpful to illustrate the varied capabilities and areas of expertise such organizations can bring to bear on REDD+ - related problems. The Samdhana Institute is an “umbrella” organization that provides funds and assistance to other NGOs. The Institute “prioritizes building strong community institutions and/or their service providers.”²⁷ Kemitraan is a non-profit non-governmental organization founded to address governance issues in Indonesia, and states that its mission is:

To promote and institutionalize good governance principles in Indonesian society by implementing harmonized reform programs to strengthen public service governance, deepen democracy, improve security and justice and improve economic and environmental governance. Consideration for gender equality and the needs of marginalized groups are integral in achieving our mission.²⁸

Based on this mission statement, it is apparent that Kemitraan, rather than specifically targeting community strengthening, seeks to improve governance practices above all else. For instance, a program that seeks to increase government transparency in reporting carbon stock data would presumably take priority above a program that intends to help develop more efficient community carbon monitoring techniques.

The contrast of Kamitraan and Samdhana Institute above illustrates differences between different NGO’s priorities that may effect how funds coming from those NGOs are used to achieve REDD+ goals. Some NGOs may put priority on strengthening community institutions while others work to reform state governance practices. Both of these objectives are extremely important for the purposes of upfront capacity-building and each is addressed in detail in other chapters. In regards to governance and corruption issues, a 2001 paper in the *Asia-Pacific Development Journal* found that “...bribes which are often the major part in any act of corruption increase the cost of production which ultimately gets reflected in a higher output price increase, [and] reduction in demand...”²⁹ It is easy to see that governance problems effectively raise the total costs involved - and therefore lower demand for the product among potential investors. Is governance a problem in Indonesia? Kemitraan’s existence is circumstantial evidence, but

²⁷“Institutional Strengthening,” The Samdhana Institute 2012, [http://samdhana.org/content.php?tit=Institutional Strengthening](http://samdhana.org/content.php?tit=Institutional%20Strengthening).

²⁸“Vision and Mission.” Kemitraan, 2012, <http://www.kemitraan.or.id/main/content2/21/22>.

²⁹ Hiren Sarkar and M. Aynul Hasan; “Impact of Corruption on the Efficiency of Investment: Evidence from a Cross-Country Analysis,” *Asia-Pacific Development Journal* 8, no. 2 (2001): 111-116.

Transparency International provides a grim assessment, scoring Indonesia a 2.8 out of 10 in their 2010 Corruption Perceptions Index.³⁰

Since advocacy and engagement are essentially tools used to change how resources are distributed in a society, describing the problem in political-economy terms can be instructive as to how resources or funding can be efficiently allocated. Political scientist Mancur Olsen notes that the greater the number and variety of citizens who are included in the decisions of civil society, the more a government tends to provide services to its citizens rather than to itself.³¹ Helping to build community institutions is a method of broadening representation and, over a the long term, leading to more accountability in government decisions. And REDD+ is a program that will require accountability in order to achieve effective, efficient, and equitable outcomes. This is especially important when groups or individuals otherwise might be marginalized and exploited, such as *masyarakat adat* whose interests often are in opposition to those of corporations and other entities that are able to more strongly influence government policy.

Ultimately, in order to achieve REDD+ aims, Indonesian civil society must be supported and strengthened, since the success of REDD+ capacity-building efforts depends upon a wide base of support from all sectors of Indonesian society. Strengthening community institutions, their connection to national and local policy makers, and promoting good governance practices to make GoI more transparent and accountable are both areas where civil society, specifically NGOs, can make significant contributions to supporting REDD+ efforts. UNEP can assist in this process with its connections to prospective donor countries, groups, and individuals. In the most basic sense, NGOs that help strengthen those aspects of Indonesian society require adequate funding just as much as government programs. UNEP can provide a forum for NGOs to interact and share information, as well as facilitating coordination to match NGOs working on REDD+ related issues with donors.

³⁰ Transparency International, "Transparency International 2011 International Corruption Report," accessed February 3, 2012, http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results.

³¹ Mancur Olson, *Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships*, (New York, NY: Basic Books, 2000), 19.

B. REDD+ FUNDING CHanneled THROUGH THE GOI

Lucas Simons and Nety Riana Sari

Funds Established to Receive Multilateral and Bilateral Donations

The following is a description of different types of funds which support REDD+ efforts and are funded through multilateral and bilateral funding schemes.

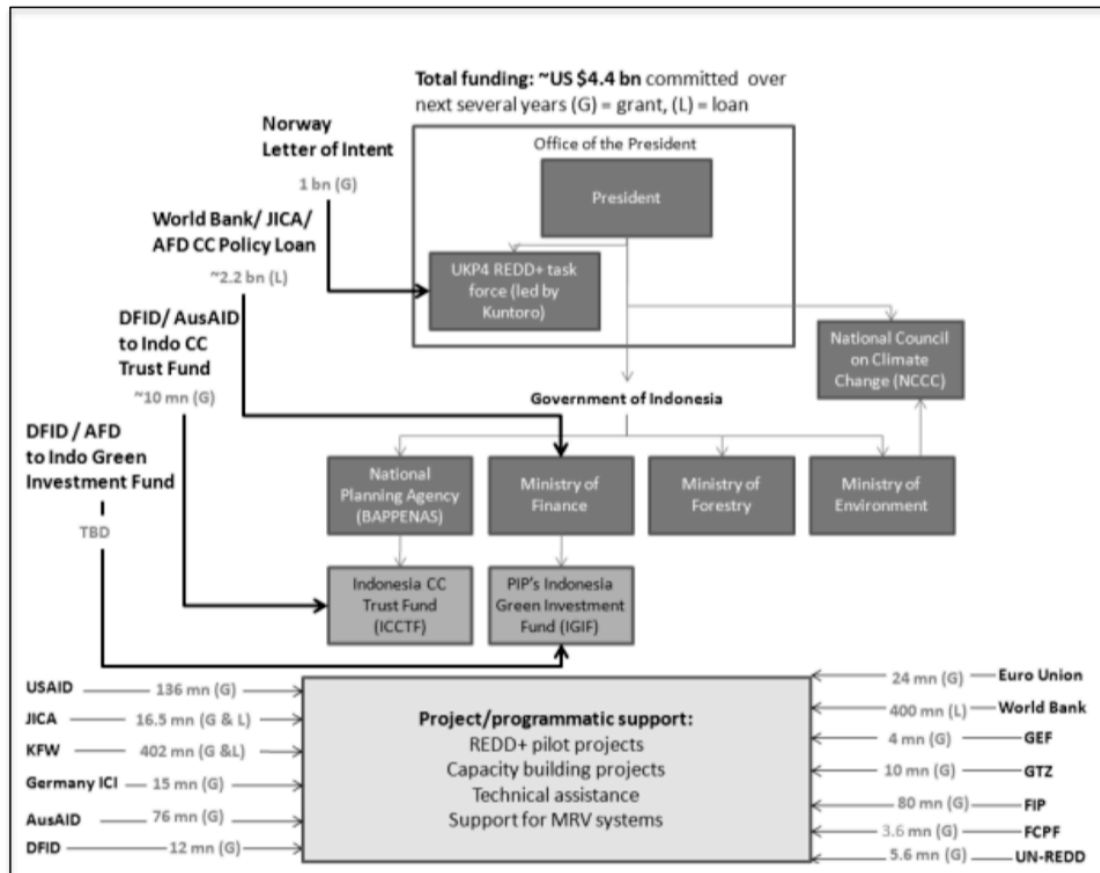


Figure 5.2. National landscape of international public finance in REDD+³²

*The Climate Change Program Loan (CCPL)*³³

Loans through this program go directly to the Ministry of the Finance and do not go towards agencies or ministries dealing with climate change issues. The loans have no conditions but are intended to allow the GoI to reduce its national debt so that it can allocate more towards

³² J. Brown and L. Peskett. *Climate Finance in Indonesia: Lessons for the Future of Public Finance for Climate Change Mitigation* (2011), 13-15.

³³ *Ibid.*, 14-15.

climate change issues in accordance with its National Action Plan (NAP) on Climate Change. Donors to this fund can make contributions or give their advice on the National Action Plan to ensure their funding is supporting climate change programs in Indonesia. Based on the results, further financial support can be provided by donors if requested by the GoI. There is a Joint Monitoring Meeting held twice a year which allows donors and the GoI to monitor and discuss the progress of the NAP. According to Indonesian law, all international ODA must be “on-budget” meaning it is recorded in the national budget. ODA can also be on or off treasury. On treasury donations are disbursed to the Ministry of Finance’s general budget to cover fiscal deficits. This type of ODA is meant to support the government’s financial management systems and capacity, reinforce financial discipline and generally build institutional effectiveness. Donations to CCPL are made as on-budget on treasury. This type of international assistance may be necessary to establish effectiveness of government institutions in Indonesia that are necessary for the effectiveness of REDD+ but do not deal directly with climate change issues, such as law enforcement agencies, anti-corruption institutions, the court system, etc.

The Indonesia Climate Change Trust Fund (ICCTF) and Indonesian Green Investment Fund (IGIF)³⁴

The ICCTF is a national trust fund meant to coordinate support for climate change issues the Government of Indonesia is working on. The trust fund would also streamline the disbursement process and provide more accountability to financiers.³⁵ The fund is broken into two parts. One is non-revenue generating expenditures for climate change projects in the various ministries and in local governments that are not supported by the domestic budget, the Expenditure Fund. The second has been termed the *Transformation Fund*. This portion of the fund draws on domestic funds, international loans, global capital markets, etc and will invest in revenue-generating activities to help sustain the ICCTF.³⁶ However, in 2010 the Ministry of Finance issued a decree to establish the Indonesia Green Investment Fund (IGIF) to replace the ICCTF’s Transformation Fund. This fund, with its self-sustaining structure, could be an efficient mechanism for funding REDD+ demonstration activities. One example of a project

³⁴Brown, J. and L. Peskett, “Climate Finance in Indonesia,” 15-16.

³⁵ *Blueprint for ICCTF*: Badan Perencanaan dan Pembangunan Nasional, 2009.

³⁶Vrilly Rondonuwu, *ICCTF: Indonesia Climate Change Trust Funds*: Global Environmental Affairs and International Cooperation, Ministry of Environment, 2010.

supported by funds from ICCTF that would contribute to REDD+ capacity building is the Ministry of Agriculture's "Research and Technology Development of Sustainable Peat Management" which conducts studies to contribute to the nationally appropriate mitigation action (NAMA) plan related to peat land management. The ICCTF as a whole is especially suited for Demonstration Activities that are operated by various levels of government across the country. The Expenditure Fund and now the IGIF provide macro framework for REDD+ payment distribution mechanisms and detail specific guidance respectively to DAs they fund. More international funding for the ICCTF, which the UNEP can encourage in the international community, will help promote a sustainable funding mechanism for DAs that are necessary to test how REDD+ can best be implemented.

The Norway-Indonesia Letter of Intent (LoI)

Satgas REDD+ has been set up to manage this fund that was given as grants in a "payment based on results" scheme.³⁷ It includes three phases:

1. The preparatory and institutional development phase in which monitoring and finance institutions for REDD+ will be designed: (supposed to have been completed by the end of 2010).
2. A readiness or transformation phase to support land tenure reform and moratoriums on new forestry concessions: (2011-2013).
3. The final phase when the bulk of the money will be distributed known as "contributions for verified emissions reductions": (2014 and on).³⁸

In the LoI the two parties agreed that \$200 million would be dispersed in the first two capacity-building stages and the rest would come as payments for proven reduced emissions in the final stage. The LoI also seeks to turn Satgas REDD+ into a permanent agency that will oversee dispersal of funding and create a permanent REDD+ agency thus lending the program higher importance and priority from the government. The forest carbon stock monitoring agency this fund establishes will play an essential part in ensuring REDD+ effectiveness and efficiency in MRV practices. Costs for establishing monitoring systems and a national forest inventory have

³⁷ Joar Strand and Rini Sulaiman, Interview, Jakarta, Indonesia: Royal Norwegian Embassy, 2012.

³⁸ *Letter of Intent between the Government of the Kingdom of Norway and the Government of the Republic of Indonesia on "Cooperation on Reducing Green House Gas Emissions from Deforestation and Forest Degradation"*(May 26th, 2010, 2010):

been estimated at \$55 million.³⁹ The fund establishes new mechanisms that are out of the scope of many of the other funds discussed in this chapter. While many fund, such as ICCTF, support projects focusing on one area or DA, this fund supports capacity building at the national level that will be necessary to ensure that REDD+ efforts are coordinated across Indonesia and that the national institutions that are necessary to support REDD+ on a national scale, namely MRV, are in place. Because Norway has taken a largely hands off approach in implementing the stipulations of the LoI, the fund serves as a positive example of international cooperation on REDD+ and should be promoted by the UNEP as a model for other countries wishing to cooperate at the national level to support the success of REDD+ in Indonesia. Working within the framework of this LoI will help build the national capacity that will be necessary to execute a coordinated, effective, efficient and equitable REDD+ strategy across the country.

Allocating Funds and Integration with the National Strategy (Indonesian Development Plan)

In 2009, President Susilo Bambang Yudhoyono committed Indonesia to reducing 26% of its emissions from BAU forecasts and up to 41% under an internationally supported REDD+ mechanism. Through the DNPI the GoI developed Nationally Appropriate Mitigation Action (NAMA). Under NAMA, DNPI designs the strategies to reach 26% emission reduction in accordance with the national development plan.

The National Council on Climate change has outlined three phases of REDD+ implementation. Indonesia is in the second phase which includes construction of a REDD+ national strategy, establishing an MRV agency, and building capacity for REDD+'s MRV and Financial architecture⁴⁰. The GoI must make budget allocation to climate change mitigation efforts and allocate funds from international donors

³⁹ CIFOR info brief "Financing REDD"

⁴⁰ Sukadri "*Current Status of REDD In Indonesia*", a power point presentation, presented on 04 January 2012, National Council on Climate Change (the DNPI).

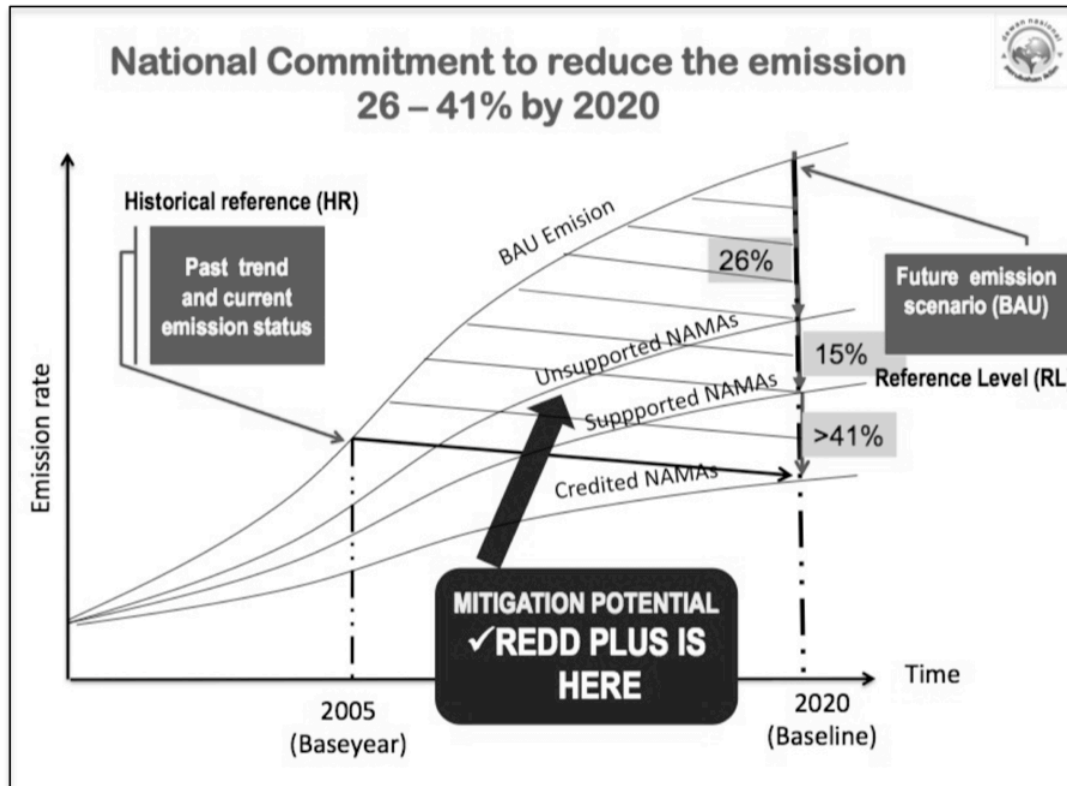


Figure 5.3. National commitment to reduce emissions⁴¹

The figure shows the position of REDD+ within the National Commitment. REDD+ is classified in accordance with NAMAs mechanism. With or without REDD+, forest preservation is a government responsibility, especially in countries like Indonesia with large tropical forest areas. As stated by Abdul Rauf, Coordinator of UN-REDD's Second Working Group (*Pokja Dua*), "REDD+ is just a supplementary fund for forest preservation in tropical countries. The state is obliged to allocate national budget for forest conservation".⁴²

Putting this responsibility into practice, the State Revenues and Expenditures Budget (*Anggaran Penerimaan dan Belanja Negara, APBN*) for 2012 only allocated IDR 2 trillion for the MOF to supervise vast areas of forest conservation and national park. Funding for forest preservation makes up just 1% of the allocations from Indonesia's development budget under the category "environmental concerns." This budget is said to cover all environmental problems in Indonesia. In the face of these funding shortfalls the GoI has set up many programs and funds to

⁴¹ Doddy S. Sukadri, "Current Status of REDD In Indonesia," a power point presentation, presented on 04 January 2012, National Council on Climate Change (the DNPI).

