

# DTE

Threatened by mining: Lembata, page 10



(Photo: Sri Palupi, Ecosoc Institute)

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

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Bahasa Indonesia translations of recent climate change articles are now on our website: see <http://dte.gn.apc.org/inews.htm>

office: 59 Athenlay Rd, London SE15 3EN, England, email: [dte@gn.apc.org](mailto:dte@gn.apc.org) tel/fax: +44 16977 46266 website: <http://dte.gn.apc.org>

## The pressure for REDD

*International pressure to get pilot schemes for reducing emissions from deforestation and forest degradation in developing countries (REDD) up and running between now and the Copenhagen climate summit in 2009 could mean that crucial issues - including land and resource rights in forests - are sidestepped.*

Why the pressure for REDD? Land use change and forestry are estimated to account for around 20% of annual carbon emissions, second only to the energy sector. Many governments negotiating on climate change view REDD as a relatively low-cost way of reducing global emissions and want it included in a new deal to be agreed at the Copenhagen climate summit in December 2009. The last climate summit (UNFCCC Cop 13) in Bali, December 2007, gave the green light for REDD to be included in the Copenhagen deal, which will come into force in 2012 once the current Kyoto period expires.

Since Bali, debates over deforestation, carbon markets, financing, control, rights and resources have been intensifying around key concerns including:

- ♦ Whether REDD can be a socially just, environmentally sound, achievable and cost-effective means of mitigating climate change and whether it should be included in a new global agreement to reduce emissions at all;
- ♦ Whether or not commitments to reduce Green House Gas (GHG) emissions in the North, can be met or offset by reducing emissions from deforestation in the global South;
- ♦ How to finance REDD efforts: through carbon taxes, international funding and/or carbon markets? and which institutions should be in control of the purse strings;
- ♦ Who should be involved in decision-making about REDD at local, national and international levels;
- ♦ How to ensure that poverty reduction,

human rights protection, indigenous peoples rights, including the right to free, prior and informed consent, and biodiversity protection goals are not pushed aside in the rush to cut carbon emissions;

- ♦ How to ensure real benefit sharing with indigenous peoples and local communities;
- ♦ How to secure poor people against the risks of engaging in these new, uncertain, market-based or aid-based financial transfers;
- ♦ How to ensure good governance, transparency and how to guard against corruption in REDD schemes;
- ♦ How to prepare for REDD, including
  - defining key terms: what constitutes 'deforestation' and 'forest degradation'?
  - identifying forest ownership and user rights, including those of indigenous peoples;
  - mapping forests and forest resources, including carbon stocks, and baselines of previous carbon emissions from deforestation and degradation;
  - deciding on who needs to be compensated for not deforesting;
  - agreeing on what legislation and what institutions are needed to govern REDD at national and local levels, including defining who has carbon rights;
  - deciding on technical aspects such as how to prepare future baseline scenarios from which emissions reductions can be measured;
  - agreeing how to measure and verify reductions and systems for distributing benefits;

- agreeing on participatory decision-making and benefit-sharing systems.

### REDD developments and debates in Indonesia

These issues have emerged in the ongoing debates about REDD in Indonesia, with many local civil society organisations (CSOs) remaining sceptical as to whether REDD can be implemented in just and equitable ways. There is widespread suspicion that industrialised countries want to use REDD to let their own polluting industries buy their way out of responsibility for climate change. CSOs are also concerned that the profit motive will dominate carbon trading and that focusing on the carbon value of forests, ignores the many other functions of forests - such as livelihood provision for forest-dwellers, flood and landslide prevention and biodiversity protection - which should be valued too.

#### Inside

<b>Climate change:</b>	
Women and climate change	7
<b>Plantations/economy:</b>	
Palm oil no longer 'golden crop'	8
<b>Forests:</b>	
Protect adat rights to reduce deforestation	9
<b>Mining:</b>	
Indigenous community reject Lembata mine.	10
BHP Billiton pulls out of Gag	12

As the world's highest national emitter greenhouse gases from forests and peatlands, Indonesia is under immense pressure to act and has assured the international community that it is ready and willing. Recent government statements indicating a commitment to reduce forest-related carbon emissions include:

- ♦ a pledge at the G8 summit in Tokyo by President Susilo Bambang Yudhoyono to drastically reduce Indonesia's carbon emissions from deforestation;
- ♦ The governor of Riau Governor's announcement of a temporary ban on deforestation (joining Aceh's logging moratorium and pledges to reduce carbon emissions from deforestation by the Aceh and Papua governors in 2007)
- ♦ An announcement by deputy environment minister Hermin Roosita that Indonesia will no longer tolerate conversion of forests for plantations such as oil palm and that 'idle land' will be used instead.<sup>1</sup>

National-level preparations for REDD include:

- ♦ The **REDD-I** (Reducing Emissions from Deforestation and Forest Degradation in Indonesia) project, involving the Indonesia Forest Climate Alliance (**IFCA**). The IFCA is a study group led by the Indonesian forestry department, also including researchers from national and international institutions, and funded by the World Bank, DFID, the Australian Government and Germany's technical cooperation agency, GTZ. A series of IFCA studies initiated in July 2007 was accompanied by two national consultations in August and October 2007 and regional consultations in Papua and Aceh.<sup>2</sup> A summary of these studies presents findings on how REDD projects might be prepared in 5 key sectors: forests allocated for oil palm, for pulpwood, for logging, protected forests and peatlands.
- ♦ setting up a **national climate change council**, comprising 6 working groups, one of them on forestry and post-Kyoto aims.<sup>3</sup>
- ♦ **drafting legislation**, including
  - **Government Regulation 6/2007**, which authorises provincial and district governments to issue environmental services licences (IUPJL), which can include permits for storing and absorbing carbon both in production and protection forests. The regulation assumes that the state has the right to issue such licences and allow the permit-holders to sell the carbon - something that has been challenged by civil society organisations and indigenous peoples.<sup>4</sup>
  - A **draft forestry ministry regulation for implementing**

**REDD** and **draft forestry ministerial decree setting up a national REDD commission**. These drafts, which were open for a limited amount of public consultation, place control over REDD firmly in the hands of the forestry ministry, requiring REDD projects to be signed off by the minister - again a matter of concern since the forestry department is known to be more interested promoting business interests than those of forest-dependent communities or the rights of indigenous peoples. CSOs have also

raised concerns about the narrow scope of the draft regulation, the fact that it does not apply to forests already identified for conversion to other uses, the lack of provision for conflict resolution, and the lack of protection for indigenous customary right-holders (see also 'adat rights' section, below).

- A **draft presidential regulation to limit the use of peatland**, expected to be issued by the end of this year.<sup>5</sup>
- ♦ entering **agreements with donors to set up REDD preparation and/or pilot projects**, including rehabilitating

## Defining REDD

It is crucial that all people involved in REDD negotiations, strategies and projects agree on, and have a clear understanding of what the terms used in REDD debates and planning mean.

One major difference, for example, between the Indonesian definition of 'forest' (as used in the 1999 forestry) and the definition used by the UNFCCC is that the former does not include tree plantations and the latter does. Including plantations in areas eligible for REDD could lead to big business being rewarded for efforts to protect carbon stocks in plantations, on former forested land taken without consent from indigenous customary rights-holders.

### Indonesia's legal definition of forest:

"Forest means a unit of ecosystem in the form of lands comprising biological resources, dominated by trees in their natural forms and environment, which can not be separated each other." See, for example draft REDD regulation at [http://www.dephut.go.id/INFOR\\_MASI/LITBANG/IFCA/Draft\\_Permenhut\\_REDD.pdf](http://www.dephut.go.id/INFOR_MASI/LITBANG/IFCA/Draft_Permenhut_REDD.pdf)

### Definition of forest, as used by the Clean Development Mechanism of the UNFCCC:

"Forest" is a minimum area of land of 0.05-1.0 hectares with tree crown cover (or equivalent stocking level) of more than 10-30 per cent with trees with the potential to reach a minimum height of 2-5 metres at maturity in situ. A forest may consist either of closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground or open forest. Young natural stands and all plantations which have yet to reach a crown density of 10-30 per cent or tree height of 2-5 metres are included under forest, as are areas normally forming part of the forest area which are temporarily unstocked as a result of human intervention such as harvesting or natural causes but which are expected to revert to forest.

(See [http://cdm.unfccc.int/Reference/GuidClarif/glos\\_CDM\\_v04.pdf](http://cdm.unfccc.int/Reference/GuidClarif/glos_CDM_v04.pdf) Forest (A/R - SSC A/R))

### UNFCCC definition of deforestation:

The direct human-induced conversion of forested land to non-forested land.

(See [http://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/4\\_Volume4/V4\\_04\\_Ch4\\_Forest\\_Land.pdf](http://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/4_Volume4/V4_04_Ch4_Forest_Land.pdf))

### The Food and Agriculture Organisation (FAO) definition of deforestation:

FAO says that deforestation means the conversion of forest to another land use or the long-term reduction of the tree canopy cover below the minimum 10 percent threshold. It can be human or natural. FAO adds that temporary removal of forest cover, for timber harvesting, for example, does not count as deforestation. [http://www.fao.org/docrep/007/ae156e/AE156E04.htm#P833\\_3895](http://www.fao.org/docrep/007/ae156e/AE156E04.htm#P833_3895)

### Definitions of forest degradation:

The FAO defines this as "Changes within the forest which negatively affect the structure or function of the stand or site, and thereby lower the capacity to supply products and/or services."

Indonesia's REDD-I summary report notes that "a large number of definitions for degradation have been proposed and need to be standardized." (See: REDDI Strategy and Methodologies Process: Summary for Policy Makers, from <http://redd.pbwiki.com/>)

See also <http://www.redd-monitor.org/2008/11/03/what-is-a-forest/> For further discussion 'What is a forest?'



peatlands in Central Kalimantan (see box for list of these projects).

- ♦ Expressing formal interest in the **UN-REDD** programme, launched by UN Secretary General Ban Ki-moon and Norwegian Prime Minister Jens Stoltenberg in September. Along with eight other countries, Indonesia will participate in UN-REDD "quick start" actions from now to COP15 in Copenhagen, December 2009. UN-REDD involves three UN organisations, the UNDP, UNEP and FAO.

## Huge obstacles

There are huge obstacles to achieving a quick reversal of deforestation in Indonesia. Despite recent announcements on reducing emissions, the government itself is pushing ahead with policies which undermine forest protection on a massive scale.

These include ambitious targets that pave the way for corporations to convert millions of hectares of forests into oil palm, pulpwood and other plantations, which will lead to the release of millions of additional tonnes of greenhouse gases. They also include permitting mining in protection forests - see separate article on BHP-Billiton on Gag Island, West Papua.

CSOs in Indonesia have long called for the influence of big business over Indonesia's natural resources to be reduced, so that more equitable ways of managing resources, which benefit more than just a small business elite, can be developed. WALHI (FoE Indonesia) has repeatedly called for a national logging moratorium, while Sawit Watch has demanded a stop to the planned massive expansion of oil palm taking place on Sumatra, Kalimantan, and, most recently, in Papua (see also DTE 75:1).

An international Greenpeace campaign calling for a halt to forest conversion for oil palm highlighted the climate impacts of converting peatland in Riau. The campaign bore fruit in May when global food giant Unilever supported the call for a moratorium on the destruction of rainforests to make way for palm oil plantations. It publicly committed to buy all of its palm oil from certified sustainable sources by 2015.<sup>6</sup>

The Indonesian business backlash followed soon after. In August, Indonesia's 250-member palm oil producers association (GAPKI) said they opposed any such moratorium, as this would slow the economy, cause job losses and poverty. "If we stop expanding our business, many rich nations will be happy because then they don't need to take action to tackle global warming..." said GAPKI executive Derom Bangun. He also claimed that GAPKI members had stopped converting 'virgin' forest and high conservation value forests since 2005 - a claim that many CSOs would dispute.

## Initiatives across Indonesia

*This information is mainly drawn from a report prepared for Rainforest Foundation Norway, by Patrick Anderson and Torry Kuswardono, September 2008.*

**Central Kalimantan:** A REDD pilot project is aimed at rehabilitating damaged peat forests on the site of the million hectare rice megaproject launched in the Suharto era. Approval of a master plan for central Kalimantan peatlands is expected by end of the 2008. JP Morgan Stanley is said to be interested in investing in this scheme.

**West Kalimantan:** Fauna and Flora International is developing proposals for REDD pilot projects in Kapuas Hulu and Ketapang districts, with Macquarie Bank, Australia, aiming to stop deep peat forest conversion currently zoned as non-forest land or conversion forest. FFI is also planning to develop a 'community carbon pool' together with local CSOs, based on customary-owned forests in West Kalimantan. The idea is that joint management of numerous fragments of forest, which would be too costly on an individual community basis, could bring REDD benefits to communities.

**Aceh:** Ulu Masen (see also DTE 76-77:10). This REDD project involves FFI, the Aceh government, Australian company Carbon Conservation and US bank, Merrill Lynch. The project seeks to reduce a baseline deforestation rate of 9,500 hectares per year by 85%, achieving emissions reductions of up to 1 million tonnes of CO<sub>2</sub> per year. In July, an MoU on sales and marketing was signed by the Aceh government and Carbon Conservation. The project is striving to minimise conflict by involving customary leaders in land use planning and in developing a multi-stakeholder management structure. Areas currently zoned for logging will be reclassified as permanent protection forests and community-managed low-impact, limited production forest areas. However, there is no clarity on who will fund the whole project and governance systems for the project remain in the preliminary stage. The project has attracted some criticism due to lack of transparency and the rushed process leading up to the MoU.

A REDD project is being developed in the Leuser Ecosystem in southern Aceh, with a draft agreement signed by the Aceh government and Sustainable Forest Management South East Asia Ltd, to establish companies to operate environmental businesses in Leuser, including carbon trading.

**Riau:** The giant pulp conglomerate Riau Andalan Pulp & Paper (RAPP) has prepared a plan to manage the Kampar Peninsula by establishing a core protected forest area surrounded by a ring of 200,000 hectares of pulpwood plantations. There is scepticism about whether the planned project would reduce greenhouse gas emissions and RAPP has a poor reputation on social and environmental issues. Critical NGOs are hoping that the new Governor in Riau, who takes up office in November, will continue the current governor's support for a moratorium on logging and forest conversion.

**Papua:** Papua is planning to restructure its forestry sector, by reducing the number of industrial logging permits, recalculating forest resources, adjusting wood industry capacity to match existing forest resources and banning log exports. It also plans to assist communities to become involved in sustainable forest management and wood processing industries, to reduce the area of forest allocated for plantations from 5 million ha to 2 million ha, deploy trained forest rangers, and develop a system of payments for environmental services, including maintaining forest carbon and reducing greenhouse gas emissions.

A pilot REDD project has been developed in the Cyclops Mountains near Jayapura, - the project with FFI has been waiting for a year for national forestry department approval.

Two companies, Emerald Planet and New Forest, have been contracted to develop REDD projects for Timika and Mamberamo.