⁴² Sherr Rinn, "REDD: hanya dana suplemen," *Kompasiana*, December 13, 2011, accessed from <http://green.kompasiana.com/iklim/2011/12/13/redd-hanya-dana-suplemen/>.

provide alternative funding for environmental management. Such programs include DNS (Debts for Nature Swap), CDM, Trust Fund Mechanism and Green Tax.⁴³

The Head of DNPI Secretariat for 2009, Agus Purnomo stated that “the REDD+ fund is an incentive for climate change mitigation services and is not for forest conservation”.⁴⁴ The GoI needs to acknowledge that funding for REDD+ will be based on, not the amount of forest cover in Indonesia, but the emphasis placed by the government and society in general, on climate change mitigation efforts. One positive step was Indonesia’s proposed the inclusion of degradation and conservation in the REDD program in COP 13.⁴⁵ Additionally, at that conference, Indonesia proposed the compensation for reduced forest carbon emission be equal to opportunity cost plus carbon stock counting.⁴⁶

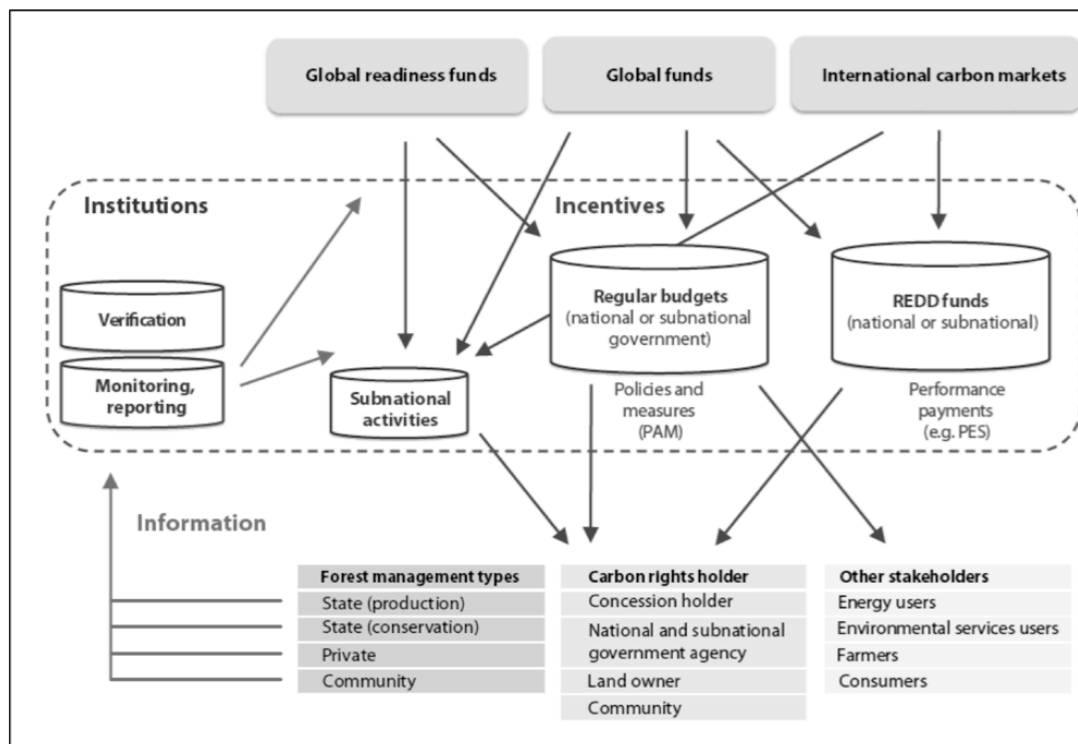


Figure 5.4. National REDD+ architecture⁴⁷

⁴³ “Evaluasi Tiga Tahun Pelaksanaan RPJMN 2004-2009: Bersama Menata Perubahan,” (Badan Perencanaan Pembangunan Nasional, 2008) 465.

⁴⁴ Suryanto, “DNPI: Dana Redd untuk Jaga Iklim Bukan Hutan,” *Antra News*, August 25, 2009, accessed from <http://www.antarane.ws.com/berita/1251186351/dnpi-dana-redd-untuk-jaga-iklim-buka>.

⁴⁵ “Indonesia Usulkan Insentif Pendanaan Pengurangan Emisi Deforestation Bagi Negara Berkembang” accessed 26 Feb, 2012, <http://www.esdm.go.id/berita/37-umum/596-indonesia-usulkan-insentif-pendanaan-pengurangan-emisi-deforestation-bagi-negara-berkembang.html>

⁴⁶ “Indonesia Usulkan Insentif Pendanaan Pengurangan Emisi Deforestation Bagi Negara Berkembang”

⁴⁷ Angelsen et al, *Realising REDD+*.

Figure 5.4 shows the flow of the fund that entering in Indonesia. In the current phase, of REDD+ in Indonesia international donations are coming in to support REDD+ readiness. The figure shows the various channels that funds are flowing through. The chart makes it clear that there is not one channel through which all funds flow and that REDD+ funding has become a complex web involving various bilateral and multilateral donors, various levels of government in Indonesia, NGOs and private businesses.

The Reforestation Fund

During the New Order years, the GoI enjoyed a doubled source of revenue from the forestry sector; one came from concessions for logging and land use/land use change permissions e.g. production forest and mining; the other was from a reforestation fund.⁴⁸ Established in 1989, Indonesia's Reforestation Fund (*Dana Reboisasi*, RF) is a national forest fund financed by a volume based levy; paid by timber concessionaires. Over the past 20 years, the RF has accrued aggregate (nominal) receipts of approximately USD 5.8 billion, making it the single largest source of revenues from Indonesia's commercial forestry sector.⁴⁹ The Reforestation Fund was intended to finance the reforestation and rehabilitation degraded forest land. Thus, REDD+ is not the first forest-related funding mechanism for the GoI.

During the Soeharto era, the MOF mismanaged the fund and failed the substance of this fund. This is a big challenge crucial to be addressed in REDD+ funding management.

The table shows lesson learned from RF management compared to the recent condition of REDD+ in Indonesia.⁵⁰ The fraud on RF financial management is began with the GoI decision to put the management of that large amount of money exclusively on Ministry of Forestry. Unskilled administration government with no transparency, inadequate monitoring system due to a weak coordination, within multi-layer bureaucracy exposed the fund to every chance of corruption. To answer the weak and irregularities of RF management by MOF, RF then

⁴⁸ The term marked 32 years of ruling regime in Indonesia under Soeharto presidency (1966-1998).

⁴⁹ Christopher Barr, et al., "Readiness for REDD: Financial Governance and Lessons from Indonesia's Reforestation Fund (RF)", CIFOR Info Brief No. 20, November 2009.

⁵⁰ The table is extracted from Christopher Barr, Ahmad Dermawan, Herry Purnomo and Heru Komarudin, "Readiness for REDD Financial governance and lessons from Indonesia's Reforestation Fund (RF)", CIFOR info brief No. 20, November 2009.

transferred to the Ministry of Finance and integrated with the state budget. The spreading discourse in government then, stated that RF would be maximized to support REDD+ readiness. If this discourse is going to put into reality, the GoI must take a very good lesson from previous RF management.

DNPI is a good commencement for GoI readiness for REDD+ in term of policy and coordination. For REDD+ fund, the GoI need to work closely with UN-REDD program in preparing the architecture and mechanism of receiving, disbursing and reporting. A thorough monitoring must be built upon explicit, shared objectives, and an institutional framework for coordination that reconciles different interests in a constructive way. Each of the government agencies needs to build a good understanding of their respective role on REDD+. Thus, the transparency could be enhanced by intra- and multi level agencies oversee each other. Finally, community involvement is not only important in the term of monitoring and benefits sharing, they need to be involved since the early stage of budgeting process.

Debts for Nature Swap

One existing forest conservation fund in Indonesia is the “debt for nature swap agreement.”⁵¹ The largest debt swap yet was conducted under the Tropical Forest Conservation Act (TFCA), a key piece of US legislation designed to facilitate public debt swaps to conserve tropical forests. The United States, through the TFCA, is the main proponent of debt-for-nature swaps. On the debtor side, and under the guidance of the previous Finance Minister Sri Mulyani Indrawati, Indonesia has been promoting debt swaps and debt relief as a form of climate finance.⁵² Whilst the TFCA is expected to create tropical forest conservation models and initiatives for climate change mitigation, aligned with REDD+, carbon potential has never been the main focus, but the conservation of forest and its biodiversity.

The TFCA is implemented through bilateral agreements with eligible countries. The funds then, administer not by the government. TFCA management in Indonesia consists of 4

⁵¹The concept of debt-for-nature swaps was first conceived by Thomas Lovejoy of the World Wildlife Fund in 1984 as an opportunity to deal with the problems of developing-nation indebtedness and its consequent deleterious effect on the environment. Debt for nature swap is a program based on agreement between the governments of debtor and creditor countries and the conservation NGOs using the money.

Visser, Dana R. and Guillermo A. Mendoza (1994). "Debt-for-Nature Swaps in Latin America." *Journal of Forestry* 92(6):13-16.

⁵² Danny Cassimon et.al.

main oversight committee, i.e. MOF as the representative of the GoI, USAID on behalf of US government, Conservation International and KEHATI⁵³. While KEHATI entrusted to administer the fund. However, system alignment, or in other words working with the recipient country's systems and procedures to the maximum extent possible, is crucial for long-term capacity building and strengthening of public sector agencies active in environmental affairs.⁵⁴

Funds for Coordinating

To develop Indonesia's REDD+ architecture, the GoI established two intra-ministerial agencies: the DNPI and Satgas REDD+ specifically to address coordination difficulty between government agencies. Satgas was established under presidential decree No. 25/2011. Article 8 of the decree declared that Satgas REDD+ would be funded by APBN. Similarly, article 10 of Presidential Regulation No. 46/2008 directed that DNPI funding be allocated by APBN, under the budget of the Ministry of Environment. It is important to note that: GoI may not designing any specific REDD+ initiatives, but their commitment is strongly embodied by allocating budget to fund government agencies coordinating bodies dealing with climate change issues and specifically in REDD+. Fund for Satgas REDD+ is directly burdened to APBN⁵⁵, and DNPI is also funded from APBN under the budget of Ministry of Environment.⁵⁶

At the ministerial level, the Ministry of Finance is the focal point for the Climate Investment Fund in Indonesia. The Ministry of Finance engaged the MOF as the government focal agency of Forest Investment Program (FIP) in Indonesia. Under this mechanism, the two ministries then consult and coordinate with related agencies, including Satgas REDD+ to develop the investment plan. The maximum estimated number of FIP is reaching USD 70

⁵³ KEHATI is a national non-profit organization funded on 12 January 1994. Claimed to be a catalyst to innovate natural preservation initiatives, KEHATI administers independent grants which are used for conservation and sustainable management of Indonesia's biodiversity. "History of KEHATI Foundation", accessed on Feb 27, 2012, <http://kehati.or.id/en/tentang-kami/sejarah-yayasan-kehati/>

⁵⁴ Danny Cassimon et.al.

⁵⁵ Article 8 "Keputusan Presiden Republik Indonesia No. 25 Tahun 2011 tentang Satuan Tugas Persiapan Kelembagaan Reducing Emission from Deforestation and Forest Degradation (REDD+)" (The document of Presidential Decree The President of Republic Indonesia No. 25 Year 2011 on Institutional Preparedness Task Force Reducing Emission from Deforestation and Forest Degradation (REDD+))

⁵⁶ Article 10 "Peraturan Presiden Republik Indonesia No. 46 tahun 2008 tentang Dewan Nasional Perubahan Iklim" (The document of Presidential Regulation The President of Republic Indonesia No. 46 Year 2008 on National Council on Climate Change)

million, comprises grant and concessional loan. Additional USD 6.5 million is granted in Dedicated Grant Mechanism (DGM) for *masyarakat adat* and local people living in the forest area, whose livelihoods are dependent on forest.⁵⁷

Other ministries, e.g. Ministry of Agriculture, Ministry of Industry, and BAPPENAS, might not have a direct budget for REDD+ mechanisms in Indonesia but they carry important roles as government agencies. The important role of these ministries is mostly to harmonize the country's development plans with the REDD+ national strategy. Thus, their budget will be in tune with Indonesia's long term low carbon economic development and forest conservation efforts. The DNPI, as an intra-agency coordinating body for climate change, has published its technical reports on options for low carbon development in Indonesia. One of the DNPI's technical reports is on industrial and agricultural sectors.⁵⁸ The options for low carbon economic development can be done with strong government commitment and good mechanisms to give incentives for a short term opportunity cost for longer sustainable growth.

In summary, within the discussion of financing REDD+, Indonesia is still not the subject of REDD+ program. Comparing the availability of government allocated fund for REDD+ in Indonesia with fund coming from international community for DAs and other initiatives, would be a fair marking for this. Further discussion on the credential of the GoI funding management capability, international communities have learned their lesson very well, not to put their money on the GoI's pocket. Thus, the GoI might sign the deal but not receive the money. Therefore, as long as the GoI don't have a reliable financial mechanism, Indonesia will be remained to be an object within REDD+ financial system.

As CIFOR suggested in its policy brief⁵⁹ it is important to have capacity building in every financial aspect, i.e. budgeting, accounting, fiscal management, and other aspects of administering REDD funds. The GoI have to give a strong commitment, as well as resources and times for building capacity for financial governance across all levels of government. Finally, fostering transparency and good financial governance might be answered the hope upon REDD+.

⁵⁷ Pogram Investasi Kehutanan Indonesia (FIP) Kerangka Acuan Kerja untuk Misi Gabungan Kedua (12-16 Desember), accessed from http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Indonesia_Second_Joint_Mission_TOR_bahasa.pdf

⁵⁸ Peluang dan Kebijakan Pengurangan Emisi: Sektor Manufaktur, (Jakarta: Laporan Teknis DNPI, Opsi-Opsi Pembangunan Rendah Karbon untuk Indonesia, 2009)

⁵⁹ Christopher Barr, et al.

Indonesia cannot be left alone in this state. UN needs to step up and work closely with the GoI. Nationally, the GoI are expected to coordinate all of the REDD+ initiatives and keep well informed on the money circulate within Indonesia. Internationally, UN should establish a coordination mechanism for all of this circulating international community fund. For Indonesia case, UN could suggest the donors to make emphasize on the programs that support the GoI financial capacity building. UN should also ensure the involvement of the GoI in planning and budgeting process of international community funds which will be invested in REDD+ in Indonesia, in that way Indonesia will no longer be merely object of REDD+ initiatives.

III. Recommendations

- Encourage on budget on Treasury donations through Climate Change Program Loan to support effectiveness of government institutions such as law enforcement
- Facilitate meetings between large, international DA developers and GOI for landscape-level projects
 - Advise UN-REDD Programme Indonesia to develop a framework for both parties so that coordination will be standard across various DAs
 - Distribute plan for framework in order to encourage further investment from large, international developers
- Advise Government of Indonesia on reducing bureaucracy in concession granting and streamlining process.
- UNEP should recommend that potential donors to private non-governmental non-profit institutions working on REDD+ - related issues evaluate such organizations based on the following criteria:
 - The organization provides efficient, equitable, and effective governance-reform services.
 - The organization does not engage in practices that harm or compromise efforts to strengthen local community institutions or advocate politically for their interests and well-being.

Refining REDD+ in Indonesia

- UNEP should work to match non-governmental non-profit organizations working in Indonesia with potential donors
- UNEP should actively attempt to assist non-governmental non-profit organizations in Indonesia with information-sharing and coordinated activity schemes.

Monitoring, Reporting and Verification

Emir Hartato, Henry Apfel, Sandi Halimuddin, Ayu Nova Lissandhi, Jared Moore, Sari Damar Ratri and Lucas Simons

Chapter Summary

Background

Since REDD+ is meant to be a payment based on performance system, carbon stocks will have to be measured and verified in each country to track carbon emission reductions and the conservation, sustainable management and enhancement of forest carbon stocks. MRV is necessary in the initial stages to establish reference levels against which emissions reductions can be measured. Transparent, accountable, and sustainable MRV systems are essential for any REDD+ framework. UN-REDD has presented methodologies to measure and monitor forest carbon, biomass, activity data, forest surface and forest area change.

Policy Considerations

Though UN-REDD has provided a methodology for measuring carbon, International standards for carbon monitoring and verification methods have not been established. Additionally, no Center of Excellence for the purpose of training those involved in MRV has been created. Currently in the countries that have REDD+ programs, different monitoring

standards have been adopted which may reduce the validity of carbon stock data. Lack of international standards is a threat to REDD+ sustainability. Common standards between countries would lend legitimacy to carbon stock data and help the international community move forward in the establishment of an international carbon market. .