At the provincial level in Papua a working group of NGOs, community representatives and government - called the Pokja Sembilan - has been set up to discuss, develop and socialise the REDD programme and pilots. Key issues identified by the group include creating a legal basis for REDD, clarifying land tenure and carbon tenure issues and conducting a risk analysis of REDD options from community and government perspectives.



## Rights and Resources - fundamental need for reform remains the same

How will forest-dependent communities and civil society organisations concerned with poverty reduction and human rights, view REDD in Indonesia in, say, ten years' time? This will depend on whether it has been able to act as a catalyst for positive reform, or whether it has merely reinforced the prevailing current national government approaches to forest management, even if it has managed to somehow slow down the rate of carbon emissions.

An international forum of Global Forests Leaders at the World Bank in Washington, spelled out what kind of problems need to be tackled to reform the way forests are managed in Indonesia. The statement, 'Beyond REDD', urges a cross-sectoral approach to forests, recognition of forest peoples' rights, appreciation of the multiple values of forests, reformed forest governance and the provision of incentives to avoid deforestation, not just reduce emissions by slowing deforestation.<sup>16</sup> Abdon Nababan, Secretary General of the Alliance of Indigenous Peoples of the Archipelago (AMAN) said that setting up carbon forests, like creating national parks, protected areas and developing legality standards for timber trading, would be just dealing with the symptoms of deforestation, not the causes.

*"In contrast, addressing inequalities in land tenure, discrimination against Indigenous Peoples, corruption, over-consumption and uncontrolled industrialization will tackle the underlying causes of deforestation."*<sup>17</sup>

Nababan said there were examples from all over the world which show that customary forest management is a long term means of safeguarding and ensuring sustainability.

This message has been reinforced by new research, presented at an International conference on rights, forests and climate change in Oslo this October. A study by Jeffrey Hatcher, analyst with the Rights and Resources think-tank in Washington found that it cost around \$3.50 per hectare to recognise forest people's land, including the direct costs of demarcating territory, registering land, raising awareness and resolving local disputes.<sup>18</sup> This compares to the costs of protecting forests under REDD, estimated as \$3,500 per hectare. Hatcher said "There is lots of evidence from around the world that communities conserve their forests when their [land] rights are recognised." He said that around 20-40 Gigatonnes (billion tonnes) of CO<sub>2</sub> are conserved in the ca 400 million hectares of forest formally owned by communities. "This means that it costs about \$1.6 billion to achieve this conservation. The Eliasch Review suggested it that would cost about nearly \$17

billion [a] year to stop deforestation, which works out as far more expensive."<sup>19</sup>

## REDD and adat rights

As highlighted by AMAN, there is an urgent need to address tenure in Indonesia's forests. The current lack of clarity presents obstacles to any prospective REDD stakeholders that want to avoid violating internationally-recognised indigenous peoples' rights.

One major stumbling block is the lack of clarity over forest ownership. Studies have shown that forestry department control over much of the state forest zone is highly questionable since legal requirements to agree forest boundaries have never been completed.<sup>20</sup> Yet the forestry department continues to ignore this and is pushing ahead

with REDD planning as if current forest governance systems are adequate.

The forestry department's approach is reflected in the draft regulation on REDD<sup>21</sup>, which defines *hutan adat* (customary forests) as state forests which fall within 'the areas of people governed by customary law'. It goes on to list *adat* forests as eligible for carrying out REDD, but the conditions to do this make this legally and practically extremely difficult. The obstacles include the requirement for the community to be *adat* forest licence holders. To get this, they must have official document stating they have *adat* forest management rights, plus a recommendation from the regional government; their location must fulfil the right criteria for REDD and they must draw up a

## Expanding emissions - a compilation

In 2006, Southeast Asia's CO<sub>2</sub> emissions from forest destruction and peat soil oxidation were estimated at around 2 billion tonnes per year by Wetlands International, with 90% of this originating from Indonesia.<sup>7</sup>

ICFA predicts that under the 'business as usual' scenario, future CO<sub>2</sub> emissions from Indonesian peatlands could be around 2000 Mt/year (ie more than a 3rd of global annual forestry-sector emissions).<sup>8</sup>

Global emissions from deforestation during the 1990s were estimated at 5.8 Gigatonnes of per year.<sup>9</sup>

Predictions under a 'Business As Usual' scenario indicate the loss of all non-swamp forest in Sumatra and Kalimantan by 2010.<sup>10</sup>

The ICFA studies found that around 70% of oil palm plantations (based on an estimated total of 6 million ha in 2006) have been developed in convertible forest, which has resulted in above ground emissions alone of around 2.1 billion tonnes of CO<sub>2</sub> between 1982-2005. It also found that oil palm is being increasingly planted on peat soils which store around 60kg carbon per square metre.

The ICFA puts predicted expansion of oil palm at 5-6 million hectares by 2020 with 5.5 million ha allocated in Kalimantan alone of which 1.7 million ha is forested and close to 1 million ha is peat land. If all this land was cleared and converted for oil palm, up to 918 MtCO<sub>2</sub> could be released from loss of above-ground biomass alone.<sup>11</sup>

A report prepared for the Rainforest Foundation Norway estimates that an additional 20 million hectares of oil palm and 10 million hectares of pulpwood plantations are planned, with the majority of these planned for forest areas.<sup>12</sup>

The report states that around half of Indonesia's 22 million hectares of peat forest has been drained for logging, a third has been cleared for agriculture, plus, almost half of the remaining peat forests are classified as conversion forests. Permits have been issued to convert around 4 million hectares of peat forests for pulpwood and oil palm plantations in Riau, Central Kalimantan, Jambi, Papua and West Papua. "If these forests are cleared and drained, annual CO<sub>2</sub> emissions will increase by another billion tonnes and continue at that level for decades."<sup>13</sup>

Clearing natural forests for pulpwood plantations has led to significant loss of carbon. Tree plantations do store CO<sub>2</sub>, but not as much as natural forests. The government has allowed pulp and paper companies to clear natural forests and use the wood (mixed tropical hardwood- MTH) at low cost, while failing to ensure that replacement pulpwood plantations are sufficiently developed.<sup>14</sup>

Forest cover loss in protected areas between 2000 and 2005 was 127,481 hectares, resulting in around 93 Mt of carbon dioxide emissions.<sup>15</sup>

REDD implementation plan (prepared both in English and in Indonesian). Only then can they submit their application for the forestry minister's approval.

However, all of the above conditions hinge on yet another, more important requirement. Before communities can get legal recognition of their right over *adat* forests, a whole new ministerial regulation on how to do this needs to be issued. A regulation on *adat* forest has been pending since 1999, when the current forestry law was passed. It has got stuck, partly because of the lack of political will on the part of the forestry department to finalise this, and partly due to opposition from indigenous peoples, who don't want *adat* forests to be a sub-category of state forests, and want to see the forestry law itself changed.

This effectively means that indigenous communities who want to participate in REDD projects based on their *adat* rights are ruled out of REDD until the new regulation is issued.

One alternative route offered to indigenous communities is through local regulations (*Perda*) issued under regional autonomy rules. In some districts, these have been successful in circumventing the rigid national system. In Aceh and Papua, province-level regulations on customary rights which can be issued under special autonomy legislation offer scope for indigenous rights recognition too, but currently remain mostly in draft form.

The ICFA's REDDI summary is very weak on rights recognition, while hinting that there does need to be clarification. The study identifies a need for the Ministry of Forestry to 'settle outstanding community claims to land and forest resources'. It also states that pilot activities need to clarify roles and responsibilities for REDD implementation, including the key issues of who has the right to sell carbon (local communities, licensees, forest management units, local government, national government). "Amongst others, this demands action to clarify land tenure and forest management rights". And who has the right to receive payment? "This will depend on stakeholders' rights in forest land and resources."

The only mention of customary rights (and by implication, indigenous peoples) is in a section considering possible criteria for deciding who is a legitimate recipient of revenues. These could include people who "act legally and have right to sell carbon (provided this does not disadvantage the poor and those with customary rights not recognized by the government)".<sup>22</sup>

How will the forestry department's approach mesh with the UN-REDD's pro-rights approach? According to the UN-REDD framework document<sup>23</sup>, the programme will be guided by 5 inter-related principles, including gender equality and human rights-

based approach to programming, with particular reference to the UN Development Group's guidelines on Indigenous Peoples' Issues.<sup>24</sup> Whether these will be explicitly included in the 'quick start' work with Indonesia and other pilot countries remains to be seen.

The UN-REDD framework document does issue the following warning: "If REDD programmes are not carefully designed, they could marginalize the landless and those with informal usufructual rights and communal use-rights."<sup>25</sup>

A warning that could have been tailor-made for Indonesia.

#### REDD-Monitor

The website <http://www.redd-monitor.org> emerged from discussions between NGO networks in Europe and the South, and the need to share information about the way REDD is developing. It contains country-specific information, as well as on issues such as carbon credits, the World Bank's Forest Carbon Partnership Facility, Indigenous Peoples and NGO statements.

Thanks to Patrick Anderson for his assistance with this report.

#### Notes

- 1 Paraguay and Indonesia announce forest actions, WWF news centre 8/Oct/08 at [www.panda.org/news\\_facts/newsroom/index.cfm?uNewsID=147348](http://www.panda.org/news_facts/newsroom/index.cfm?uNewsID=147348). On the issue of 'idle land' see 'Agrofuels and the Myth of Marginal Lands, by Gaia Foundation, Biofuelwatch, The African Biodiversity Network, Salva La Selva, Watch Indonesia and EcoNexus, September 2008.
- 2 The ICFA website is at <http://redd.pbwiki.com/FrontPage>
- 3 *Jakarta Post* 1/Jul/08
- 4 *Report to the Rainforest Foundation Norway on Reducing Emissions from Deforestation and Degradation in Indonesia*, Patrick Anderson and Torry Kuswardono, Jakarta, September 2008. This report will be made available on RFN's website <http://www.regnskog.no/html/180.htm>, and also translated into Indonesian.
- 5 <http://dishut.jabarprov.go.id/index.php?mod=detilBerita&idMenuKiri=334&idBerita=79>
- 6 *Ethical Corporation Newsletter* 7/Jul/08
- 7 Hooijer, A., Silvius, M., Wösten, H. and Page, S. 2006. *PEAT-CO2, Assessment of CO2 emissions from drained peatlands in SE Asia*. Delft Hydraulics report Q3943 <http://www.wetlands.org/Portals/0/publications/General/Peat%20CO2%20report.pdf>
- 8 *REDD-I - Reducing Emissions from Deforestation and Forest Degradation in Indonesia, REDD Methodology and Strategies Summary for Policy Makers*, IFCA, MoF [no date]
- 9 IPCC WG III, 2007 [http://unfccc.int/methods\\_science/redd/items/4531.php](http://unfccc.int/methods_science/redd/items/4531.php)
- 10 *Making REDD work for the Poor*, Leo Peskett, David Huberman, Evan Bowen-Jones, Guy Edwards and Jessica Brown, September 2008, IUCN et al. at <http://www.povertyenvironment.net/pep/?q=filestore2/download/1852/Making-REDD-work-for-the-poor-FULL-050608.pdf>

- 11 ICFA summary, as in 8, above.
- 12 Report to the Rainforest Foundation Norway, as in 4 above.
- 13 Report to the Rainforest Foundation Norway.
- 14 IFCA summary
- 15 IFCA summary
- 16 <http://research.yale.edu/gis/tfd/pdf/fcc/TFD%20Statement%20on%20Forests%20and%20Climate%20Change.pdf>
- 17 Abdon Nababan Keynote Speech, *Inclusive Climate Change Solutions*, Global Forest Leaders Forum, Washington CN 17/Sep/08
- 18 *Reuters* 18/Oct/08, via *Biofuelwatch Digest* No 800. For more on this study see <http://rightsandclimate.org/>
- 19 *The Guardian* 17/Oct/08, *Biofuelwatch Digest* No 800
- 20 See for example *DTE* 70, August 2006, <http://dte.gn.apc.org/70for.htm>
- 21 *Peraturan Menteri Kehutanan, Tata Cara Pelaksanaan Pengurangan Emisi Dari Deforestasi dan Degradasi Hutan (REDD)*, 14th July draft, [http://www.dephut.go.id/INFORMASI/LITBANG/IFCA/Draft\\_Permenthut\\_REDD.pdf](http://www.dephut.go.id/INFORMASI/LITBANG/IFCA/Draft_Permenthut_REDD.pdf)
- 22 IFCA summary
- 23 *UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD)*, FAO, UNDP, UNEP, Framework Document 20 June 2008.
- 24 These guidelines were approved in February this year and can be viewed at: <http://www2.ohchr.org/english/issues/indigenous/docs/guidelines.pdf>
- 25 <http://www.undp.org/mdtf/UNREDD/docs/Annex-A-Framework-Document.pdf>
- 26 [www.panda.org/forests](http://www.panda.org/forests)
- 27 14 countries win REDD funding to protect tropical forests, *mongabay.com* 24/Jul/08
- 28 See reference on Bappenas website <http://www.bappenas.go.id/modules.php?op=module&name=News&file=article&sid=211> (although the document itself does not appear to be available online.)
- 29 *Jakarta Post* 18/Aug/08
- 30 See note 23, and 'UN Admits Its Climate Change Program Could Threaten Indigenous Peoples', *Earth Peoples*, Sept 27, 2008.
- 31 *Commission derives credit for keeping forest out of the carbon market*. FERN and Global Witness Press Release, 17/Oct/08
- 32 [www.rightsandclimate.org](http://www.rightsandclimate.org), [www.guardian.co.uk/environment/2008/oct/17/forests-endangeredhabitats](http://www.guardian.co.uk/environment/2008/oct/17/forests-endangeredhabitats)
- 33 See note 1, above.
- 34 *Greenpeace showcases the solution to Indonesia's rapid forest destruction and rising carbon emissions* 31/Oct/08, <http://www.greenpeace.org/seasia/en/news/greenpeace-showcases-the-solut#>
- 35 <http://www.cbd.int/doc/?meeting=REDD-ILC-01> ♦