Recommendations

- UNEP should establish an international institution. This institution will spread MRV information, become center of excellence for MRV standards, and be responsible for knowledge and technology transfers through capacity building.
- UNEP should encourage GoI to refer to Forest Carbon Partnership Facility's Readiness Preparation Proposals in establishing MR agency and cooperate with Vietnam and Brazil who have submitted RPP proposals.
- UNEP should offer appropriate technology transfers to supply Indonesia with the best technology for MRV. UN-REDD should work to proliferate remote-sensing techniques and hardware - offering Indonesia the best chance to accurately monitor carbon.
- UNEP and UN-REDD must ensure that Indonesia's MRV institutions publish MRV results publicly and transparently at a national level.
- Encouraging GoI to establish community based monitoring system by drafting contracts with local communities. Train and equip the local communities to conduct forest carbon monitoring and be able to report result to a national or international verification body.
- UNEP should facilitate a forum for the MRV working group which be held annually as the next step in reporting their own results. The verification should require their sign from the representatives to give the result approval.
- UNEP should recommend that REDD+ participants create independent national verification agencies, and offer both legal and scientific advice to facilitate this purpose and help create efficient, equitable, and effective verification institutions

I. BACKGROUND

Emir Hartato, Ayu Nova Lissandhi, & Sari Damar Ratri

As REDD+ payments are based on performance, it will be necessary to measure and verify reductions to carbon emissions. Monitoring, Reporting and Verification (MRV) of carbon forest carbon stocks requires countries to establish reference levels against which emissions reductions can be measured. Both monitoring actions on the ground and PES must operate under a standardized MRV process to ensure that the program yields credible carbon emission reduction data.¹ Establishing a working MRV institution is essential to achieve REDD Readiness, the final stage in the preparation phase of the REDD+ program. A transparent, accountable, and sustainable MRV system will be essential for the success of any REDD+ program.²

According to UN-REDD, monitoring not only concerns counting carbon stock, but also monitoring the whole REDD+ system, such as safeguards, governance, and benefits. This chapter will focus on a scheme for counting carbon stock. Different actors and sectors need to work together to make the monitoring system efficient in the long term.³ UN-REDD has presented methodologies to measure and monitor forest carbon, biomass, activity data, forest surface and forest area change. These methodologies include standardized data sets, global maps, country data and satellite imagery. The Intergovernmental Panel on Climate Change (IPCC) has defined standards for forest carbon monitoring, establishing what are known as “Good Practice Guidelines” (GPG) for MRV systems in 2006.⁴

¹ Arild Angelsen, ed. *Realising REDD+: National Strategy and Policy Options*, (Bogor, Indonesia: CIFOR, 2009.)

² Palmer Fry, B. and Governing and Implementing REDD+. "Community Forest Monitoring in REDD+: The 'M' in MRV?" *Environmental Science and Policy* 14, no. 2 (2011): 181-187.

³ Martin Herold and Margaret Skutsch, “Monitoring, Reporting and Verification for National REDD + Programmes: Two Proposals.” *Environ.Res.Lett.Environmental Research Letters* 6, no. 1 (2011): 014002.

⁴ “2006 IPCC Guidelines for National Greenhouse Gas Inventories”. IPCC, accessed 01/27,2012, <http://www.ipcc-nggip.iges.or.jp/public/2006gl/index.html>

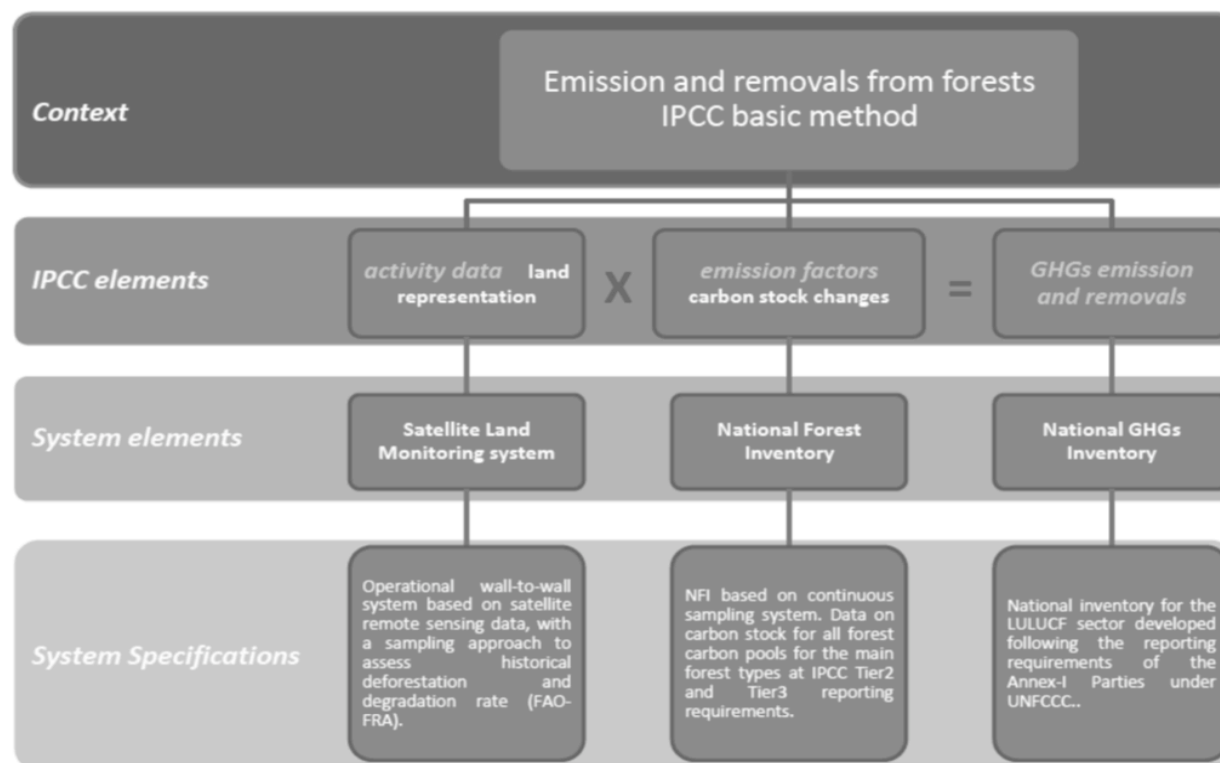


Figure 6.1. The three basic carbon-related MRV components and their relation to the IPCC guidelines⁵

CIFOR points to three main concerns in designing the MRV scheme: 1) the distribution of rights and responsibilities among the actors; 2) the costs of coordination/interaction between actors (transaction costs); and 3) how institutional structures influence actors perspectives, interests, and motivations. Sustainability is also an important principle in setting up an institutional framework for MRV. In building an MRV system in Indonesia addressing these concerns will ensure that the MRV structure that is put in place is effective, efficient and equitable in accordance with REDD+ goals.

IPCC criteria⁶ on establishing and MRV system to address the above concerns stipulate that REDD+ MRV systems should be able to:

- Implement mandate from Indonesia Forest Climate Association (IFCA) based on IPCC Good Practice Guideline;
- Have authority to support enforcement and achievement regarding the criteria that has been negotiated with other stakeholders;

⁵ Cécile Girardin, "UN-REDD/FAO to Publish National Forest MRV System Recommendations," UN-REDD, accessed 01/27, 2012, http://www.un-redd.org/Newsletter8_MRV_System_Recommendations/tabid/4551/language/en-US/Default.aspx.

⁶ Angelsen, *Realising REDD+*, 92.

- Build partnerships with other institutions;
- Operate independently and transparently to be effective, efficient and equitable.

The Letter of Intent between the governments of Norway and Indonesia that was signed in May 2010 established the three phases of REDD+ implementation in Indonesia, preparation, transformation and contributions for verified emissions reductions⁷. The Letter stipulated that a strategy for an MRV system was to be agreed upon by January 2011 but as of yet no such strategy has been finalized. UN-REDD has proposed a potential MRV scheme shown in figure 6.2.

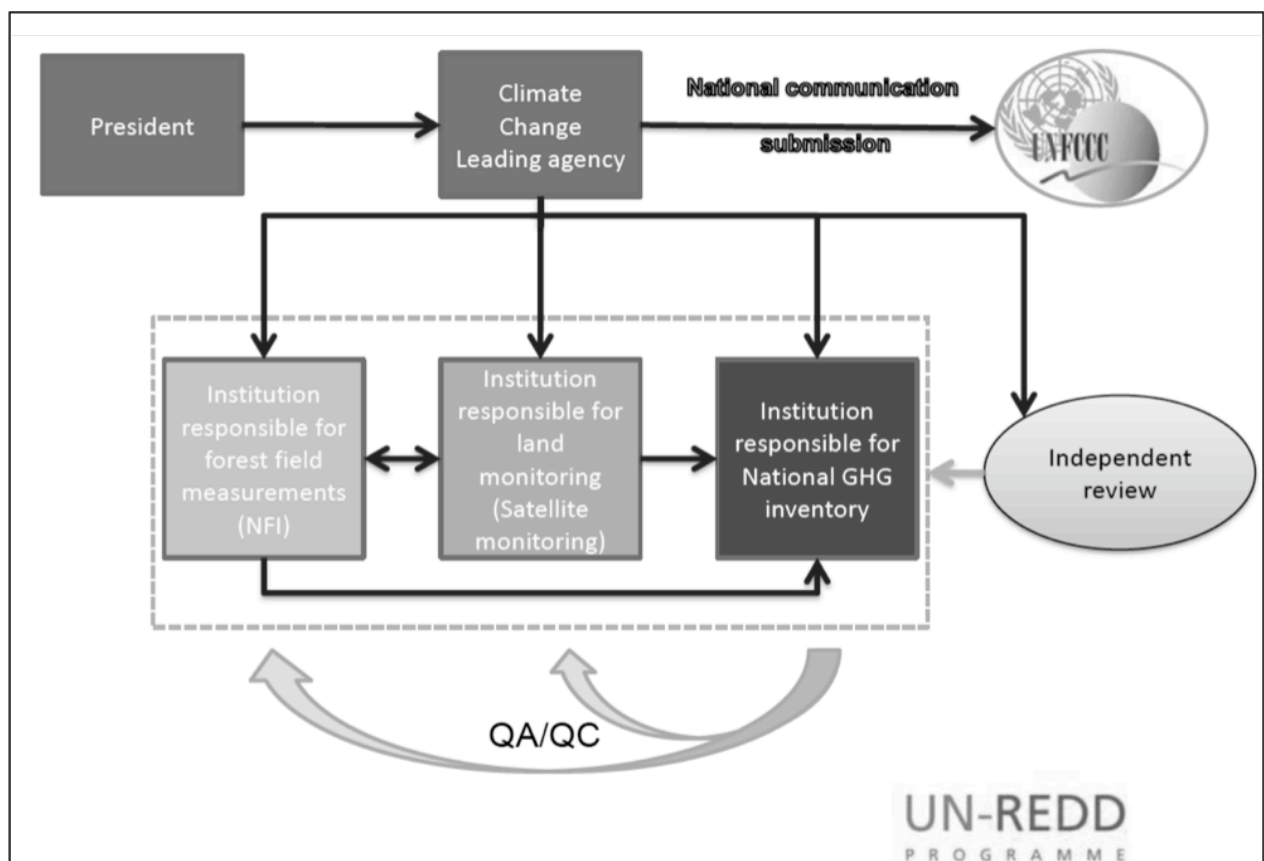


Figure 6.2. UN-REDD MRV scheme⁸

⁷ Letter of Intent between the Government of the Kingdom of Norway and the Government of the Republic of Indonesia on "Cooperation on Reducing Green House Gas Emissions from Deforestation and Forest Degradation" 2010.

⁸ Rogier Klaver, *MRV Implementation in Indonesia*: UN-REDD, 2010.

The UN-REDD scheme highlights the necessity of integrating an MRV strategy with the existing National Strategy on Climate Change through cooperation between the various institutions involved in climate change policy. In accordance with the IPCC criteria discussed above and the scheme drafted by UN-REDD, the MRV institutions will need to take the lead on coordinating with other national climate change agencies, most notably the DNPI

Satgas REDD+ has begun developing the core MRV system, using a multi-stakeholder process to develop a clear plan for establishing an independent MRV institution.⁹ The Indonesian National Carbon Accounting System (INCAS) is one of the agencies that could be Incorporated into the MRV system.¹⁰ This institution was formed as a partnership between Indonesia and Australia and is led by the Ministry of Forestry and the *Lembaga Penerbangan dan Antariksa Nasional* (Institute of National Aeronautics and Space, LAPAN). Satgas REDD+ will likely incorporate INCAS into their MRV scheme because of its strong technical expertise and access to forest carbon data. However, the incorporation of INCAS into the REDD+ MRV scheme remains controversial as the Norwegian LoI stipulates that any REDD+ MRV system must have a completely independent MRV institution to ensure transparency and accountability.¹¹

Cooperation between various national agencies and all levels of government as well as the various non-government stake holders should be part of the design of the MRV system. At the provincial level, the Office of Forestry holds an important role in reporting activities that could harm the forest. The governor and district government also should actively share this information to the public. FORDA also should involve other institutions to accelerate MRV implementation such as: LAPAN for satellite imagery (remote sensing), *Badan Koordinasi Survey dan Pemetaan Nasional* (Coordination Survey and National Mapping Agency, Bakosurtanal) for mapping, the Ministry of Environment and Ministry of Agriculture. These ministries and agencies have the technological capacity to verify the carbon stock data and cooperation between them will be necessary to establish an efficient, functioning MRV system to support REDD+.

With these considerations in mind for what an MRV strategy must include, the following is a list of hurdles that the policy considerations section will attempt to address:

⁹ Caldecot, Julian, Mochamad Indrawan, Pasi Rinne, and Mikko Halonen. *Indonesia-Norway REDD+ Partnership: First Evaluation of Deliverables*: Gaia Consulting, 2011.

¹⁰ Ibid.

¹¹ Ibid., 19.

- According to the IPCC GPG, there are three tiers for carbon counting. Until now most countries only monitor under the first tier, which is based solely on the loss of canopy.¹² Methodologies to implement the other tiers of monitoring in carbon stock monitoring or the changes of forest area are still in development. Sending professional monitors into the fields to conduct on the ground measurements of carbon stocks can be prohibitively expensive, especially on the scale of a national REDD+ program in Indonesia.
- Forest degradation, which is not well captured by remote sensing, can account for up twenty percent or more of total carbon emissions.¹³ Selective logging, large-scale and open forest fires, collecting non timber forest products and wood from fuel, producing energy and mining resources, and cultivation of forest land all contribute to forest degradation and need to be accounted for in forest carbon stock monitoring.
- MRV should operate independently but in Indonesia's case, only the government has the resources to build an MRV system. In such a scenario, will the MRV institution be an ad-hoc institution, such as the REDD+ Taskforce? Would it coordinate among several institutions?

Section II begins with a discussion of standardizing MRV guidelines and systems for monitoring degradation and reporting carbon stock data to appropriate bodies. Following will be considerations for building an independent verification agency which carbon data will be reported to. Lastly the recommendation section will give suggestions for what UNEP can do to help build an MRV system in Indonesia that supports the establishment of an effective, efficient and equitable REDD+ program.

¹² Angelsen, Arild, ed. *Moving Ahead with REDD: Issues, Options and Implications*. Bogor, Indonesia: CIFOR, 2008. 101

¹³ Murdiyarso, D., M. Skutsch, M. Guariguata, M. Kanninen, C. Luttrell, P. Verweij, and O. Stella. *Measuring and Monitoring Forest Degradation for REDD*: CIFOR, 2008.

II. POLICY CONSIDERATIONS

A. MONITORING AND REPORTING

Lucas Simons, Jared Moore and Sandi Halimuddin

Monitoring is the first step in the MRV system and requires gathering data on forest coverage and forest carbon stocks. Regular and accurate monitoring, as the first step in the MRV mechanism, is essential to the successful implementation and sustainability of REDD+. Monitoring is necessary to verify carbon stocks and obtain data which can be used to calculate carbon credits. The subsequent Reporting mechanism will diffuse collected data to relevant ministries and oversight institutions. Effective reporting requires established information networks, be they electronic or interpersonal. Without proper data collection and sharing, the success of REDD+ at varying scales cannot be measured and investors will be unlikely to contribute funding. REDD+ is a results-based payment system, and must include data collection and dissemination methods that are effective, efficient, and equitable.

In order to ensure that data is reliable, international standards for data gathering need to be implemented. The Intergovernmental Panel on Climate Change Good Practice Guidelines and Guidance provides the most well defined procedures for doing so and should be adopted by any REDD+ agency established in Indonesia. Standardized procedures throughout Indonesia will ensure a level playing field for accruing and disbursing PES and especially for developing Indonesia's grassroots carbon market.¹⁴

There are two IPCC-designated carbon stock variables that MRV operations must track. The first, forest area change, is often easily measured using remote sensing techniques such as satellite imaging. The second variable is carbon stock change or emission factors, an estimation of carbon stored per hectare. This variable requires on-the-ground monitoring personnel to conduct measurements. Such data gathering has proven prohibitively expensive when professionals are used and would certainly be so with a program on the scale of REDD+ in Indonesia.¹⁵ Multiple studies have shown that monitoring activities done by communities can have the same accuracy as professionally gathered data while posing only a fraction of the cost.¹⁶

¹⁴ Angelsen, *Realising REDD+*, 89.

¹⁵ Fry, 2

¹⁶ Angelsen, *Realising REDD+*, 104.

Furthermore, engaging communities in national MRV operations could be a win-win situation. Local communities conducting carbon monitoring may conduct the national REDD+ effort on their own terms, and the GoI will save both time and funding.