REDD developments internationally and in Indonesia - a selection		
Month	International	Indonesia
December 07	Bali Action Plan gives green light for REDD to be included in COP 15 agreement, scheduled for November 2009 in Copenhagen  World Bank launches its controversial Forest Carbon Partnership Facility (FCPF - see DTE 76-77:10)	
February 08		Ulu Masen scheme in Aceh is announced (Fauna and Flora International, Aceh provincial government and Australian company Carbon Conservation (see DTE 76-77:10).
April 08		Central Kalimantan pilot scheme announced, funded by Australia (see DTE 76-77:11)
May 08	Indigenous peoples discuss REDD at United Nations Permanent Forum on Indigenous Issues. Indonesia indigenous peoples alliance AMAN contributes paper (see DTE 76-77:10)  At Bonn (CBD COP9) Indonesia supports WWF's call for zero net deforestation by 2020. <sup>26</sup>	Papua's governor announces scheme with PT Emerald Planet and New Forests Asset Management to assess the potential for forest carbon trading in the region (see DTE 76-77:11).  Unilever supports call for moratorium on converting forests for oil palm plantations.
June 08	Workshop on Methodological Issues relating to Reducing Emissions from Deforestation and Forest Degradation in Developing Countries in Tokyo, Japan	Indonesia submission to Tokyo workshop <a href="http://unfccc.int/files/methods_and_science/lulucf/application/pdf/080625_indonesia.pdf">http://unfccc.int/files/methods_and_science/lulucf/application/pdf/080625_indonesia.pdf</a>
July 08	World Bank announces 14 countries who will get grants support to build capacity for REDD - the list does not include Indonesia. <sup>27</sup>	Indonesia's Forestry Department holds public consultation on draft regulations on implementing REDD and on setting up a national REDD Commission.  Bappenas releases 'Indonesia's Response to Climate Change' <sup>28</sup>  Ulu Masen REDD project, Aceh: MoU on sales and marketing signed between Carbon Conservation and Aceh government.
August 08		Indonesian government announces new climate change council, involving 16 cabinet members, chaired by environment minister, to coordinate and monitor the implementation of action plans to fight climate change and manage climate funds. <sup>29</sup>  Riau Governor announces temporary suspension of deforestation in the province.  GAPKI (Indonesian palm oil producers) reject forest conversion moratorium call.
September 08	AMAN's Secretary General makes keynote speech at Global Forest Leaders Forum, World Bank, Washington, USA, linking non-recognition of indigenous rights to deforestation crisis and calling for rights recognition.  UN launches its own REDD scheme - UN-REDD. Some indigenous groups raise concern over lack of protections. <sup>30</sup>	Indonesia is named among countries which will 'quick-start' efforts with UN-REDD support.
October 08	EU delays including forests in EU Emissions Trading Scheme (ETS) for at least 10 years - move welcomed by indigenous groups and NGOs. <sup>31</sup>  Eliasch Review issued in UK.  International conference on rights, forests and climate change in Norway. One study shows how costs of recognising community rights over forests compares very favourably with cost of protecting forests under REDD schemes. AMAN makes presentation. <sup>32</sup>	Indonesia's Deputy Environment Minister announces Indonesia will stop converting forests for plantation crops such as palm oil and that plantations will only be developed on 'idle' land (though CSOs have disputed whether any idle land actually exists). <sup>33</sup>  Greenpeace launches its Forests for Climate (FFC) initiative in Jakarta. The proposal is for an international mechanism to fund sustainable and lasting reductions from emissions from tropical deforestation. It wants an immediate moratorium on deforestation, followed by international funding through UN to protect forests for their carbon value. <sup>34</sup>
November 08	Global consultation on potential impacts of REDD on indigenous and local communities, Philippines. <sup>35</sup>	
December 08	COP 14, Poznan, Poland	(footnotes for this box on previous page)

# Women and climate change

The third global congress of Women in Politics and Governance took place in Manila in the Philippines from 19 - 22nd October 2008. Its theme was 'Gender in Climate Change Adaptation and Disaster Risk Reduction'. DTE was able to take part, thanks to a grant from CAFOD. This article summarises the key issues.

Climate change is part of a chain reaction of damage to natural resources and the environment. The frequency of natural disasters increased between 1975 and 2006,<sup>1</sup> and 80% of events such as floods, droughts and storms are believed to be directly related to climate change.<sup>2</sup>

The impacts of climate change differ depending on the country or district, and on people's social class, occupation, gender, age and income. The highest number of natural disasters in the 1975 - 2006 period occurred in Asia.<sup>3</sup> Of those most at risk, 3.4 billion people are poor or vulnerable, including children, indigenous people, farmers and fisherfolk.<sup>4</sup>

Women are four times more likely to die than men in any disaster - whether climate-related or not. An analysis of disasters in 141 countries carried out by the London School of Economics (LSE) showed there is a close link with women's economic and social rights. Where women's rights are not protected, there are higher death rates among women. Conversely, in egalitarian societies, the numbers of male and female victims in disasters are the same.<sup>5</sup>

It follows from this study that

## climate change accounts for 80-90% of all disasters

(Feng Min Kan, Manila, October 2008)

adaptations to climate change are needed. The starting point for these adaptations should be to consider how to reduce the risk of disaster. It is essential to take account of the role of women and other vulnerable groups in taking preventative measures to minimise disaster risk.

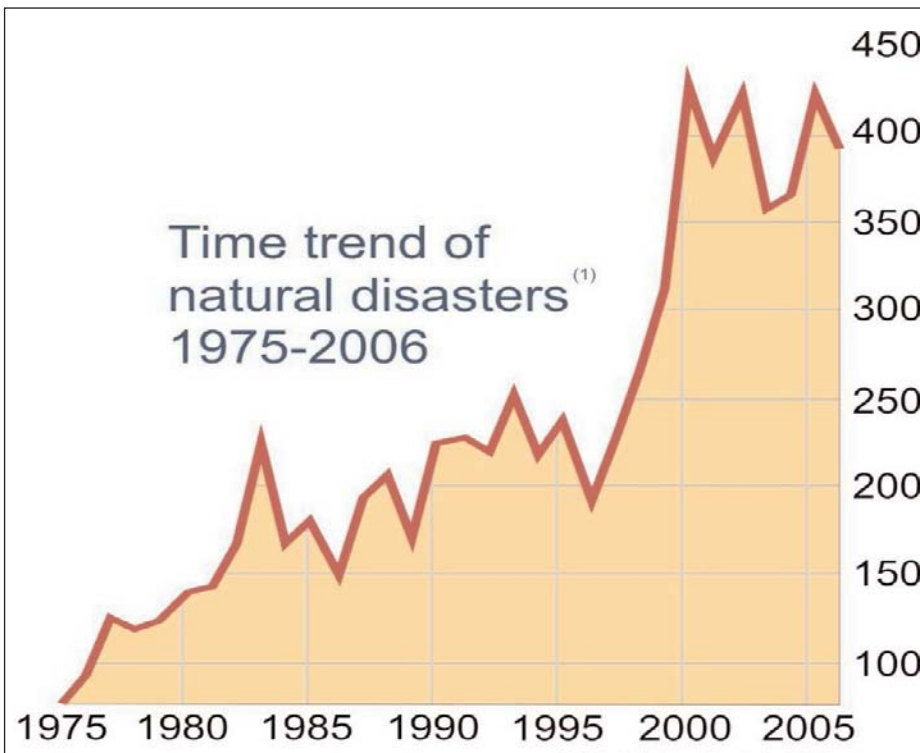
So far, climate change negotiations at local, national and international levels have not provided significant opportunities for women. As a result, considerations of gender equality have not been part of international agreements.

It follows that decision-makers should view climate change as a negative impact of development which transcends all sectors (social, economic, cultural and political) from community to global levels. So adaptation and disaster risk reduction measures should be considered in terms of

the interests of various groups which are highly vulnerable to climate change.

Hundreds of delegates from South-east Asia, East Asia, West Asia, Europe, the Pacific and Africa made a joint declaration for global action on 'Gender in Climate Change Adaptation and Disaster Risk Reduction'.<sup>6</sup> This includes demands for:

- ♦ Equal opportunity for men and women in policy-making related to climate change adaptation and disaster risk reduction;
- ♦ All parties engaged in the United Nations Framework Convention on Climate Change (UNFCCC) to adhere to human rights standards and frameworks, such as the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), Agenda 21, the Beijing Platform for Action, Security Council Resolutions 1325 and 1820, ECOSOC 2005/31, the Millennium Development Goals, the Hyogo Framework for Action and the UN Declaration on the Rights of Indigenous Peoples.