Standards for Monitoring

IPCC guidelines outlines three tiers of measurement effectiveness with increasingly levels of detail and accuracy:

Table 6.1. IPCC Tier Guidelines¹⁷

Tier	Data needs/examples of appropriate biomass data
Tier 1 (basic)	Default mean annual increment (for degradation) and/or forest biomass stock (for deforestation) values for broad continental forest types – includes six classes for each continental area to encompass differences in elevation and general climatic zones; default values given for all vegetation-based pools
Tier 2 (intermediate)	Mean annual increment and/or forest biomass values from existing forest inventories and/or ecological studies. Default values provided for all non-tree pool. Newly-collected forest biomass data
Tier 3 (most demanding)	Repeated measurements of trees from permanent plots and/or calibrated process models. Can use default data for other pools stratified by in country regions and forest type, or estimates from process models

With each successive tier, the scale of measurement becomes smaller and requires greater investment of personnel and technology. Approaching an MRV program that incorporates Tier 3 operations should be the goal for REDD+ in Indonesia. Tier 3 monitoring offers the most accurate picture of carbon storage and takes greater account of forest health, biodiversity, and the more subtle forms of anthropogenic forest degradation. Attaining tier 3 operations on a large scale is a difficult task, and requires careful adherence to IPCC principles. IPCC best practices offer a helpful international standard for carbon monitoring, and should be respected on a national scale. The IPCC GPG are based on five principles: consistency, comparability, transparency, accuracy and completeness. The following diagram illustrates a comprehensive approach to carbon stock monitoring, and includes many sources of GHG emissions. Indonesia should first seek to assess those sources within the IPCC “Workbook” as it develops a REDD+

¹⁷ Ministry of Forestry, Consolidation Report

MRV program. Since deforestation is by far the greatest source of anthropogenic GHG emissions in Indonesia, attention should be paid to changes in forest stock.¹⁸

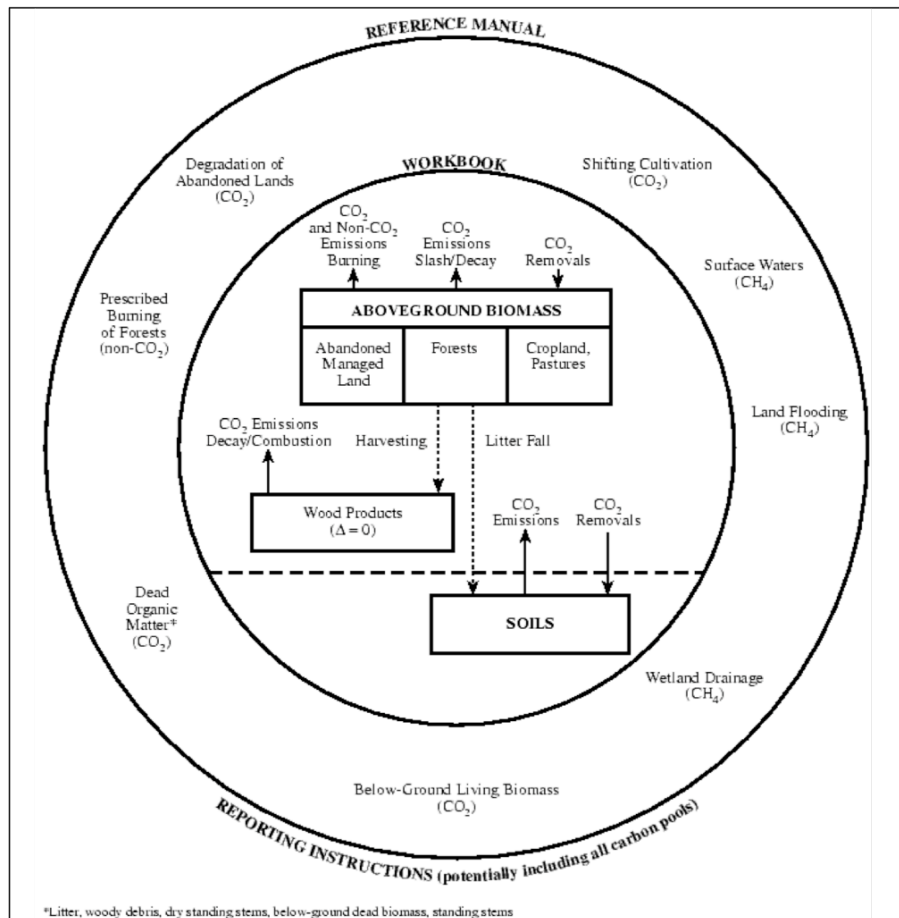


Figure 6.3. Structure in the IPCC Guidelines to account for national changes in carbon pools¹⁹

Reporting methods and analysis must be transparent and made available to stakeholders in Indonesia and beyond.

Current information sharing networks are not as inclusive as IPCC guidelines demand. Indonesia continues to develop the MRV apparatus, and has struggled to ensure efficiency.

¹⁸ Butler, Rhett A., "Eco-Friendly Palm Oil could Help Alleviate Poverty in Indonesia: Palm Oil is Not a Failure as a Biofuel." Mongabay, accessed January 28, 2012, http://news.mongabay.com/2007/0403-oil_palm.html.

¹⁹ The Reference Manual describes all activities within the outer and inner circles. The Workbook accounts for all changes in pools due to activities within the inner circle only. Emissions and removals of greenhouse gases can be reported within the Reporting Instructions. Reference Manual and Workbook may be found here: http://www.ipcc.ch/ipccreports/sres/land_use/index.php?idp=298

Community Based Monitoring

Forest carbon monitoring has traditionally been the task of professionals sent to the field using scientifically rigorous data gathering methods. While this method produces the most reliable data, it is not economically feasible to implement on the scope that will be necessary for a national REDD+ program in Indonesia. Integrating local forest communities into the monitoring process is not only more cost effective than relying on professional carbon monitoring but also helps assuage other concerns about community involvement. Forest-dependent communities will be hesitant to abandon current livelihoods if not presented with an alternative income source that meets their financial needs. Community-based monitoring offers a source of income and incentivizes responsible stewardship of forest carbon stocks.

Community-based monitoring has emerged as an option for conducting forest inventories. Local actors will receive basic technical training from NGOs or the local government using IPCC forest carbon monitoring standards discussed in the previous section. Community members' primary responsibilities would include sampling of above-ground biomass and boundary and strata mapping. In *Realising REDD+*, CIFOR representatives outline potential uses for community inventories:

- To directly assess biomass and biomass change over time;
- To support stratification of forest resources into homogenous units based on resource type; resource condition, management regime and temporal dynamics;
- To support independent validation of claims for reductions in carbon emissions by correlating individual inventories with satellite imagery *ex ante* and *ex post*. This may eliminate the need for extensive field visits and thus lower transaction costs;
- To make data estimates more accurate, and reduce uncertainty and error margins, thus allowing a country to claim more carbon credits, particularly for reducing degradation and enhancing forest; and
- To distribute financial benefits transparently under national carbon PES or PES-like systems.²⁰

The authors also describe a staggered payment system in which local people receive 20 percent of projected carbon credits in order to cover the set-up costs. The rest of the payments will be distributed in 5 and 10 years, which helps ensure the community members' long-term

²⁰Angelsen, *Realising REDD+*, 104.

investment in REDD+.²¹ The front-weighting the disbursement of carbon crediting is a helpful solution to smallholder wariness of transitioning to REDD +’s alternative livelihood model.

Community forest monitoring will allow verification agencies to collect a substantial amount of site-specific data in accordance with IPCC guidelines of “a maximum 10% error at the 90% confidence level.”²² A study by Kyoto: Think Global, Act Local (K:TGAL), a research project on community forest carbon industries, found that the “first year costs for community surveys (high because of initial training and setting up permanent plots) were between 70% and 30% of the costs of professional surveys.”²³ Over time, costs of carbon assessments by local communities compared to carbon assessments by professionals fell. Unlike non-local, professional monitoring personnel who would have to travel across the country to visit the various monitoring sites, the local community has easy access to the sites. This is directly correlated to a reduction in transportation related costs. Local communities are more familiar with the landscape and therefore, if trained to use standard monitoring practices, could be more efficient in gathering carbon stock data. After inventories over four years, the cost of community monitoring is about 75 percent less than the cost of professional surveys.²⁴ Community-based monitoring cannot replace all professional monitors but should be a complement to technology-intensive techniques such as remote sensing. For these reasons, in economical terms community monitoring through decentralized monitoring and reporting practices are efficient.

In areas where there are local forest dependent communities, community forest monitoring can prove a sustainable and reliable method for gathering forest carbon stock data. As well it can help to allay fears of local forest people that the government is implementing a program that will destroy their livelihood with no regard to their rights. Community carbon monitoring mechanisms should be established through a consultation process involving community members. With the advice of carbon stock monitoring professionals, contracts can be drafted and agreed to in which forest community members agree to undertake the job of monitoring certain kinds of data, especially data covering forest degradation which is best monitored through on the ground research. With the advice of monitoring professionals the

²¹ Angelsen, *Realising REDD+*, 104.

²² *Ibid.*, 111.

²³ *Ibid.*, 109.

²⁴ *Ibid.*, 110.

contracts would be drafted to involve IPCC guidelines to ensure some sort of standardization in the data process but could be tailored to local practices or customs (eg. types of trees most used by a given community) to ensure the willingness and consent of the forest communities. In drafting such contracts and agreeing to compensate them through them through carbon market funds the community monitoring process ensures sustainability by providing an alternative livelihood to forest agriculture. In addition, community involvement can lead to increased awareness about sustainable forest management, increased local ownership of REDD+ and transparency for carbon credits. These suggest the equity and effectiveness of REDD+ through community engagement.

However, if community monitoring is to be accepted as part of the REDD+ framework, there are some criticisms that should be addressed when building the community forest monitoring system. First, there is a concern that knowledge gaps due to the education level of rural populations will lessen the quality of results from community monitoring. Sixty percent of the poorest families in Indonesia live in rural communities and 55 percent of the poor have less than a primary education.²⁵ According to K:TGAL, “local people with as little as 4-7 years of primary education who are already involved in community forest monitoring can easily be trained to carry out forest inventories using standard methods such as those recommended by the IPCC.”²⁶ Frequent cross-checking by monitors from neighboring communities and periodic assessments by a third party organization - presumably the national verification apparatus - can promote accurate carbon measurements. It should also be noted that reliability of community monitoring results will increase over time.²⁷

Attempting to train local forest communities in scientifically rigorous data gathering methods while ignoring local cultural norms is likely to produce problems in the monitoring process. Most studies on community forest monitoring have concluded that a mix of local practices and internationally accepted scientific processes is the best approach to training forest users to gather data on local forest carbon stocks.²⁸ During the training and negotiation of the contract is important to ensure that forest communities understand the benefits, economic or

²⁵ *A Partnership for Prosperity*, (USAID, 2009), 8.

²⁶ Ibid.

²⁷ Angelsen, *Realising REDD+*, 104.

²⁸ Palmer Fry, B. and Governing and Implementing REDD+, "Community Forest Monitoring in REDD+: The 'M' in MRV?" *Environmental Science and Policy* 14, no. 2 (2011): 184.

social depending on the concerns of the community. Enlisting knowledgeable NGOs in cross-sector partnerships (CSPs) is essential if local communities throughout the archipelago are to be given the customized training they need to monitor local forest stocks. A collaborative capacity-building effort will offer a greater scope and flexibility than a public-only or private-only approach.

Finally, it is critical to address the issue of the community's long-term commitment in forest management because it will directly impact the sustainability of REDD+ on a national level. REDD+ will be easier to implement and sustain if it is built on "existing management institutions (village leaders, forest user group councils), and in turn be institutionalized at the local level."²⁹ When organization and capacity building occurs at a local level, it will be easier to develop a platform for discussion and reflection to engage the local community.³⁰ Despite the institutional mechanisms, the community members will only pursue a long-term interest in sustainable forest management if the costs are less than the perceived benefits. According to an interview with representatives from the FORDA, a major concern of community management was the alternative economic possibilities that have been practiced for generations.³¹ One FORDA representative noted that despite community members' interest in REDD+, harmful practices such as illegal logging and smallholder timber slashing for fast cash are hard to discourage. FORDA officials voiced hopes that REDD+ might address these issues through institutional arrangements such as micro-finance or loan support to develop alternative local economies. With more developed economies, there would be a greater incentive to pursue the REDD+ program.

Reporting

Reporting itself requires information-sharing channels that are easily accessed by local monitors and the GoI alike. A national electronic database appears to be the best option for collating monitored data. An online database enhances transparency and eliminates troublesome bureaucracy by keeping paperwork to a minimum. In addition, simple algorithms could comb the database and flag suspicious reporting. This database would be maintained by Indonesia's UN-

²⁹ Kristen Evans and Manuel R. Guariguata, "Participatory Monitoring in Tropical Forest Management," (Bogor, Indonesia: Center for International Forestry Research, 2008), 31.

³⁰ Ibid.

³¹ Ibid.

REDD office, with free access to relevant Indonesian ministries such as Satgas REDD+ and the DNPI. Combining the reported on-the-ground data and the remotely-sensed data in another database would provide an excellent reference for GoI policy makers and would then make its way to the UNFCCC for carbon crediting.³² UNEP and UN-REDD must offer technical expertise in developing Indonesia's reporting network and ensuring that information flows easily and fairly through the layers of governance and to involved private sector entities such as capacity-building NGOs.

Developing a community-based monitoring and reporting system should be Indonesia's priority towards making REDD+ operate effectively and efficiently. With a focus on FPIC, capacity building can encourage local knowledge as an integral part of monitoring operations and ensure that equity is safeguarded. Engaging local actors in monitoring makes avoided deforestation a more attractive source of income, covering more fully the costs of abandoning current, unsustainable livelihoods. Community monitoring fosters a sense of stewardship that will enhance REDD+'s national image as a grassroots, Indonesian endeavor.

B. VERIFICATION

Henry Apfel

Verification is the final component of the MRV process and an important one. While reports on carbon stock will of course be produced, they may lack weight if not reviewed and verified as fair and accurate by some party or agency that is trusted by all stakeholders. Verification, therefore, requires an independent structure for verifying the long-term effectiveness of REDD+ programs pursued by highly varied groups and institutions.³³ Instituting a verification scheme for carbon stock comes with unique challenges, since any agency attempting to review and analyze so much data would have to be scrupulously honest, highly skilled, and provide a genuinely valuable service. UNEP can play a significant role in facilitating this process due to its ability to draw together disparate actors and types of expertise. While the Verified Carbon Standard provides an international service for the verification of carbon stock,

³² Angelsen, *Realising REDD+*, 110-112.

³³ *Ibid.*, 93.

there remains debate about who will conduct verification procedure in Indonesia.³⁴ In 2010 the government stated its intention to use its own regulations and methodologies, but according to an interview with Heru Prasetyo of Satgas REDD+, “there is no agency that can do what REDD+ is supposed to do,” and the government will have to create a new institution or agency able to handle MRV processes.^{35 36}

Reporting conducted by professionals and trained local monitors alike must be vetted in order to address basic concerns. The first is legitimacy. For maximum effect, reports and associated projects must be verified by an organization or entity whose assessments are trusted and valued by a wide variety of stakeholders. Multiple agencies providing certification of carbon stock accounts would produce difficulties, including legal ambiguity and potential political conflict.

The second problem is value. In order for certification to be meaningful, it must be within stakeholders interests to be certified. If there is direct economic advantage to possessing a certification, the answer to this problem is easy. However, a verification standard may run into trouble if it cannot deliver some tangible benefit to the stakeholder, direct or otherwise. Since international organizations and NGOs are likely to play a significant part in laying the groundwork for REDD+ in Indonesia, it is possible that a form of certification acceptable to the international community could be valuable by drawing in greater amounts of funding for local projects.

According to CIFOR research, verification agents would have to be able to track and analyze data from sources as varied as satellite photos, harvest estimates, and local monitoring regarding activities from logging to biomass burning.³⁷ Any verification agency must therefore be not only precise but have access to a broad range of expertise in many disparate fields. Due to these considerations, verification of REDD+ programs in Indonesia will not be able to proceed until competing systems of verification are eliminated and an organization or agency is established that is acceptable to stakeholders and capable of effectively sorting through large

³⁴ Verified Carbon Standard; *VCS Program Guide: Verified Carbon Standard*, 2012.

³⁵ Heru Prasetyo, Presentation, "REDD in Indonesia: Greening Development," National Task Force on REDD (Satgas REDD+), Jakarta, Indonesia.

³⁶ Fidelis E. Satriastanti, *Indonesian Govt Prepares to Take Control of Carbon-Stock Calculation*, Jakarta Globe, March 26, 2010

³⁷ Angelsen, *Realising REDD+*, 99.

quantities of varied data and making appropriate analyses. This organization will have to maintain strict discipline, in order to establish a standard that is of value to stakeholders and to REDD+ efforts. It will also have to maintain independence and, to the greatest extent possible, avoid political entanglements. Such an organization, as noted earlier, does not currently exist. However, in order to properly perform its duties, a verification agency would have to receive reports from field monitors and process them, cross-checking the available data against historical patterns and third-party information. They would attempt to address any ambiguities or inconsistencies in the available information. They would then certify the information if appropriate, explicitly stating that it meets the highest standards for depth and accuracy.

UNEP can assist in the creation of a strong verification standard by providing scientific and legal expertise and by seeking parity between local verification standards and an international standard such as the VCS. Indeed, UNEP should assist in this process, since the potential consequences of ineffective, inefficient, or inequitable REDD+ structures would be international, not only local. A broad, more or less uniform international standard would help make understanding and implementing verification standards easier for all parties.

A verification agency would require significant funding. In order for a national verification agency to operate long-term, it would probably require funding from a national source. Presumably, this hypothetical verification agency would be a part of the Indonesian government and receive a share of the federal budget. UNEP and the international community can help establish the knowledge base necessary to create a verification agency, but in the final analysis the agency will have to function within national constraints, although UN consultation and liaising should continue even after the initial groundwork finishes in order to maintain equitable, efficient, and effective verification across international boundaries.

III. RECOMMENDATIONS

- UNEP should establish an international institution. This institution will spread MRV information, become center of excellence for MRV innovation, and be responsible for knowledge and technology transfers through capacity building.