### Notes:

1. [http://www.capwip.org/Feng%20Min-Kan-CAPWIP%2020%20Oct%20%20\(FMK\)1.pdf](http://www.capwip.org/Feng%20Min-Kan-CAPWIP%2020%20Oct%20%20(FMK)1.pdf)
2. <http://www.capwip.org/keynotebriceno.pdf>
3. Feng Min Kan presentation. Manila, October 2008
4. [http://www.capwip.org/Feng%20Min-Kan-CAPWIP%2020%20Oct%20%20\(FMK\)1.pdf](http://www.capwip.org/Feng%20Min-Kan-CAPWIP%2020%20Oct%20%20(FMK)1.pdf)
5. <http://www.capwip.org/Phillipinas%20presentation%20-%20Lorena%20Aguilar.pdf>
6. <http://www.capwip.org/finaloct228pmManila%20Declaration.pdf>

**In 2006  
disasters resulted in over  
20,000 deaths, US\$45b  
economic loss**

(Feng Min Kan, Manila, October 2008)

(Source: [http://www.capwip.org/Feng%20Min-Kan-CAPWIP%2020%20Oct%20%20\(FMK\)1.pdf](http://www.capwip.org/Feng%20Min-Kan-CAPWIP%2020%20Oct%20%20(FMK)1.pdf))

*plantations / economy***Palm oil sector no longer 'the golden crop'**

*Indonesian organisations have circulated the following information about the impact of the global credit crunch and falling palm oil prices on peasant farmers in the province Jambi, Sumatra.*

*Translation from the Indonesian by DTE.*

Since palm oil became 'the golden crop' around the year 2000, the European market for this commodity has grown year on year, not only to satisfy demand from the food and cosmetics industries, but also as an alternative energy source to fossil fuels. This demand has stimulated the expansion of oil palm plantations so that, by 2007, they covered 7.4 million hectares. This area is expected to increase still further in line with government plans for 24 million ha of oil palm plantations by 2010. As nearly every province in Indonesia puts the palm oil sector high on its list of local revenue sources, it is hardly surprising that local governments are all promoting oil palm plantation expansion in their development programmes. Jambi is no exception.

Market forces rule too: as demand for palm oil increases so do prices. Between 2006 and 2008, peasant farmers growing oil palm have benefited most from the rising price of the basic commodity. Two years ago they were paid Rp 600-700/kg for fresh palm fruits; by early 2008 they were getting Rp 2,000/kg - a 250% increase! However, some of their profits were eaten up by the parallel increase in fertiliser prices.

In addition to government programmes which are promoting the palm oil sector as the prime earner, the promise of high prices for palm fruits has also attracted attention from banks. The palm oil sector is now the most highly favoured investment target.<sup>1</sup>

The high profits for smallholders have generated a culture of consumerism in farming communities. Where peasant farmers used to consider that a single plot of oil palm was enough to meet their needs, they have extended their land holdings by taking out bank loans. Farmers are giving up growing local crops in favour of oil palm. Instead of having to walk everywhere, almost all oil palm smallholders now have motorbikes. These are the impacts of the 'palm oil boom'. So who would have suspected that the effects of the financial crisis in the USA generated by sub-prime mortgages would be felt in Indonesia - even as far as Jambi? Who would have believed that the American credit crunch would cause a collapse in the price Jambi's farmers received for their harvests of oil palm fruits?



*Oil palm plantation in Jambi, Sumatra (DTE)*

### **America's crisis, global crisis: local victims**

If 2006-2008 were the golden years for the palm oil sector and plantation smallholders, the US crisis has generated a bitter harvest in the final months of this year. The drop in prices for palm fruit harvests, due to reduced export markets for palm oil, has had a devastating effect on the livelihoods of small-scale growers in Indonesia.<sup>2</sup> The price of palm fruits which had gone as high as Rp2,100/kg has now fallen to around Rp200-300/kg. In one district in Jambi, it has slumped to Rp80/kg.<sup>3</sup> The global financial crisis which originated in the US has even led to a rise in the number of patients in Jambi's psychiatric hospital. In October, 140 new patients were oil palm smallholders suffering from depression because their debts are piling up and they are unable to meet the payments due to the collapse in palm fruit prices.<sup>4</sup> Moreover, an activist with the local NGO SETARA Jambi who has been working with smallholders reported that a peasant farmer

from Hitam Ulu in the district of Merangin committed suicide because he was unable to repay a bank loan. So the US credit crunch is even hitting remote farming communities in Jambi!

### **Central government's subsidies for the rich**

Throughout the palm oil boom, the government has continued to promote the unique advantages of planting oil palm - for example, Jambi governor's programme to develop one million hectares of oil palm plantations in the province. But when peasant farmers are hit by low prices for their harvests, the government's position is to do nothing apart from to urge smallholders to be patient and endure the crisis. But is this really true? And where should the government's loyalties lie at this difficult time?

In America, George W Bush's administration decided on a 'bailout' to stop the crisis spreading to other sectors which the US Senate approved. The bailout package included the following three elements: the government could spend up to US\$700 bn to purchase problematic mortgaged-backed securities; the ceiling for insurance on bank deposits was raised from \$100,000 to \$250,000 per person; and the insurance institution (FDIC) was permitted to borrow unlimited funds from the state to cover any losses from the increase. In so doing, the US government sacrificed the interests of ordinary people, since taxpayers will ultimately bear the burden of the bailout.

The principle underlying the US government's actions appears to have been "We must move quickly to protect the wealthy" - an approach adopted first by European leaders and now by Indonesia. The Indonesian government took emergency measures in the form of issuing a national decree on the Financial System Safety Net (*Perpu 4/2008*) which provides support for banks facing a liquidity crisis and other insolvency problems caused by the current global economic situation. The government also decided to 'buy back' shares in state-owned enterprises and to increase guarantees for bank deposits to Rp 2 billion. (Who can afford this amount of savings? Certainly not the poor!).

This package to tackle the credit crunch clearly shows that the Indonesian

*(continued on page 11)*



## forests

# Protect adat rights to reduce deforestation

*Data accuracy, availability and transparency, plus protection of indigenous peoples' rights are needed to tackle Indonesia's high rate of deforestation and forest degradation. This was the message from a two-day meeting held in Jakarta in late October by four civil society organisations - Forest Watch Indonesia (FWI), the Alliance of Indigenous Peoples of the Archipelago (AMAN), the Association of Tanimbar Intellectuals (ICTI) and the Global Forest Coalition network.*

A FWI press statement said the high global demand for Indonesia's natural resource-based commodities, such as timber, palm oil, pulp, paper and minerals, was behind the government's reactive and opportunistic attitude. This has resulted in a lack of joined-up policy-making aimed solely at raising revenues, and which is exploitative and unsustainable.<sup>1</sup>

A new study by FWI highlights the conversion of forests for oil palm and pulpwood plantations as the main cause of deforestation.<sup>2</sup>

At the same time, said FWI, state planning and supervision of forest management and use of forest resources had shown no sign of improvement, with only around 12% of the forest zone officially gazetted.<sup>3</sup>

The high rates of deforestation have caused biodiversity loss, natural disasters and loss of livelihood for communities living near forests. They have also meant huge CO<sub>2</sub> emissions, placing Indonesia as 3rd biggest contributor in the world.