- UNEP should encourage GoI to refer to Forest Carbon Partnership Facility's Readiness Preparation Proposals³⁸ in establishing MR agency and cooperate with Vietnam and Brazil who have submitted RPP proposals.
- UNEP should offer appropriate technology transfers to supply Indonesia with the best technology for MRV. UN-REDD should work to proliferate remote-sensing techniques and hardware - offering Indonesia the best chance to accurately monitor carbon.
- UNEP and UN-REDD must ensure that Indonesia's MRV institutions publish MRV results publicly and transparently at a national level.
- Encouraging GoI to establish community based monitoring system by drafting contracts with local communities. Train and equip the local communities to conduct forest carbon monitoring and be able to report result to a national or international verification body.
- UNEP should facilitate a forum for the MRV working group which be held annually as the next step in reporting their own results. The verification should require their sign from the representatives to give the result approval.
- UNEP should recommend that REDD+ participants create independent national verification agencies, and offer both legal and scientific advice to facilitate this purpose and help create efficient, equitable, and effective verification institutions.

³⁸ *Readiness Preparation Proposal (R-PP) Version 6 for Country use and Public Comment: Forest Carbon Partnership Facility*; UN-REDD, 2011.

International Community Participation

Sandi Halimuddin, Jared Moore, Nety Riana Sari, Lucas Simons and Kristi Young

Chapter Summary

Background

The success of REDD+ is reliant on international community's political, economic and logistical support. Legal framework and concise agreement must be made amongst the international community and also with the GoI to ensure that all contributive efforts are efficient, equitable and effective.

As international participants increase engagement in REDD+, there must be standards and safeguards to ensure all parties share responsibility in promoting climate change mitigation in Indonesia and on a worldwide scale. First, through programs like REDD+ and the carbon market, financial incentives are developed to monetize carbon stocks and thus, encourage a reduction of carbon emissions in developing countries. Second, Indonesian deforestation is largely attributed to domestic and international market demand for environmentally-destructive cash crops, such as timber and palm oil. Third, in negotiation, planning and implementation efforts, international participants should streamline independent interests to ensure Indonesian sovereignty while successfully promoting REDD+ efforts.

Policy Considerations

To address the concern that developed countries are putting the burden of carbon emissions on developing countries, such as Indonesia, there is a need for legally binding agreements for commitments. Joint carbon offsetting efforts amongst developed and developing countries alike will be important for Indonesia's support of REDD+ and for achieving environmental goals. Deforestation can only be successfully mitigated if the market for these destructive forest products is decreased and alternative, sustainable options and proper incentives are formed for these highly profitable Indonesian industries. There must be a codified UN response to control and restrict the market for destructive forest products through trade bans and alternative oil palm development strategies. The issue of ensuring Indonesian sovereignty while actively supporting REDD+ efforts is important to change the Western paradigm of development as an imposing and profit-seeking external force. This can be done through alignment of foreign participants' development interests with those of the GoI. In addition, foreign donors should make use of existing Indonesian institutions, committees and programs to increase domestic capacity building and good governance.

Recommendations

- The UN should encourage international REDD+ participants to jointly design a legally binding agreement to share responsibility in carbon emission reduction efforts.
- The UN should coordinate with the Roundtable on Sustainable Palm Oil to make palm oil operations more ecologically observant and to promote the expansion of Certified Sustainable Palm Oil (CSPO). International trade bans of unsustainable palm oil can reinforce these efforts.
- In order to solve the issues of sovereignty, the UN should promote a unified alignment of objectives, plans and strategies with those of the GoI through increased coordination and a letter of intent.

I. Background

Sandi Halimuddin

The United Nations developed the REDD+ programme as a joint, international initiative based off of the agreements in the 2007 COP 13 meeting and the Bali Action Plan. In contrast to previous efforts, REDD+ emphasizes sharing responsibility between developed and developing nations in climate change mitigation and adaptation efforts.

REDD+ in Indonesia is an opportunity for international actors to promote a mutually beneficial program while forging a collaborative approach with the GoI to mitigate negative effects of climate change. Although the Indonesian government is responsible for creating appropriate conditions and groundwork for the program's implementation on a national level, the interests and opinions of international donors will have a profound effect on the materialization of REDD+.

The success of REDD+ is dependent on both national and international efforts. Foreign donors can aid through direct implementation of demonstration activities, technical support and/or financial support.¹ Currently, during the program's transition from the readiness stage to the implementation stage, donor contributions are especially useful for developing infrastructure, refining institutions and establishing processes. International participation in REDD+ can also lead to long-term capacity building and improved governance in Indonesia. By supporting REDD+ efforts in Indonesia, foreign actors are able to positively affect aspects outside of the forestry realm, such as good governance, decentralization, poverty reduction and institution-building.²

However, as the GoI and international continue collaboration in REDD+, it will be necessary to develop safeguards and standards to ensure that both the program and the partnership is designed, implemented and executed in a way that is efficient, effective and equitable. In order to change the Western paradigm of development and avoid REDD+ to be seen as a new form of transnational authority, the UN can take steps to promote sharing responsibility.

First, international actors should participate in carbon offsetting in Indonesia while simultaneously pledging to reduce their respective carbon emissions. This will ensure that global

¹ "Investing in a More Sustainable Indonesia," (Jakarta, Indonesia: The World Bank Group, 2009), xvii.

² Ibid.

carbon emission reduction efforts are more effective and efficient. In addition, this approach does not put unequal burden on developed or developing parties, which is helpful in promoting equity amongst the international community. Second, Indonesia's increasing deforestation and emissions are a direct result of the large global demand for destructive forest products. In order to effectively promote Indonesia's climate change mitigation goals, it is necessary to address the market for destructive forest products. Third, it is necessary to devise safeguards and standards in partnership negotiations to ensure that foreign nations maintain a balance between promoting their own interests and respecting Indonesian sovereignty and ownership in REDD+. This will contribute to sustaining equity during collaboration.

II. Policy Considerations

A. Sharing Responsibility for Emissions Reductions in the International Community

Nety Riana Sari and Lucas Simons

Land use change and deforestation produces approximately twenty percent of total global emissions annually, the second largest sector of emissions from industry and transportation-related energy consumption. In Indonesia, carbon emissions from forest degradation and deforestation account for over half of total domestic emissions. In the international community, pressure for emissions reductions has shifted from industrialized GHG emitters to forest-rich countries, whose emissions are largely the result of deforestation and degradation. According to a 2007 World Bank report, Indonesia has the third largest rainforest in the world and is also the third largest emitter of greenhouse gases.³ The rise in international scrutiny towards Indonesia's forest emissions is evident in increasing media attention, new foreign donations to forest emissions reduction programs, technical support and advising.⁴ With this heightened scrutiny of

³ Sunanda Creagh, "Indonesia rejects 'world's third-largest emitter' tag," *Reuters*, November 23, 2009, accessed February 14, 2012, <http://www.reuters.com/article/2009/11/23/us-indonesia-environment-idUSTRE5AM1GQ20091123>.

⁴ Adiando P. Simamora, "Government Denies RI is world's 3rd Largest Emitter in New Report." *The Jakarta Post*, December 22, 2010.

Indonesia's domestic environmental policies, new, external pressure is being put on Indonesian leaders to develop forest emission reduction programs like REDD+.

Reducing deforestation has become one of the UN's main agendas in climate change mitigation talks. Indonesia, as one of the largest forest carbon emitters, has become one of the nations central in the discussion over forest emission reduction programs. Using Andrew Hurrell's approach, there are three reasons why deforestation has become global issue.⁵ First, deforestation affects everyone in the term of emission released, biodiversity loss, and world's carbon sequestration. Second, deforestation in Indonesia contributes to the global progression of climate change. The causes are not purely domestic contained within the borders of Indonesia but are a result of the complexities of globalization. Third, deforestation in Indonesia is driven by the globalized world economy, which continues to demand forest resources.

After the 2007 Conference of the Parties 13 (COP 13) meeting in Bali, a new paradigm for international approaches to climate change emerged. Previously, climate change discourse emphasized the need for developed countries to be held accountable for their large carbon emissions. In contrast, REDD+ places large responsibility on developing countries, such as Indonesia, that have high levels of carbon emissions. The Bali Action Plan marked an important crossroads for REDD, as it called for "the needs of local and indigenous communities" to be addressed, as well as "the role of conservation, sustainable management of forests and enhancement of forest carbon stocks," two additions that transformed REDD into REDD+.⁶

In Indonesia, the high rates of deforestation are due in large part to the global demand for agriculture products, timber, mining products, and palm oil. The emergence of REDD+ as a new model of international cooperation on climate change mitigation elicited expectations of new progress on climate change problems. At the same time though, some were skeptical of the international community's and Indonesia's commitment to the new climate change mitigation program and achieving the goals of REDD+ while abiding by all of the 3E principles efficiently, effectiveness and equity. At COP 17 in 2011 Simone Lovera from the Global Forest Coalition announced the "muddled moose" award calling current notions of REDD+ "fairy tails".⁷

⁵ Andrew Hurrell, "International Political Theory and the Global Environment", in Ken Booth and Steve Smith, *International Relations Theory Today*, (Pennsylvania State University Press, 1995), 130.

⁶ Rebecca Brunner et al., "Back to its Roots: REDD+ via the Copenhagen Accord," *Reconsidering Development*, Vol. 1, No. 1 (Winter 2010), electronically published December 8, 2011, <http://journal.ipid-umn.org/node/90>.

⁷ Christopher Joyce, "Climate Strategists: To Cut Emissions, Focus on Forests." *National Public Radio*, December 10, 2011.

Critics and skeptics argue that programs like REDD+ and the carbon market unfairly place the burden of reducing emissions on developing countries. In order to assuage such concerns and lend legitimacy to REDD+ it will be necessary for developed countries to promote programs in their own countries to reduce their own emissions so that the global community may act in concert in the effort to reduce global emissions. Climate change is a global problem that demands a global solution. The UN, as the body which brings together the countries of the world to cooperate on global issues, should set the tone for climate change talks by saying that though developed countries have contributed more historically to global emissions. Going forward it will be necessary for all countries to take steps to contribute to reducing global emissions and mitigate the effects of climate change.

The importance of international joint action in mitigating climate change is mentioned in the Copenhagen Accord that delegates at the 15th session of COP 15 produced in December 2009. During the COP 15, members declared:

We underline that climate change is one of the greatest challenges of our time. We emphasise our strong political will to urgently combat climate change in accordance with the principle of common but differentiated responsibilities and respective capabilities.⁸

The Copenhagen Accords acknowledged that the cooperation of developing and developed countries in addressing climate change is crucial. From a development perspective, the principle of “common but differentiated responsibilities” provides a crucial incentive to developing nations to cooperate with developed countries on global climate change mitigation efforts. That phrasing also directs responsibility for emissions reductions to developed countries as the largest emitters historically. With programs like REDD+ and the carbon market, developed countries are expected to compensate the developing world for the costs of preserving their forests and preventing future emissions.⁹ In this way developed countries acknowledge that they bear the chief responsibility for reducing current emissions because of they are the chief emitters of green house gases historically. However, as mentioned above with recent talks on REDD+, any emissions reductions scheme will have critics who do not view current emission reduction schemes as equitable.

⁸“Draft Decision -/CP.15 Copenhagen Accord,” (United Nations Framework Convention on Climate Change, 2009.)

⁹ Brunner et al., “Back to its Roots.”

The mechanism of compensation in the REDD+ mechanism is very promising as a mitigation strategy, because it has the potential to create international cooperation between developing and developed nations. Such a program poses opportunities for economic and environmental benefits on both sides. By preserving tropical forests, REDD+ initiatives will conserve the ecosystem services, such as biodiversity, hydrological processes and carbon storage that benefit the entire world by helping to regulate the global ecological system.¹⁰ In this way, REDD+ provides an alternative approach to emissions reduction strategies of the past that emphasized individual national efforts at reducing emissions within their borders. Though those efforts are still necessary to mitigate the effects of climate change, cooperative efforts, like REDD+, provide actionable mechanisms for cooperation between countries in the effort to mitigate the effects of climate change besides just attending annual climate change talks.

At the most recent COP in Durban, South Africa, the parties agreed to begin work on a new emissions reduction treaty. The parties agreed to have the modalities of the new treaty set by 2015 and implementation by 2020. The largest emitters, the US, China, and India, agreed that they would commit to “universal legal agreements” after 2020.¹¹

These types of commitments will be crucial for international cooperation on REDD+ and climate change in general to move forward. The UN can support these commitments by beginning to draft the modalities of the treaty discussed at COP 17 in Durban and encouraging countries to give their input on what sort of legal framework such a treaty should have in order to successfully commit both developed and developing countries to reduce their emissions.

B. International Community Action Against Oil Palm-Dirven Deforestation

Jared Moore and Kristi Young

Deforestation is not a simple matter of careless destruction for national gain. In fact, international demand for products such as timber, bananas, palm oil, and coffee is usually at the root of large-scale deforestation in tropical nations. Primary forest conversion to monoculture plantations is often the result of this transaction, and is the main contributor to deforestation in

¹⁰ Brunner et al, “Back to its Roots.”

¹¹ “Durban Climate Change Conference - November/December 2011,” United Nations Framework Convention on Climate Change, accessed February 15, 2012, <http://unfccc.int/2860.php>.

Indonesia. REDD+ will be unable to produce appreciable results if the international community does not assist Indonesia in shifting extractive forestry paradigms. Targeting market demand for Indonesian lucrative forest products such as timber and palm oil will require a unified international strategy that includes both regulation and market incentives.

Indonesia has been the world's number one palm oil producer since 2006.¹² Oil palm is a continually expanding agro-industry and an economically attractive land use option for multinational corporations and smallholders alike; the latter making up an estimated 30% of Indonesian oil palm production.¹³ However, oil palm is gaining global notoriety for its problematic socioeconomic and environmental externalities. Conversion of primary forest to monoculture plantations is a major driver of global anthropogenic carbon emissions and decimates local biodiversity. Environmental think-tank the World Resource Institute (WRI) estimates that over half of Indonesia's current palm oil plantations were established by clear-cutting primary forest and peat swamps.¹⁴ This industry will continue to drive deforestation in Indonesia if lax regulation and international demand continue to encourage destructive practices. This section will focus on ways for the international community to ensure sustainable production of palm oil. The effectiveness of REDD+ in Indonesia will be considerably enhanced if such deforestation is curbed.

Oil Palm Issues

In terms of economic allure, oil palm agriculture is especially difficult to discourage: not only are the profits and demand substantial, the oil palm industry is growing in political might in both Indonesia and East Asia at large. In 1985, Indonesia had 600,000 ha of oil palm plantations in use.¹⁵ In 2011, that figure became 8.4 mha.¹⁶ Demand continues apace - with the price of palm oil skyrocketing during the financial crisis of 2008 and driving new investment. Part of the

¹² Ben Block, "Global Palm Oil Demand Fueling Deforestation," *Worldwatch Institute*, accessed January 28, 2012, <http://www.worldwatch.org/node/6059>.

¹³ "Roundtable on Sustainable Palm Oil Official Website, Smallholders," *Roundtable on Sustainable Palm Oil*, accessed February 13, 2012, <http://www.rspo.org/page/528>.

¹⁴ UK-DFID & the Prince's Rainforest Project, "Briefing for DFID-PRP Planning Workshop on Agriculture and REDD+, Sept 2011: WRI POTICO: Diverting Oil Palm Expansion Onto Low-Carbon Degraded Land," (London, UK: UK-DFID, 2011.)

¹⁵ Rhet A. Butler, "Eco-Friendly Palm Oil could Help Alleviate Poverty in Indonesia: Palm Oil is Not a Failure as a Biofuel," *Mongabay*, accessed January 28, 2012, http://news.mongabay.com/2007/0403-oil_palm.html.

¹⁶ Mubariq Ahmad, "Indonesia's Strategy Toward Low Carbon Economy," Presentation, National Taskforce on REDD (Satgas REDD+), Jakarta, Indonesia.

industry's success is the variety of palm oil use. The oil is an inexpensive and widely-used cooking oil in Asia and the Middle East. It's also a popular additive in processed foods and cosmetics. Lastly, palm oil is a very cost-effective raw material for biofuel. Indeed, the per hectare yield of oil palm as compared to other biofuel crops is impressive: one hectare of oil palm can produce nearly 6,000 liters of crude biodiesel, whereas soya and corn yield just 446 and 172 liters per hectare respectively.¹⁷ Indonesia's palm oil industry has much to gain from ever-growing biofuel markets at home, China, and Europe.

However, serious negative externalities accompany the fervor for development. Foremost are the acute GHG emissions and chronic ecological degradation wrought by oil palm estate development. Oil palm plantations are typically planted following slash-and-burn forest clearing that releases massive amounts of stored carbon. Developers prefer locating new plantations in primary forest: they can reap revenues from the timber they clear prior to the slash-and-burn and partially offset start-up costs.¹⁸ The emissions from this land use conversion are substantial, especially when the loss of peatland is taken into account. Peatlands are typically uninhabited, making tenurial conflict minimal. This factor is often a consideration for MOF and palm oil companies seeking to avoid entanglement with forest dwellers.¹⁹ A 2009 United States Environmental Protection Agency (USEPA) report found that Indonesian palm oil plantations are disproportionately developed on peatlands: peat soils host 25% of palm oil plantations while covering just 13% of total land area.²⁰

The large increase in monoculture plantations can also deal a staggering blow to local flora and fauna biodiversity. Habitat loss from deforestation is of course a major driver of species endangerment and extinction. 90% of Indonesian oil palm production is located in the provinces of Sumatra and Kalimantan, regions globally recognized to be biodiversity hotspots worthy of conservation.²¹ Furthermore, a recent report by the United States Department of Agriculture Foreign Agriculture Service predicted that 90% of Indonesian oil palm plantation development

¹⁷ Butler, "Eco-Friendly Palm Oil could Help Alleviate Poverty in Indonesia."

¹⁸ William F. Laurence, et al., "Improving the Performance of the Roundtable on Sustainable Palm Oil for Nature Conservation," *Conservation Biology* 24, No. 2 (2010): 377-381.

¹⁹ Dharsono Hartono, Interview, Jakarta, Indonesia: P.T. Rimba Makmur Utama, 2012.

²⁰ US Environmental Protection Agency, "Notice of Data Availability Concerning Renewable Fuels Produced from Palm Oil Under the RFS Program," Federal Register V. 77, No. 18: Government Printing Office, Federal Register Online.

²¹ USDA Foreign Agricultural Service (USDA-FAS), "Indonesia: Palm Oil Production Growth To Continue. Commodity Intelligence Report," *USDA*, 2009, accessed February 8, 2012, <http://www.pecad.fas.usda.gov/highlights/2009/03/Indonesia/>.

during the next ten years will be in Kalimantan, a region providing vital habitat to the orangutan and many other endemic species.²²

Socially, oil palm expansion can foster abusive client-patron relationships between smallholders and large oil palm companies. In Kalimantan in particular, where smallholders have relatively few agricultural options, doing business with oil palm companies can be an alluring option. Frequently, these smallholders lack a legal title to their land and will lease a plot from a company's concession. Start-up costs from seeds, fertilizer, and pesticides are also borrowed from the company. During the seven years of palm seedling maturation, the smallholder will work the company's mature plantations for roughly USD 2.50 per day, receiving no income from their own immature plot. Interest rates on their private loans can be as high as 30%, putting the smallholder at immense debt to the oil palm company. All the while, the companies can enjoy 26% annual rate of returns over a 25 year period. This modern-day indentured servitude divides communities and reduces livelihood opportunities for some of the poorest Indonesians.²³

Given this complicated picture of degradation and social injustice accompanying the benefits of economic development, it is clear that action must be taken to ensure that oil palm expansion is managed with FPIC, regulatory oversight, and low-impact cultivation methods. Moreover, a unified approach to combat unsustainable oil palm development could make REDD+ a more attractive investment for Indonesian smallholders and international interests alike. The international approach should address both the international demand and the lax regulation that makes unsustainable palm plantations possible. While it is perhaps a Herculean task to dam the growing global demand for cheap palm oil, there is sufficient public concern about unsustainable oil palm to encourage "greening" of the industry.²⁴

Market-Based Solutions

The Roundtable On Sustainable Palm Oil (RSPO) was founded in 2004 to address environmental concerns about the palm industry, and has had some success in moving beyond

²² US Environmental Protection Agency 2012, "Notice of Data Availability Concerning Renewable Fuels Produced from Palm Oil Under the RFS Program," Federal Register V. 77, No. 18: Government Printing Office, Federal Register Online.

²³ Butler, "Palm Oil Doesn't have to be Bad for the Environment."

²⁴ William F. Laurance et. al., "Improving the Performance of the Roundtable on Sustainable Palm Oil for Nature Conservation," *Conservation Biology* 24, No. 2 (2010): 377-381.

destructive plantation practices.²⁵ The RSPO grants a 5-year Certified Sustainable Palm Oil (CSPO) title to specific plantations, based on 39 sustainability principles covering biodiversity, pesticide use, and social concerns. The RSPO brings together a variety of stakeholders to each of its technical working groups: plantation owners/producers, consumer goods producers, processors, banks and investors, retail, social NGOs, and environmental NGOs. Decisions are consensus-based, but critics argue that business interests tend to dominate RSPO decisions.²⁶ Detractors also argue that a voluntary market approach to combating oil palm-driven deforestation is simply not as effective as regulation. CSPO is also problematic in that oil from a certified plantation does not travel through the production chain en masse. The inevitable mixing of unsustainable and sustainable oils in products can make CSPO something of a greenwashing technique.²⁷

To address the troublesome task of greening the production process that turns raw oil into finished products after multiple border crossings, the RSPO recognized GreenPalm as another official certifying agency. GreenPalm is a subsidiary of AarhusKarlshamn UK Ltd (AAK), the UK's leading palm oil importer and founding member of the RSPO. GreenPalm operates by registering oil palm producers that have demonstrated sustainable practices as per RSPO guidelines. These producers then use the GreenPalm website to auction their credits to processors and manufacturers; this format addresses the lack of vertical integration in palm oil processing and allows processing firms to outsource costly sustainability verification procedure. GreenPalm has been certifying oil palm producers since late 2008.²⁸

²⁵Laurance, et al., "Improving the Performance of the Roundtable on Sustainable Palm Oil for Nature Conservation," 377-381.

²⁶Su-May Tan, "Tribes of the Roundtable," *Green Purchasing Asia* 1, No. 4 (2011): 16.

²⁷Friends of the Earth England, Wales and Northern Ireland, "Thumbs Down to Certified Palm Oil: "Certified" Palm Oil Not a Solution to Social and Environmental Woes," accessed February 10, 2012, <http://uk.oneworld.net/article/view/163980/1/>.

²⁸"GreenPalm," accessed February 8, 2012, <http://www.greenpalm.org/en/home>.

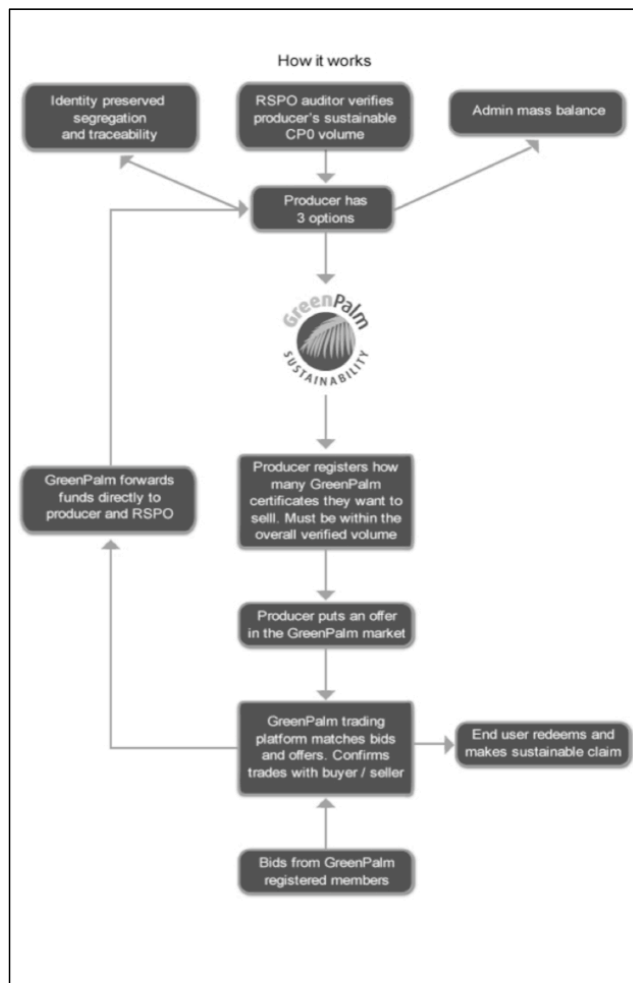


Figure 7.1. GreenPalm Certified Sustainable Palm Oil (CSPO) process²⁹

The RSPO and GreenPalm offer a necessary market approach to curbing ecologically unsound oil palm production, even if they cannot completely ensure sectoral responsibility. Currently, RSPO monitoring of its certified partners is lax and the organization has few safeguards to abuse or free riding. The following changes to RSPO operations would reduce loopholes and make CSPO a more serious commitment:

- Palm oil insiders dominate the RSPO, ensuring continuing conflicts of interest. Modeling the RSPO executive circle after it's timber sector analog, the Forest Stewardship Council (FSC). The FSC leadership is divided equally between Social, Economic, and

²⁹ "GreenPalm: How it works," accessed February 8, 2012, <http://www.greenpalm.org/en/what-is-greenpalm/how-it-works>

Environmental stakeholders. This system delivers a more balanced record of regulation and checks to aggressive development.³⁰

- The RSPO has no permanent monitoring body to ensure that certified plantations do not renege on their commitments, relying on third-party audits that can be infrequent or cursory. The RSPO has failed to adopt remote-sensing monitoring techniques. In the event of a third-party complaint over plantation activity, the RSPO will form a grievance panel, usually comprised of industry insiders. This lack of centralized, balanced monitoring and mediation is a major block to legitimate CSPO and must be redressed. In addition, an independent watchdog such as the FSC's "FSC-Watch" organization would improve transparency.³¹
- Membership in the RSPO is cheap, without requirements, and can encourage free riding. Plantations and firms can join and claim to be part of a sustainable enterprise when their actual operation may be quite the opposite. Binding prerequisites for membership must be developed, lest the RSPO remain a "greenwashing" technique. CSPO designation must require a 100% commitment from plantations, which can currently choose to certify only portions of their crop - gaining an attractive label with minimal change to their current model.³²

Ideally, the RSPO will serve as the helpful provider of carrots and sticks to the oil palm sector in Indonesia and beyond. Yet reliance on market mechanisms to check ecologically unsound development is not enough. Demand for "sustainable" palm oil remains low, due to the 8-15% markup from conventional oil prices and scant consumer awareness of palm oil externalities.³³ While RSPO members account for 9% of global palm oil production, uptake of CSPO hovers around 50%.³⁴ Regulation at the international level would do much to stimulate

³⁰Laurance et al., "Improving the Performance of the Roundtable on Sustainable Palm Oil for Nature Conservation," 377-381.

³¹ Friends of the Earth England, Wales and Northern Ireland, "Thumbs Down to Certified Palm Oil: "Certified" Palm Oil Not a Solution to Social and Environmental Woes," accessed February 10, 2012, <http://uk.oneworld.net/article/view/163980/1/>.

³²Laurance et al., "Improving the Performance of the Roundtable on Sustainable Palm Oil for Nature Conservation," 377-381.

³³ Ibid.

³⁴ Tan, "Tribes of the Roundtable," 16.

market adoption of CSPO and GreenPalm certified products, and is more easily addressable by UNEP.

Regulatory Measures

Beyond enhanced market checks to unsustainability, regulatory behavior on both sides of the oil palm transaction must be adjusted. Major consumers such as the EU, the United States, and China in particular will drive the demand for ecologically sound palm oil.³⁵ UNEP should work to promote knowledge about palm oil issues and encourage nations to take regulatory measures that stimulate uptake of CSPO by respective domestic firms. As the global demand for CSPO grows, palm oil firms will be more likely to adopt environmentally friendly cultivation. The RSPO must accordingly strengthen its admission policies to prevent free-riding.

Exposing oil palm's questionable merit as a renewable fuel source is an important way to reduce global demand. The USEPA recently declared palm oil to be an unacceptable raw material for biofuel. The agency's report of January 2012 found that oil palm biodiesel achieved a lifetime GHG emissions reduction of 17% as compared to the baseline of petroleum-based diesel. The US standard for renewable fuel is a 20% lifetime GHG emissions reduction from this baseline. Therefore, palm oil-derived biofuel cannot be used as part of the 7.5 billion gallons of renewable fuel required to be blended with petroleum-based gasoline by the end of 2012.³⁶ Eliminating palm oil from biofuel production is an excellent step towards decreasing demand, and should be pursued worldwide.

Trade restrictions could also limit the proliferation of ecologically unsound palm oil. The recent EU provisional ban on illegal timber imports could be a possible framework. Starting in 2012, the EU banned the importation of all timber and timber products with the exception of paper products.³⁷ Much like the palm oil industry, the timber industry is a large international industry with high profits and is based off of unsustainable production methods. The new EU ban on the illegal timber could prove to be a measure that reforms the timber industry by imposing harsh penalties for importing timber that was produced unsustainably. By doing so the EU has

³⁵ Butler, "Eco-Friendly Palm Oil could Help Alleviate Poverty in Indonesia."

³⁶ "Palm Oil does Not Meet U.S. Renewable Fuels Standard, Rules EPA," *Mongabay*, accessed February 8, 2012, http://news.mongabay.com/2012/0127-no_palm_oil_epa.html.

³⁷ Mark Kinver, "EU Set to Ban Illegal Timber from 2012." *BBC*, June 17, 2010, accessed February 8, 2012, <http://www.bbc.co.uk/news/10341925>.

increased the cost of producing timber illegally by cutting of one of the world's largest timber markets, and as a result sustainable legal timber practices are becoming an economic necessity for the timber industry.³⁸ A ban such as this one is what is needed in the palm oil industry. With the help of the international community, the global market for unsustainable palm oil can be manipulated in order to support green palm oil and to make REDD+ a viable economic alternative.

In addition to firm trade bans on unsustainable palm oil, individual countries can promote sustainable production of palm oil by following the lead of countries such as the Netherlands, which has tightened its restrictions on palm oil imports. The Netherlands announced last year that by 2015 they would only be using sustainable palm oil and as a major importer of Indonesian palm oil, approximately 30% of Indonesia's total palm oil exports, this sends a strong message to the industry.³⁹ Actions such as this promote the sustainable palm oil industry and the RSPO organization, which help to provide ecological solutions to the palm oil problem. Individual nations can and are having an impact on the palm oil market and with enough support can push it onto a sustainable path.

Countries are not the only ones calling for the importance of sustainable palm oil. The Girl Scouts of America recently announced that beginning in 2012 all of their cookies will be GreenPalm certified.⁴⁰ After a campaign started by two teenage Girl Scouts the national organization decided that in order to comply with their goals of sustainability and responsibility that they could no longer use palm oil that was destructive to the environment. Now Girl Scout cookies will use only sustainably produced palm oil and use it only in recipes where a substitute is not an option. Girl Scout cookies account for less than .001% of palm oil consumption but they hope that they can send a message by acting environmentally responsible.⁴¹ As the efforts of the Girl Scouts and the Netherlands show the importance of sustainable palm oil is beginning to be recognized and there is a strong desire to combat the negative effects of palm oil production. The global community should be involved in supporting and increasing these efforts. The actions of the Girl Scouts and the Netherlands show that there is an economically viable path for private

³⁸ Kinver, "EU Set to Ban Illegal Timber from 2012."

³⁹ "Green Palm Oil and Indonesia Inc. 2015," *The Jakarta Post*, April 19, 2011, accessed February 8, 2012, <http://www.thejakartapost.com/news/2011/04/19/green-palm-oil-and-indonesia-inc-2015.html>.

⁴⁰ "Girl Scouts Pledge to Promote the Need for Sustainable Palm Oil Practices," *Girl Scouts*, September 28, 2011, accessed February 15, 2012, http://www.girlscouts.org/news/news_releases/2011/sustainable.asp.

⁴¹ Ibid.

organizations and states to take that supports sustainable palm oil. The idea that sustainable palm oil and economic prosperity are not mutually exclusive is important to REDD+ as it shows that REDD+ does not need to compete with a destructive palm oil industry. UNEP should acknowledge and support the efforts of the Girl Scouts and the Netherlands in order to promote sustainable palm oil production.

Indonesian Regulatory Action

Working towards better regulation of oil palm expansion must eventually become an Indonesian state priority. The GoI has much to gain from supporting palm oil, as it is an export-friendly product that generates foreign exchange and draws investment. Indonesia's oil palm sector will not retreat entirely, and for all its drawbacks, does provide considerable domestic income, employing an estimated 1 million workers.⁴²

Another essential regulatory measure that must be enacted at the international level concerns the forest type designation of oil palm. The palm oil industry continues to champion oil palm plantations as a proper forest, under FAO and UNFCCC guidelines and thereby qualifying for carbon crediting under REDD+ frameworks. While oil palm plantations indeed qualify as substantial carbon sinks, further incentivizing oil palm by offering crediting opportunity would only encourage problematic development. Oil palm plantations in the traditional monocrop form must be designated as unfit for carbon crediting. A UNEP directive to this effect would deliver a resounding international standard and fully exclude oil palm from REDD+ PES schemes. The GoI too must stand by the fact that oil palm does not offer the same intrinsic value of forest. By the same token, the GoI and UNEP should encourage oil palm development in non-forested areas.

The GoI, with UNEP assistance, should work to identify areas in which plantation operations will have the least impact on local ecosystems, such as "degraded land" - areas where previous human activity has removed all or part of the above-ground biomass. There isn't an official standard for what features constitute degraded land. A study by ICRAF offered the opinion that only land with under 400 t of carbon per hectare should be developed for palm oil

⁴² Tan, "Tribes of the Roundtable," 16.

plantation.⁴³ Thus, only shrub and grasslands would be suitable for such development. The report did not provide an estimate for degraded land area in Indonesia, but some estimate around 10 million ha of degraded land is available for such use, primarily in Sumatra and Kalimantan where oil palm is already prevalent.⁴⁴ The productivity of degraded land is comparable to that of cleared primary forest when one plants permanent tree crops, though there may be greater requirements for fertilizer during the maturation phase.⁴⁵ Overall, the ecological stress is lower, and the obvious opportunity to avoid deforestation is compelling.

Private-sector action to encourage degraded land agricultural development is already building. The environmental think-tank WRI has partnered with paper producer NewPage to promote “Project Palm Oil, Timber, Carbon Offsets,” or POTICO. This program offers partnerships to palm oil firms with undeveloped GoI-approved land concessions in primary forest. POTICO offers support in finding and procuring areas of unused degraded land for plantation development, leaving the forest concession conserved or selectively logged under the watch of the FSC. The palm oil firm receives CSPO status by planting on degraded land and using ecologically sound methods, and can profit from carbon credits or FSC-certified logging.⁴⁶

UNEP and the GoI should support Project POTICO in selecting or designating concessions on degraded land. Mapping of degraded land has not been comprehensively conducted, and is complicated by improper current designation. For example, some MOF estate areas labeled as “production forest” have already been deforested and should be sold as concessions prior to actually forested lands.⁴⁷ The MOF should conduct a reassessment of forest designations that takes into account areas with lower above-ground biomass as candidates for development. A “cut-off point” of biomass per hectare would ensure a national technical standard for degraded land designation. Such a spatial planning effort would require coordination with district governments that hold forest land outside of the MOF estate, and would doubtlessly incur expensive land surveys in addition to relatively cheap remote-sensing. Funding could come

⁴³ Thomas Fairhurst, “Conditions Required by the Private Sector for Palm Oil Expansion on Degraded Land in Indonesia,” Kent, UK: Tropical Crop Consultants, Ltd., 2010, 6.