The meeting included a series of plenary discussions and presentations on the causes of deforestation. Yuyun Indradi from DTE gave a presentation on indigenous peoples' perspectives, based on experience of working with AMAN and of compiling information on indigenous communities' sustainable alternatives to the large-scale industrial forestry model.

Conclusions from the discussions included:

- ♦ that weaknesses in regional land use planning and weak synchronisation both between sectors and between different layers of government (national, provincial, district-level), have

led to inconsistencies in forest resources management policies

- ♦ that the state's accommodation and protection of indigenous peoples' rights was weak;
- ♦ that there is weak accuracy, availability and transparency of data on the part of those in charge of forest resources management.

The meeting, on October 27-28 was attended by representatives of the state forestry department, environmental NGOs, indigenous peoples organisations, academics and the Indonesian Timber Concessionaires Association (APHI). The aims were to increase awareness among the public and forest stakeholders of the underlying causes of deforestation in Indonesia; discuss the results of a joint study by FWI and GFC; discuss best practice for forest stakeholders and indigenous peoples in tackling deforestation rates, invite additional inputs from workshop participants and come up with recommendations for changes in forest management policy and practices to tackle deforestation and forest degradation.

#### Notes:

1. FWI press release 28/Oct/08, <http://www.fwi.or.id/index.php?buka=artikel&NewsID=136>,
2. *Jakarta Post* 30/Oct/08
3. For more background on this issue see, for example, *DTE* 70 <http://dte.gn.apc.org/70for.htm>, and *DTE* 56, <http://dte.gn.apc.org/56fo2.htm> ♦

### Forest fortunes

Palm oil, pulp and paper, timber and mining companies have made the fortunes of many of the richest Indonesians. According to a list of 150 wealthiest Indonesians issued by Globe Asia in June this year, four of the top ten are engaged in palm oil, pulp and paper, logging, mining or a combination of these. The list also reveals that entrepreneurs who benefited from the business advantages of the Suharto regime, remain among the super-rich today.

They include the following tycoons:

- ♦ At third richest: **Eka Tjipta Widjaja, Sinar Mas** group, aged 85, net worth \$3.8 billion, involved in palm oil, pulp and paper, finance and property;
- ♦ At fourth richest: **Sudono Salim** (aka Liem Sioe Liong), 93, **Salim Group**, \$3.04 billion, food palm oil, telecommunication, property;
- ♦ At seventh richest: **Sukanto Tanoto**, 58, **Raja Garuda Mas**, \$1.43 billion, pulp and paper, plantations, investments;
- ♦ At 9th richest: **Prajogo Pangestu**, 75, **Barito Pacific**, \$1.2 billion, timber, petrochemicals, mining.

Indonesia's richest man is **Aburizal Bakrie**, worth \$9.2 billion, of the Bakrie group, the Indonesian cabinet minister associated with the ongoing mudflow disaster in Sidoarjo, East Java.

(Source: Globe Asia 13/Jun/08 at [http://www.globeasia.com/index.php?module=cover\\_story&action=detail&id\\_selected=36](http://www.globeasia.com/index.php?module=cover_story&action=detail&id_selected=36))

### Estimates of Indonesia's deforestation rates include:

FWI:	1989-2003:	1.9 million ha/year
Forestry Department (planning agency):	1985-1997:	1.87 million ha/year
	1997-2000:	2.83 million ha/year
	2000-2005:	1.08 million ha/year
Food and Agriculture Organisation (UN)	2000-2005	1.87 million ha/year

(Source: FWI press release 28/Oct/08)



## mining

# Indigenous community rejects Lembata mine

*In May this year, DTE reported local community opposition to a proposed gold and copper mine on Lembata Island, East Nusa Tenggara province. Here we present additional information, from an investigation by the Catholic church group, Justice Peace, and Integrity of Creation (JPIC), which was carried out in 2007, at the request of the Lembata local community.<sup>1</sup>*

The mine project, which is being developed by Indonesian businessman Yusuf Merukh, aims to start production in 2011. It involves uprooting at least 60,000 local people and is strongly opposed by the island's indigenous population (see DTE 76-77).

The JPIC report describes the history of mining on Lembata, as well as the current proposal and how it is being pushed onto the Lembata Islanders without their consent. It also details the community's reasons for rejecting the project.

Before the current project, three companies had carried out exploration activities on the island since a mine was first proposed in 1924. Each of these presented only positive aspects mining to try to get the local people on their side; they made promises of prosperity or environmental safeguards that were never kept, and used local people as labourers with poor health and safety safeguards. In each case, the company left the island without rehabilitating the exploration sites.

Mining elsewhere in East Nusa Tenggara province has resulted in communities losing their customary land, forests, mountains and livelihoods. A manganese mine in Manggarai district employs former indigenous land-owners as labourers who work with no protection from manganese dust. The air pollution is thought to have led to the premature death of some workers. This mine has also led to floods and landslides loaded with tailings, which have destroyed water sources, fields and houses.

This history and the nearby manganese mine gives the community good reason to distrust Merukh's promises of prosperity and to oppose the planned gold and copper mine. The local government, however, has agreed to the project without even consulting the community. An MoU was signed between PT Merukh and the district government in November 2005, yet there was no discussion with the community until February 2007. Like the previous companies, Merukh's outfit has only discussed the potential benefits and not the negative impacts that could result. Instead, the local



Lembata Islanders (Sri Palupi, Ecosoc Institute)

government has tried to intimidate opponents of the mine by calling them stupid and threatening to stop any development plans for the district unless they agreed to the project. The government is also suspected of bringing in outside support for the mine, to make it seem as if the community is divided on the issue.

The proposal has caused conflict between the indigenous islanders who have rejected the mine in public statements, protests, and *adat* (customary) ceremonies, and non-indigenous transmigrants living on the island who are in favour of the mine.

### German backing

According to JPIC, the project is being developed by PT Merukh Lembata Copper, a subsidiary of Merukh Enterprises Inc, owned by Yusuf Merukh.<sup>2</sup> Three German companies involved in project financing are named as: KPG Kupferprodukte GmbH, Norddeutsche Affinerie AG and IKB Deutsche Industriebank AG.

### Threats and dirty tricks

The Bupati and the local government have issued threats against the local population (including death threats) and have waged a campaign of dirty tricks.

Local community leaders who have been vocal in their rejection of the mine have been terrorised by various means, including having their houses pelted with stones, being followed and receiving death threats.

The local government has tried to convince local church leaders to reassign the local pastor to another region because he vocally opposes the mine and supports the community in their efforts to reject the mine.

The government has also tried to create conflicts within the community by, for example, engineering a handover of traditional land by people who are not the traditional owners.

The community's reasons for rejecting the mine are listed as follows by JPIC:

- ♦ The community's livelihood comes from agriculture, not gold. With the money they make from growing candlenut they can afford to send their children through school and even through university.
- ♦ They have been able to develop a successful and profitable cashew nut industry, despite the pollution caused by the previous companies. The cashew plantations would be destroyed if the new project goes ahead.
- ♦ For the community, the minerals in the land are an inheritance from Mother Earth and are not to be taken or destroyed, just as the land itself cannot be bought and sold.
- ♦ For the community, "prosperity" is their land which has been handed down from their ancestors (*Lewoulung*), their agricultural fields (*Mang, Nura Nawa*) which sustain their life, and the centres of the customary rituals (*Nuba Nara*). The new mine will cause damage to this land, as well as the sea and the

community's connection with their ancestors.