⁴⁴ Fairhurst, “Conditions Required by the Private Sector for Palm Oil Expansion on Degraded Land in Indonesia,” 6.

⁴⁵ Ibid.

⁴⁶ “Project POTICO Official Website,” World Resources Institute, accessed February 14, 2012, <http://www.projectpotico.org/index.html>.

⁴⁷ Fairhurst, “Conditions Required by the Private Sector for Palm Oil Expansion on Degraded Land in Indonesia,” 10.

directly from REDD+ capacity building sources.⁴⁸ Another way to offset the cost of a national spatial planning map would be empowering *kabupaten* (“regencies,” the rural components of provinces) to make sales of catalogued degraded land to palm oil developers. Currently, *kabupaten* lack the auctioneer mandate of the MOF. Offering these regional authorities the ability to direct local development and concession granting would reduce certain negative aspects of centralized forestry. Regional governments are better suited to consider local needs and governmental accountability is usually increased by geographical proximity.⁴⁹

The fact that both palm oil firms and the GoI profit from each primary forest concession granted is the main roadblock to degraded land palm oil development. Enhanced international scrutiny of Indonesian oil palm related to the above-mentioned recommendations will help curb this unfortunate incentive. If international demand for CSPO increases, so to will the opportunity cost of slash-and-burning primary forest for plantations. The GoI must also tighten its regulatory oversight of oil palm development. Development on peatland must be uncompromisingly forbidden, as the net carbon emissions are substantial and irreversible. As the previous chapter on land tenure issues described, concessions are still being granted on peatland despite the GoI’s own condemnation of the practice. Greater transparency is needed in order to ensure such breaches do not continue. Hopefully such practices will abate as international attention to unsustainable palm oil continues to develop.

International involvement is critical for reducing deforestation pressures from forest and agricultural products. Palm oil in particular poses a challenge considering the momentum of development. REDD+ success in Indonesia depends on shifting the current development paradigm, which puts primary forest at tremendous risk. A combination of market action and regulatory adjustment will encourage the adoption of truly sustainable growing methods by producers and informed purchases by consumers. Already, state actors such as the USEPA and the Netherlands are joining non-state organizations like the Girl Scouts of America in demanding more ecologically considerate palm oil. UNEP should take advantage of this shifting momentum, coopting the movement towards “green” oil palm. UNEP support for more rigorous RSPO monitoring of CSPO producers would enhance transparency.

⁴⁸ Fairhurst, “Conditions Required by the Private Sector for Palm Oil Expansion on Degraded Land in Indonesia,” 10.

⁴⁹ *Ibid.*, 13

C. SOVEREIGNTY

Sandi Halimuddin and Nety Riana Sari

As REDD+ is an international, collaborative initiative, the success of REDD+ in Indonesia is largely dependent on global contributions and efforts. There is a global interest in REDD+ in Indonesia because of both climate change mitigation efforts and international participant's individual interests. These independent interests, which vary between participants, include but are not limited to; strengthening political relations with the GoI, promoting development, good governance and capacity building in Indonesia and investing in the carbon market.

A conflict of interests between international participants and the GoI would impede REDD+ effectiveness, efficiency and equity. This section explores the need for protecting Indonesian sovereignty through 1) increased GoI leadership and ownership in REDD+ processes and 2) increased alignment of international interests and goals in order to promote equity.

Background Information on Sovereignty

REDD+ has emerged as an innovative attempt for the international community to take responsibility for humanity's contribution to climate change. Increasing deforestation and carbon emissions is a global issue and therefore, there must be a global effort for climate change mitigation through REDD+. However, as the program will be enacted within Indonesia's borders, there will be a need for international participants to protect the GoI's sovereignty.⁵⁰

A strong sense of international involvement and investment in Indonesia is captured in a 2007 *Kompas* article.⁵¹ In "Australia to help solve deforestation in Indonesia," Australia's Minister for Environment and Water Resources Malcolm Turnbull, was quoted as saying, "Indonesia's forests are the world's lungs and are, therefore, in the interests of the international community, not just an Indonesian issue."⁵² Turnbull's statement treats the issue of Indonesia's

⁵⁰ In this section, the term sovereignty refers to the quality of having supreme, independent authority over a geographic area, such as a territory.

⁵¹ Kompas is the most widely read newspaper in Indonesia. Kompas newspaper daily circulation is 500.000 copies, with 1.850.000 readership figures. Accessed and translated from <http://www.kompasgramedia.com/business/newspapers/kompas>.

⁵² Tim Cronin & Levania Santoso, "REDD+ Politics in the Media: A case study from Indonesia," (Bogor: CIFOR Working Paper, 2010).

increasing deforestation and carbon emissions as a global one because its consequences are far-reaching and beyond national borders. However, due to the Western paradigm of development as powerful countries imposing ideas on developing countries, there are two major concerns regarding the foreign presence of REDD+ in Indonesia. First, there is the fear that foreign participation in REDD+ is rooted in exploitation of Indonesia's natural resources, which will negatively impact national economic growth.⁵³ The second concern is that international actors will dominate the REDD+ decision-making and implementation processes, which will impede on GoI sovereignty.⁵⁴

This issue is echoed in discourse of global environmental challenges. In "International Political Theory and the Global Environment," Andrew Hurrell discusses the different perspectives in global environmental challenges regarding state sovereignty and natural resources. According to Hurrell, one perspective is that the world is an integrated, complex, and interdependent ecosystem. This can be contrasted with the more politicized viewpoint that the world is a fragmented system of sovereign states forming an anarchical system in which cooperation has historically been limited.⁵⁵ Hurrell's arguments provide a useful framework for understanding the contrasting perspectives, approaches and interests of REDD+ international participants.

Principle 21 of the Stockholm Declaration guarantees the right of states to natural resources in terms of sovereignty. In REDD+ design and implementation, Indonesian sovereignty should be in accordance with the Principle:

States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental policies, and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction.⁵⁶

Principle 21 clearly declares that states have the sovereign right over their resources. In the case of REDD+, the GoI has direct and exclusive jurisdiction on program planning surrounding the forest land. Indonesia has exercised its right to exploit natural resources for national interests and

⁵³ Brunner et al., "Back to its Roots."

⁵⁴ Ibid.

⁵⁵ Hurrell, "International Political Theory and the Global Environment," 129.

⁵⁶ "Declaration of the United Nations Conference on the Human Environment," paper presented at UN Conference on the Human Environment, June 1972, accessed February 20, 2012, <http://www.un-documents.net/unchedec.htm>.

economic development. On the other hand, historically Indonesia's full exercise of this right has led to forest exploitation and degradation for many years. This can be seen in the accelerated rate of deforestation and the expanding market for destructive forest products from Indonesia. Therefore, there is a need for international involvement in Indonesia through the REDD+ initiative to pursue global climate change mitigation.

The creation of juridical and institutional structure of environmental agreements represents a fundamental challenge to sovereignty. In regards to Indonesia's forests, which are also the "world's lungs," the GoI has moved its national development plan towards more sustainable patterns, as agreed upon at the environmental conferences. The GoI can no longer greatly capitalize on the forest for economic development, since it has to be preserved for humankind. Deforestation in Indonesia is a matter both 'international concern' and of 'common concern to humankind.' However, the manner of international intervention in Indonesia's REDD+ problem is directly correlated to the issue of national sovereignty.

GoI Leadership Role in REDD+ Processes

Establishing a strong foundation for REDD+ can begin by GoI leadership in the domestic processes, which is essential to rewriting the Western paradigm of development. The GoI can actively assume this position of leadership through greater accountability to the Indonesian public and international community. The international community can reinforce the GoI leadership by providing technical support, development advice and monetary support that is dependent on Indonesian initiative.

The Paris Declaration on Aid Effectiveness of 2005, signed by over 100 donor governments, developing countries and international institutions, provides a helpful framework for increasing effectiveness of external aid to Indonesia for REDD+. The GoI must accept ownership of the program planning, implementation and management of REDD+ in order to facilitate sustainable development.⁵⁷ This is echoed in the GoI's plan discussed in the 2009 Jakarta Commitment:

⁵⁷ *The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action*, Organization for Economic Co-operation and Development (2005, 2008): 1-7, accessed February 8, 2012, <http://www.oecd.org/dataoecd/11/41/34428351.pdf>.

In order to enhance capacity, the Government will articulate, and development partners will support the achievement of, capacity development objectives and targets within sector plans and thematic strategies.⁵⁸

With maximized leadership, the Indonesian government will be directly accountable to the public and their needs and rights when designing, preparing and implementing REDD+. Increased accountability through transparent mechanisms is also important in garnering favorable public opinion of REDD+. This may diminish Indonesian disenchantment of foreign involvement that is rooted in its long history of colonization and foreign occupation. For instance, in an interview with a MOF representative, it was stated that, “[International involvement in REDD+] opens the opportunity for developed countries to dictate how developing countries use their land.”⁵⁹ To avoid the view of REDD+ as an imposed, external program designed to manage and extract Indonesia’s bounty of natural resources, it must be clear that the GoI will set the terms of foreign involvement.

As part of their assumed responsibility, the GoI should take initiative to finalize the REDD+ National Strategy and mobilize necessary national conditions for the next stages of REDD+ in a timely fashion. In 2010, Norway pledged a performance-based payment of USD 1 billion to Indonesia over the course of seven to eight years to develop REDD+ readiness. Norway’s financial commitment to the GoI emphasizes the development of REDD+ national strategy. As the partnership is between two governments, Norwegian aid is promised with or without agreement in the UNFCCC over Indonesia’s readiness.⁶⁰ This agreement puts emphasis on the GoI’s self-initiative to develop a REDD+ national strategy. According to an interview with Counsellor Joar Strand and Climate Change and Forestry Adviser Rini Sulaiman at the Norwegian Embassy in Jakarta, Norwegian stakeholders are impatient, but understand the complex nature of Indonesia’s bureaucracy and democratic system is characteristic of slow progression.⁶¹ Strand expressed, “[We hope that] providing economic incentives may change behavior in these countries.” Norway’s long-term, independent approach properly addresses the issue of maintaining the GoI’s sovereignty by relying on Indonesian initiative. The UN can

⁵⁸ *Jakarta Commitment: Aid for Development Effectiveness, Indonesia's Road Map to 2014* (Jakarta, Indonesia: 2009).

⁵⁹ Cronin & Santoso, “REDD+ Politics in the Media.”

⁶⁰ Erik Solheim, *Letter of Intent between the Government of the Kingdom of Norway and the Government of the Republic of Indonesia on "Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation"* (Oslo, Norway: May 26, 2010).

⁶¹ Joar Strand and Rini Sulaiman, Interview, (Jakarta, Indonesia: Royal Norwegian Embassy, 2012).

promote GoI ownership of REDD+ and national sovereignty by encouraging international participants to commit to a partnership that is modeled after the Norway-Indonesia collaborative process.

Increased Alignment of International Interests and Goals

Due to the diversity of international participants, who range from state governments, NGOs, institutions and corporations, there is a full spectrum of interests in Indonesia's REDD+ program. These inconsistencies amongst external actors may negatively affect the cohesion in design or implementation of REDD+. Thus, there must be an emphasis on the overarching, common goals of reducing emissions and deforestation while adding market value to forest carbon stocks. If international participants are able to formally commit to an individual declaration of interests and general protocol for collaboration, it will be easier to maintain a balance between respecting the GoI's sovereignty while promoting REDD+ in Indonesia.

There is a need for increased alignment between donors and the GoI's articulated goals and priorities. As stated in the Paris Declaration on Aid Effectiveness, scaling up for more effective aid can be done by: "Reforming and simplifying donor policies and procedures to encourage collaborative behavior and progressive alignment with partner countries' priorities, systems and procedures."⁶² Through greater harmonization of goals, interests and strategies, foreign participants and the GoI can pursue more cost-effective strategies, which build off of existing programs and institutions in Indonesia. If international donors refrained from developing new committees, programs and agencies to prepare, implement and regulate REDD+ processes, more attention, refinement and funding can go towards the GoI's infrastructure. This is beneficial for ensuring REDD+'s sustainability in Indonesia because it puts less dependence on international participation for the program's mechanisms and operations. Thus, with increased alignment and coordination, international contributions can be directed towards increased forest governance and national governance.

Developing a new type of partnership between donor countries and Indonesia can be based off of the USAID-Indonesia relationship. In contrast to the direct government partnership between Norway and the GoI, the US supports REDD+ in Indonesia without direct financial contribution to the GoI. Although the GoI and USAID "jointly communicate to develop

⁶² *The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.*

strategies and implement together,” financial support is channeled to institutions that will contribute to the success of REDD+. The USAID and GoI relationship involves joint communication to develop strategies and to implement together. During the interview at the US Embassy in Jakarta, Nakatsuma emphasized the importance of aligning USAID’s work with the priorities of the GoI. Nakatsuma also highlighted the USAID’s employment of Indonesians to lead sectors, noting the importance of Indonesian involvement for long-term sustainability and local understanding of issues.⁶³ The US has demonstrated a conscientious effort to maintain a supporting role in REDD+, which has contributed to building a strong relationship with the Indonesian government. In contrast to the dynamics of USAID’s approach prior to the 1998 political transformation, Nakatsuma described the current relationship as a “partnership without paternalistic pressure.” Although USAID hopes to promote this type of relationship, it should be noted that the GoI and the Indonesian public may have a different perception of the relationship. For instance, Nakatsuma mentioned that the Indonesian government and community have expressed that they do not believe USAID is taking a directly supportive role of the Indonesian government.

As international participants become increasingly involved in REDD+ in Indonesia processes, it would be beneficial to heed the sentiments of the GoI and Indonesian society. Although the future impact of large-scale international involvement in REDD+ in Indonesia can not yet be determined, establishing universal guidelines will be a beneficial safeguard to breaching Indonesian sovereignty in the program. As REDD+ is a collaborative, global initiative, the UN should develop specific standards for international participation in REDD+ to streamline and approve independent interests and approaches.

III. Recommendations

- The UN should encourage international participants in REDD+ to make an agreement supporting the reduction of emissions, both in Indonesia through REDD+ and internationally.

⁶³Alfred Nakatsuma, Interview, (Jakarta, Indonesia: USAID-Indonesian Forest and Climate Support, 2012).

- The international community should pursue agreements made at COP 17 for new emissions reduction treaty with legally binding commitments going into force by 2020.
- The UNEP should help draft modalities of new treaty and introduce language to be discussed at future climate change conferences
- UNEP should coordinate with the RSPO to make oil palm operations more ecologically observant, restrictions and sanctions more binding, and bring more producers into the CSPO fold.
- UNEP must direct that oil palm plantation in the monocrop layout will not qualify for carbon crediting under UNFCCC frameworks.
- UNEP and UN-REDD should pressure the Indonesian state to tighten oversight and restriction of oil palm expansion. The development of peatland must be halted entirely.
- Advocate and assist in mapping “degraded” land that can be developed using planting techniques that minimize ecological stress.
- UNEP should encourage a trade ban of unsustainable oil palm products. The current EU trade ban on illegal timber could provide a relevant framework.
- UNEP should offer vocal support of countries and private organizations such as the Netherlands and the Girl Scouts of America in demanding sustainable palm oil.
- UNEP and UN-REDD should support the GoI in reassessing forest designations and developing a map of “degraded land” that would be ideal for permanent tree crops such as oil palm. Supporting WRI’s Project POTICO in transferring plantation concessions to degraded land could be a priority. UNEP should assist the GoI in completing a spatial planning operation that designates “degraded land” based on the 400 tons C per hectare standard.
- The UN should encourage international participants in REDD+ to create a letter of intent that commits to pursuing action that respects the GoI’s sovereignty and supports the GoI’s strategies and goals in REDD+.
- The UN should encourage international participants to make use of existing Indonesian institutions, committees and programs when possible to increase capacity building and good governance.

Conclusion

Nathan Anderson, Sandi Halimuddin and Emir Hartato

REDD+ has the potential to substantially increase the ability to adapt to climate change. By addressing the root causes of deforestation and forest degradation, REDD+ seeks to improve on prior failed attempts to alleviate forest destruction.¹ REDD+ offers a new approach by paying forest owners and users to conserve their forest carbon and engage in sustainable forest management. However, as this report has illustrated, the barriers to successful REDD+ implementation are numerous and complex. Policies must refine both site-specific and broad-reaching components of REDD+ in Indonesia, and must maximize effectiveness, efficiency and equity. Such policy refinement must keep in mind several principles in order to ensure the efficacy of REDD+ in conserving forest carbon stocks.

It is important to recognize that none of the policies recommended in this report are “silver bullet” solutions. REDD+ is an immensely complex program and the impediments to its success are similarly multifaceted. For REDD+ to be implemented in a way that is efficient, effective and equitable, this report recommends a series of policy interventions. Each recommendation given in this report should be thought of as a necessary step in the right direction. Neglecting to address each of the important sectors identified in this report (land tenure, good governance, community participation, knowledge dissemination, funding, MRV, and international community participation) inhibits REDD+’s maximized potential.

Another principle that must be addressed is the issue of sustainability. Many challenges regarding REDD+ implementation are discussed in this report and all are geared towards

¹ Arild Angelsen, ed., *Realising REDD+: National Strategy and Policy Options* (Bogor, Indonesia: CIFOR, 2009), 3.

ensuring long-term success. Sustainability is important because climate change is not simply an obstacle to overcome. Climate change is a long-term issue, and as such requires long-term solutions. REDD+ must address this if it is to adequately reduce the burden of adaptability to the negative consequences of global climate change.

The elements of REDD+ sustainability as put forth by the the UN-REDD Program consist of:

1. Convergence with UNFCCC
2. Institutional arrangements, including partnerships
3. Technical issues, including MRV (Monitoring, Reporting, and Verification) and REL (Reference Emission Level)
4. Funding
5. Strategy, including implementation framework
6. Safeguards²

The sustained existence of all of these components is necessary for long-term solutions. REDD+ will not enable Indonesia to reduce emissions from deforestation and forest degradation if any of these elements fails to deliver long-term results. For example, without effective and long-term safeguard mechanisms, funding from the international community has the potential to become susceptible to corruption within the GoI and thus fail to adequately provide PES. Given that sustainable institutions, mechanisms, and partnerships are necessary for REDD+, it is important to consistently evaluate their effectiveness, efficiency, and equity. The recommendations given in this report are only the first step, and continued adherence to the principles of the 3Es will dictate whether or not REDD+ will truly be a force for reducing the level of adaptability to climate change.

In addition to these, a further issue in the sustainability of REDD+ concerns the commitment of stakeholders. Relevant stakeholders include the international community, central and local branches of the GoI, and local communities. These parties have the potential to revoke their participation at any stage of REDD+ in Indonesia. These stakeholders are dynamic, considering that their positions depend on factors such as social or political conditions. Sustained political and financial commitment to REDD+ is necessary to make it resilient beyond shifting political landscapes. It is important that UNEP encourage all stakeholders to maintain their commitment for REDD+. For example, without the cooperation and coordination with the GoI,

² *Setting the Stage: REDD+ sustainability elements from a multilateral perspective, Remarks by Yemi Katerere, Head of UN-REDD Programme Secretariat*

the UN-REDD Programme cannot possibly hope to establish the upfront capacity building necessary for PES. Similarly, without the cooperation and consent of local communities and *masyarakat adat*, the UN-REDD Programme in collaboration with the GoI will be unable to implement pilot projects. Stakeholder commitment will determine whether or not Indonesia satisfies the goals of reducing emissions from deforestation and forest degradation.

Keeping these principles in mind, adhering to the principles set forth by this report will help Indonesia successfully reduce emissions from deforestation and forest degradation and enhance forest carbon stocks. Additionally, there are numerous co-benefits that will result from the implementation of these recommendations. Reforming the Indonesian land tenure system will have beneficial results for both the GoI and Indonesian society. Clear and secure land tenure reduces the amount of conflict over land rights, and can result in greater economic activity for landholders, an outcome which would be beneficial for Indonesia as a whole.³ Policy recommendations given to increase the GoI's capacity to implement REDD+ will increase the effectiveness, efficiency, and equity of governance in Indonesia. Efforts to increase transparency and accountability in Indonesia's REDD+ program will also enable the GoI's capacity for good governance on a national level. In addition, measures to integrate local communities and *masyarakat adat* into the REDD+ process will increase their voices and participation in other sectors of the political sphere in Indonesia. Giving these groups greater access to the government emphasizes and builds Indonesia's democracy. Similarly, greater efforts to disseminate knowledge to stakeholders in REDD+ implementation will establish an infrastructure through which to further channel nationally relevant information. Refinements in the funding mechanisms of REDD+ will provide valuable lessons concerning how the GoI can best approach ODA in future national projects. Likewise, developing effective monitoring, reporting, and verification mechanisms for the REDD+ infrastructure will provide a foundation for future instances in which a similar framework is necessary to establish accountability. Lastly, UN guidelines for international community involvement with the GoI in REDD+ processes will provide a precedent for joint collaboration that respects Indonesian sovereignty. Successful implementation of the policies recommended in this report will have a number of beneficial consequences outside of the scope of REDD+.

³ Roy L. Prosterman, Robert Mitchell, and Tim Hanstad, eds. 2009, *One Billion Rising: Law, Land and the Alleviation of Global Poverty*: Leiden University Press.

Implementing the policies recommended in this report can enable REDD+ to more effectively, efficiently, and equitably address climate change in Indonesia. Climate change is a global issue that requires both international and local action if its most damaging effects are to be avoided. The global resolve to reduce emissions from deforestation and forest degradation is a crucial component in the effort to slow climate change. These recommendations ensure that Indonesia will be able to locally address this issue of international importance.

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Conclusion

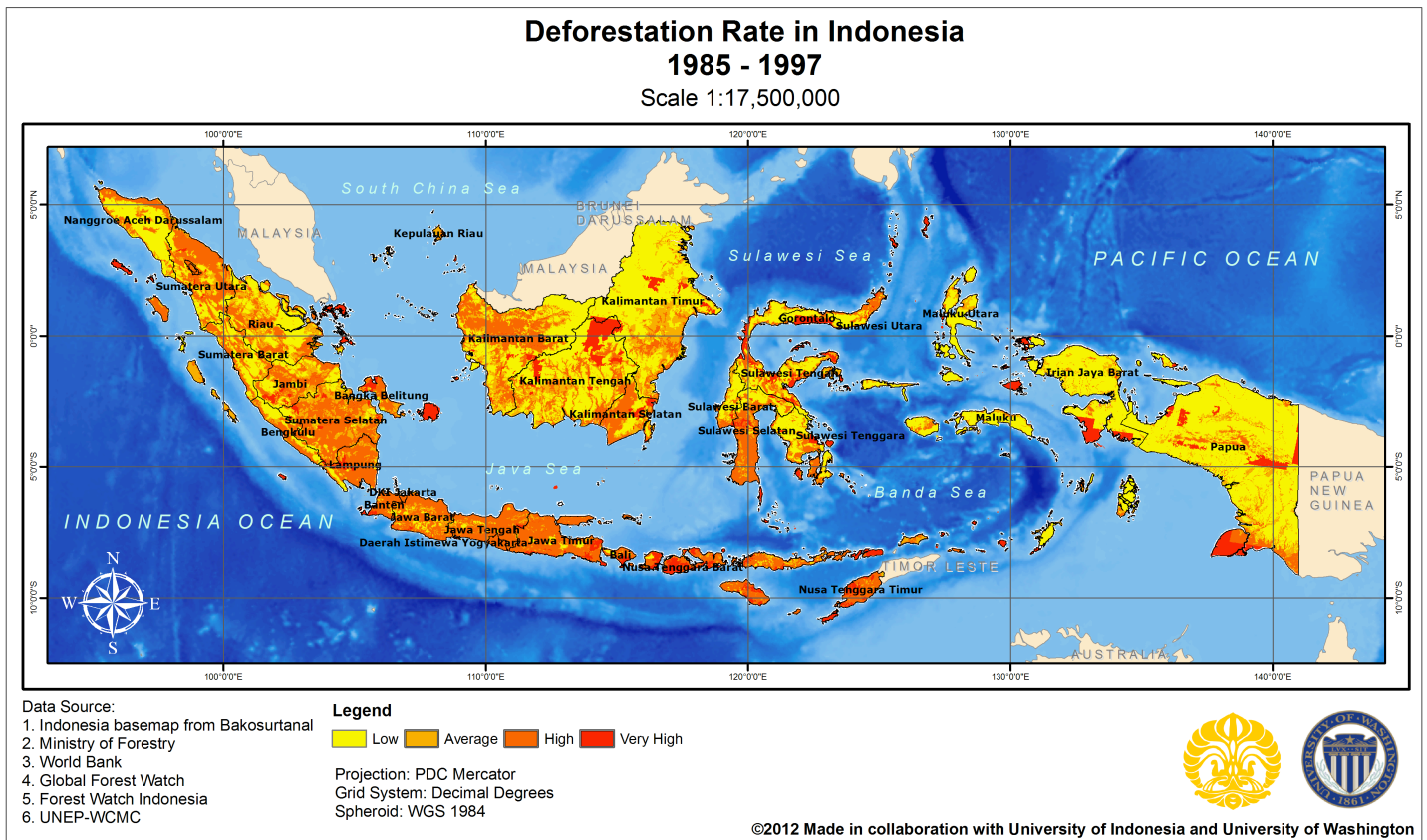
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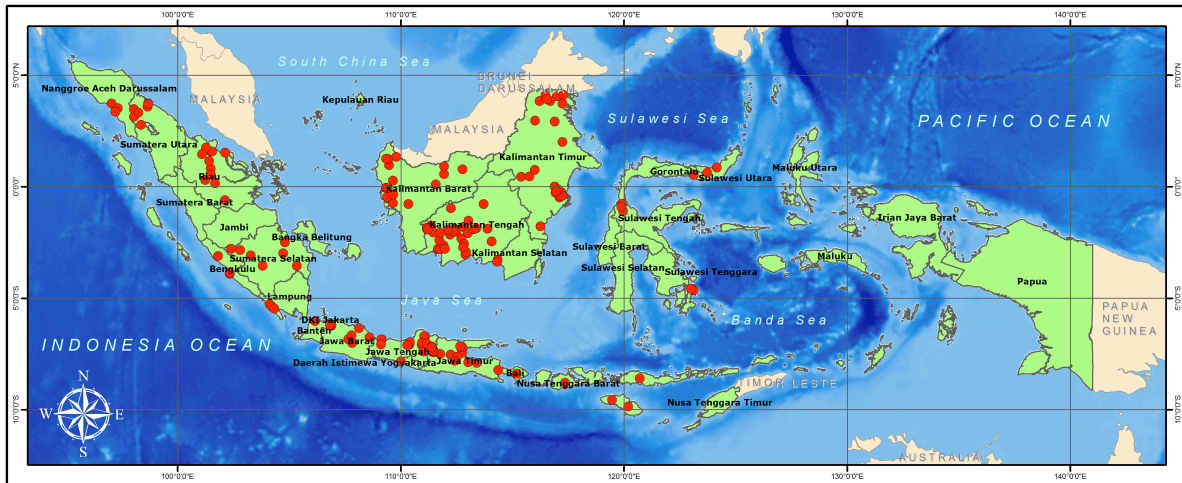
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Appendix

Reference Maps



Limited Survey of Reported Cases of Illegal Logging in Indonesia 1997-1998 Scale 1:17,500,000



Data Source:

1. Indonesia basemap from Bakosurtanal
 2. Forest Watch Indonesia
 3. Global Forest Watch
 4. World Resources Institute
- Projection: PDC Mercator
Grid System: Decimal Degrees

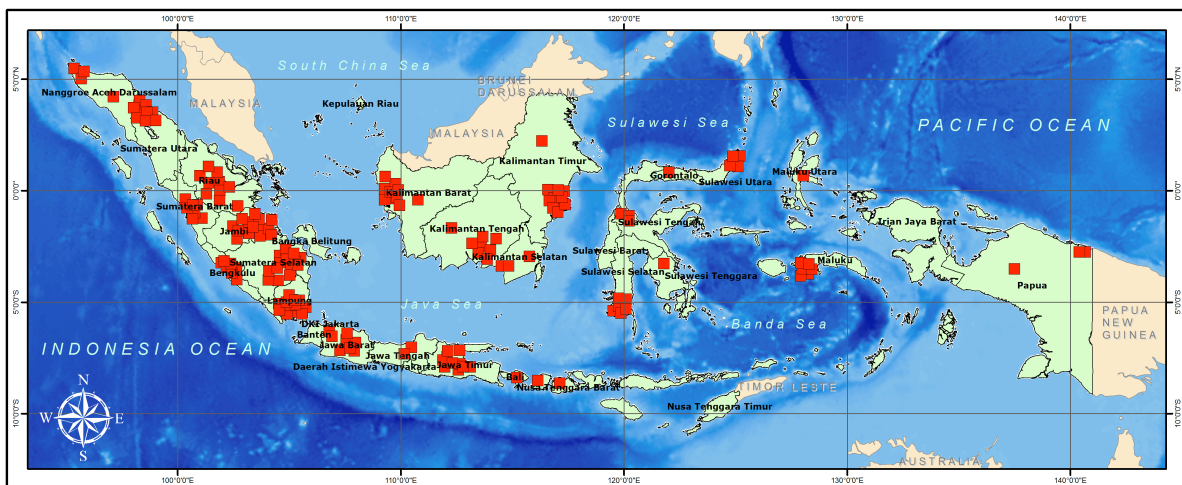
Legend

- Illegal logging case location reported



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Limited Survey of Reported Conflicts over Forest Resources in Indonesia 1997-1998 Scale 1:17,500,000



Data Source:

1. Indonesia basemap from Bakosurtanal
 2. Global Forest Watch
 3. World Resources Institute
 4. Forest Watch Indonesia
- Projection: PDC Mercator
Grid System: Decimal Degrees
Spheroid: WGS 1984

Legend

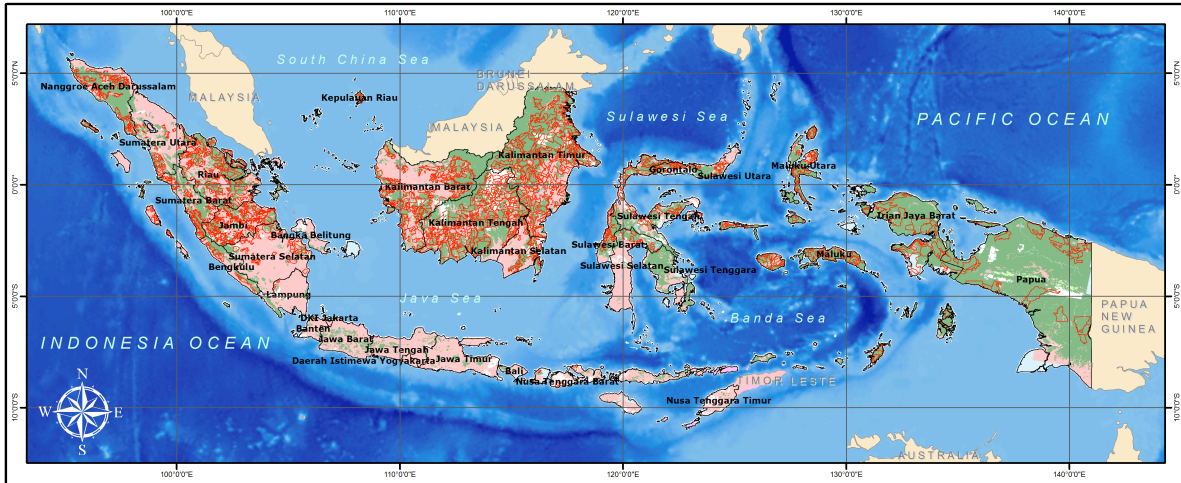
- Conflict Location



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Forest Cover and Concession in Indonesia 1997

Scale 1:17,500,000



Data Source:
 1. Indonesia basemap from Bakosurtanal
 2. Ministry of Forestry
 3. World Bank
 4. Food and Agricultural Organization (FAO)
 Projection: PDC Mercator

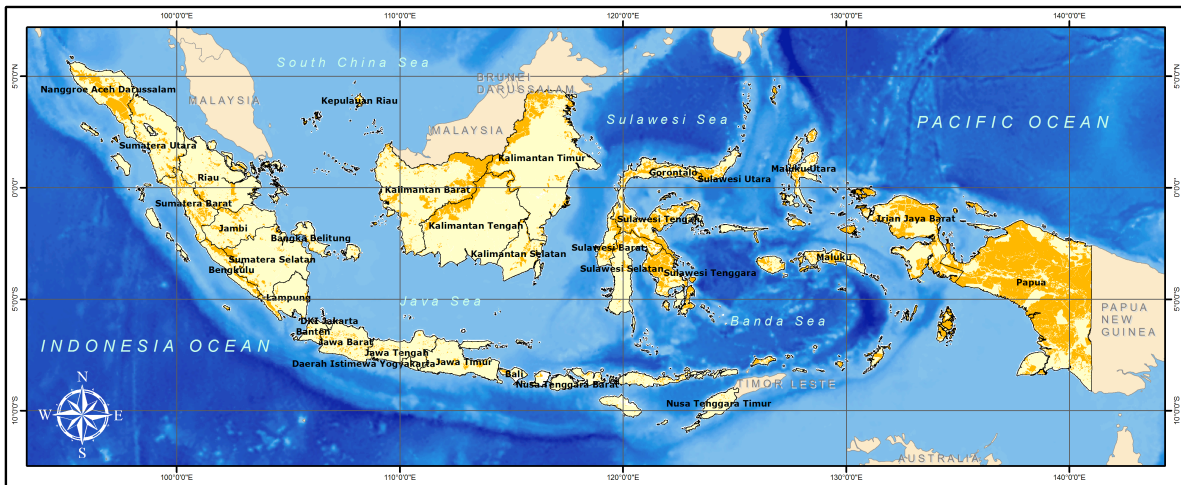
Legend

- | | | |
|---------------------------|-------------------|-----------------|
| Concession Area | VEGETATION | No Data |
| Forest | Non Forest | Unknown-No Data |
| <i>Alnus, Abies, etc.</i> | Cloud | |



Protection Status of Low Access Forests in Indonesia

Scale 1:17,500,000



Data Source:
 1. Indonesia basemap from Bakosurtanal
 2. Global Forest Watch
 3. World Resources Institute
 Projection: PDC Mercator
 Grid System: Decimal Degrees
 Spheroid: WGS 1984

Legend

- | | |
|-------------|------------|
| High Access | Low Access |
|-------------|------------|

*)Low access forests are defined as forest areas that are 1km further from roads and outside other forest developments. Low access forests were further categorized as intact or potentially intact based on whether they are located in concession areas or not.



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