- ♦ There is concern about the long term and what will be left for their children if the mine goes ahead.
- ♦ They feel that the government is acting as if it is state land, which can be sold without the knowledge of the local people.
- ♦ Members of the community don't see themselves as having "skills": if they are relocated by the mine, the only option they have is to become manual labourers.
- ♦ They believe the mine will turn the community into refugees and that there could be conflict with other local communities, as the community will be relocated to another community's land.
- ♦ They want to resolve their concerns through discussion, but the government is determined to proceed with the mine through force. The local parliament have rejected the community's approaches.
- ♦ The people of Leragere (part of Lembata) also feel abused by the local district head - he received their support throughout the election campaign, but as soon as he came to power, he no longer paid attention to their needs. Instead, he has sold their land.



Lembata Island, East Nusa Tenggara

(Sri Palupi, Ecosoc Institute)

- ♦ The community has presented the local government with an alternative to the mine: to develop the potential of the sea (they have already established coastal marine businesses including seaweed cultivation and fishing), plus agriculture and tourism, but the government has rejected this.

Notes:

1. The source of this report is an English summary of the Indonesian language report, by Norwegian Centre for Human Rights. For more information contact nicola.colbran@nchr.uio.no
2. Merukh was placed 76th on a list of Indonesia's richest people by Globe Asia this year, with a net worth of \$174 million. ♦



(continued from page 8)

government, like governments the world over, favours the interests of the rich over those of the general public - including peasant farmers who have been hit hard by the global economic crisis. It gives privileges to the wealthy who have already bled the poor dry - particularly plantation smallholders. At the very moment that the farmers are so hard-pressed by government policies and global markets that at least one has killed himself because he cannot make debt repayments from the low price he got for his palm fruit harvest, the government is bailing out the rich. Smallholders facing bankruptcy are told to continue to hold on while the Indonesian

government provides guarantees and financial security for the well-off. This is not fair!

This Factsheet is a rapid response from Jambi-based civil society organisations to the global economic crisis and its impacts on local communities, particularly farmers and workers. It was initiated by Yayasan SETARA Jambi, Komite Kerja Perjuangan Buruh (KKPB) Jambi, Serikat Petani Kelapa Sawit (SPKS) Jambi dan Yayasan CAPP. These four organisations continue to try to extend and motivate civil society coalitions in Jambi that are concerned with the global crisis and its effects.

Contacts:

Yayasan SETARA (uki@setarajambi.org)  
 KKPJB Jambi (sga\_07@yahoo.com)  
 Yayasan CAPP (rivani@cappa.or.id)  
 Serikat Petani Kelapa Sawit Jambi  
 (spks\_jambi@yahoo.com)

Notes:

- 1 *Investor Daily*, 28/Feb/08
- 2 The USA and European countries are markets for Indonesian palm oil.
- 3 *Jambi Ekspres*, 24/Oct/08
- 4 Local news item on National TV (TVRI), 26/Oct/08 ♦

(continued from page 12)

dams, using the waste to fill in mined-out pits, or dumping in the sea. BHP committed to not piping the waste out to sea - the so-called Submarine Tailings Disposal method - and repeated this commitment when questioned at the London AGM. However, it is likely that any method of mining waste disposal in such a precious environment would prove hugely damaging.

Mining in the area remains a serious concern and, for the sake of nickel, it continues to put at risk the world's top-ranking coral reefs and the sustainable futures of surrounding communities.

For more background on BHP and mining in Indonesia see Down to Earth's website at <http://dte.gn.apc.org/news.htm> and Mines and Communities' website at <http://www.minesandcommunities.org/>

Notes

1. JATAM/WALHI press release 23/Oct/08 See <http://www.jatam.org>, and [www.walhi.or.id](http://www.walhi.or.id)
2. <http://www.busrep.co.za/index.php?SectionId=565&fArticleId=4711075>
3. UNESCO Office, Jakarta letter to Akbar Tandjung, Speaker of Indonesian Parliament, 25 June 2003
4. See <http://www.jatam.org/content/view/425/35/> ♦

# BHP Billiton pulls out of Gag nickel project, West Papua

*Following years of opposition from environmental and human rights groups, BHP Billiton has decided not to go ahead with a proposed nickel mining project on Gag Island, West Papua. BHP Billiton has reportedly invested US\$75 million in developing this project over the last decade or more.*

The decision to pull out of the Gag Island nickel project follows closely two company annual general meetings in the UK and Australia. Here, concerns were expressed about the potential damage that such a large-scale mining project would do to both the environment and to local communities and their livelihoods.

JATAM and WALHI, two prominent Indonesian civil society organisations, issued a call for this project to be halted.<sup>1</sup> Down to Earth together with others from the London Mining Network, read out part of their statement at the London AGM, despite repeated interruptions by the BHP Billiton Chairman, Don Argus, who labelled the intervention too 'political'.

Similarly, the BHP chairman resisted answering representations made at the Melbourne AGM which focused on reports that the Australian government had been involved in lobbying the Indonesian government to allow mining on Gag Island, despite the fact that it is located within a proposed UNESCO World Marine Heritage site.

BHP-Billiton's nickel mine on Gag Island in West Papua was due to tap into one of the world's richest nickel deposits - bringing profits for shareholders and revenues for the Indonesian and Papuan governments. However, the US\$4.5 billion plus plan, which includes a smelter on Halmahera in the neighbouring Moluccas, would have destroyed livelihoods, forests, and the world's richest marine environment.

How far these concerns influenced BHP's decision to pull out is not known. The company itself does not make a connection,

although there is much company rhetoric on how sustainability and ethical considerations play an important part of BHP Billiton's policy of "zero harm". The company has said, rather, that decision was related to a failure to secure an additional joint venture agreement with the local Indonesian company PT Antam Tbk in Buli, Halamera Island, by the end of October.<sup>2</sup>

The Gag project has been highly controversial since exploration work started in the mid-1990s. The company secured a government-issued Contract of Work covering the tiny island (12 km by 8 km) in February 1998, during the turbulent last months of President Suharto's 32-year brutal and corrupt rule.

But Gag was put on hold after the island's forests were classified as 'protection forest' and a 1999 Forestry Law made open-pit mining in such forests illegal. The mining industry launched a high pressure counter-campaign to overturn the ban, and thirteen companies eventually got the go-ahead in 2004 - one of them Gag.

Meanwhile, in 2002, a study by international conservation organisations had revealed that the Raja Ampat Islands, which include Gag, contain the richest coral reefs - 64% of all known coral species - with the highest marine biodiversity in the world.

## Proposed World Heritage Site

Raja Ampat is considered so important to protect that it is first on the list of proposed UNESCO marine World Heritage Sites. When Indonesian parliamentarians were

deliberating whether or not to permit mining in protected forests, UNESCO wrote to them to point this out. The letter said:

*"While media reports of decimated and degraded marine ecosystems in western and central Indonesia are common, this survey shows that there is still a chance to conserve globally significant, high quality island and reef ecosystems in Indonesia and to ensure future sustainable income sources for the local communities."*<sup>3</sup>

## Other Raja Ampat mines cause pollution

Local Papuan civil society organisations are today still calling for the sustainable development of eco-tourism and fisheries to improve local people's lives. They want all mining in the area to be stopped immediately.<sup>4</sup>

BHP Billiton's project was to be a giant among around 16 other nickel projects in Raja Ampat, a few of them already in production. According to local reports, mining is already muddying the clear coastal waters of other Raja Ampat islands, leaving islanders with the impacts while the nickel is shipped to Australia and China.

The groups are concerned that this mining will have irreversible impacts both on land, in the forests and in the surrounding waters, ruining prospects of sustainable, marine-based development.

One of the biggest environmental concerns with the BHP Billiton project was the question of what happens to the mining waste. The choices were on-land containment

*(continued on page 11)*

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