

Coal trucks at Bumi's giant KPC mine in East Kalimantan. Bumi is now listed on London's stock exchange - see page 9



# DTE

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

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## Indonesia's Indigenous Peoples continue the struggle for recognition

*The Fourth Congress of the Indigenous Peoples of the Archipelago (KMAN IV) celebrated the achievements of the past five years. But there is still much more to be done to secure indigenous communities' rights to lands and resources.*

A draft indigenous peoples' law, Free, Prior and Informed Consent, natural resources management, climate change and REDD were major discussion points at KMAN IV. This mass gathering of 2,600 people was held in Tobelo on Halmahera Island, in North Maluku. For seven days, indigenous participants from across Indonesia made the most of a rare opportunity to share experiences, listen to the views of academics, government ministers, and local and international indigenous resource people, and debate and decide priority issues. Towards the end of the Congress they re-elected Abdon

Nababan as AMAN's General Secretary, chose a new Council, endorsed amendments to the organisation's structure and adopted a workplan for the next five years. Along the way, they and the observers invited to attend the event celebrated indigenous culture; there was ritual, dancing, music and food in abundance.

### Perempuan AMAN

Even before KMAN IV got off the ground, Indonesia's indigenous peoples were in the news. At a meeting of indigenous women

arranged in Tobelo just before KMAN IV, a new organisation was set up. Persekutuan Perempuan Adat Aliansi Masyarakat Adat Nusantara, or the Indigenous Women's League of AMAN, (Perempuan AMAN for short), aims to fight for the collective rights of indigenous women and full participation in decision-making. It wants to cultivate solidarity, document local knowledge, support leadership for indigenous women and push for change within indigenous communities as well as at regional, national and international levels.

*(continued next page)*



Aleta Baun speaking at the KMAN IV climate change and adaptation workshop.

*(Photo: DTE)*

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The meeting discussed the special problems faced by indigenous women from within their societies as well as the external threats that have the greatest negative impact on women as guardians of natural resources and providers of food.

A declaration issued by the meeting also said Perempuan AMAN would fight alongside AMAN for the recognition, respect, protection and fulfilment of indigenous peoples' rights to achieve political sovereignty, economic independence and cultural dignity in the cause of equal justice and prosperity for all Indonesians. The date of the declaration, April 16th, was also declared National Indigenous Women's Day.<sup>1</sup>

The new organisation is led by Aleta Baun<sup>2</sup>, an indigenous leader from Molo in East Nusa Tenggara province, and has seven women from different regions on its national board. Four programmes of work were agreed: capacity-building, economic and political empowerment, participation in decision-making and information & documentation management.<sup>3</sup>

#### **KMAN IV: pushing for greater legal recognition**

A water ceremony symbolising the coming together of indigenous communities from across the archipelago, marked the official opening of KMAN IV itself. This was followed by speeches from Marzuki Alie (Speaker of Indonesia's national parliament), Mari Elka Pangestu (Tourism and Creative Industries Minister), Noer Fauzi Rachman (head of Agrarian Studies Dept, Bogor Agricultural University), and Henry Saragih (head of the Indonesian Peasants Union (SPI).

AMAN's push for legal representation for indigenous peoples was a prominent theme in the speeches, underlined when the Draft Law on the Recognition and



*Indigenous Women meet to set up Perempuan Adat in Tobelo, April 2012*

*(Photo:DTE)*

Protection of Indigenous Peoples (RUU PPMA) was formally handed to Marzuki Alie. AMAN has been preparing the RUU for more than two years and has succeeded in getting it on the parliamentary agenda for 2012.<sup>4</sup>

If the RUU gets passed by parliament this year as hoped, it will be a huge breakthrough for indigenous peoples in Indonesia. The law will provide legal recognition for indigenous peoples and their rights to land, natural resources, traditional knowledge and intellectual property.<sup>5</sup> It will provide them with the firm basis under national law to exercise their right to give or withhold their Free Prior and Informed Consent (FPIC) on plantations, mining, logging and other projects affecting their lands.<sup>6</sup> The

RUU's journey through parliament could well be a rocky one however, with likely challengers coming from parties with close connections to big business.<sup>7</sup> These include Golkar, whose leader Aburizal Bakrie presides over an array of mining and plantation businesses.

The hard work involved in drafting and lobbying to get RUU PPMA as far as parliament builds on more than a decade of legal and policy gains by Indonesia's indigenous movement and its supporters. These include a 2002 Amendment to the Constitution which recognises the cultural identity and traditional rights of indigenous peoples as a basic human right; the 2007 law on the Management of Coastal Regions and

*Indigenous representatives at KMAN IV (Photo:DTE)*



Small Islands<sup>8</sup> and the 2009 Environment Law, both of which recognise *adat* (customary) rights.<sup>9</sup> Last year presidential aide Kuntoro Mangkusubroto signalled a policy shift on the part of the Indonesian government by announcing that Indonesia would recognise, respect and protect *adat* rights, referring to a key piece of legislation passed in 2001 - the TAP MPR IX.<sup>10</sup>

However, many of Indonesia's important sectoral laws, notably the 1999 forestry law (No 41), fail to protect indigenous peoples' rights. Law No 41 has been used in the interests of big business, leading to a situation on the ground where companies can enter indigenous areas and start clearing forests without the consent of the customary owners and, in some cases, without their knowledge. Now indigenous groups are challenging the forestry law in Indonesia's Constitutional Court. A request for a judicial review of the law was submitted by AMAN and two indigenous communities, the Kasepahuan Cisitu people from Banten, Java and the Kenegerian Kuntu people from Riau, Sumatra on March 19th - Indonesia's Indigenous Peoples' Day.<sup>11</sup>

## Climate change, renewable energy and REDD+

A series of workshops covering a wide range of topics was held on days two and three at KMAN IV in Tobelo. They included sessions on food and energy sovereignty, climate change adaptation and mitigation, large plantations, the extractive industries, traditional conservation, and political participation.

The workshops allowed AMAN representatives to share information from their own regions as well as have access to information from resource people. At the climate change adaptation workshop, Kortianus Sabeleake from the Mentawai Islands off the West coast of Sumatra described how climate change is bringing more floods to inland areas. As people live in houses on stilts, they are safe, but many of their livestock perish in the floods. The local government does not treat the floods as a disaster situation even though the loss of livestock results in food shortages for the communities.<sup>12</sup>

At the climate change mitigation workshop, it was clear that most indigenous peoples do not understand REDD+ as a means of tackling climate change and remain sceptical of this and other climate initiatives imposed from outside. However, Rizal Mahfud, of AMAN Central Sulawesi said REDD+ is an opportunity for indigenous peoples to get recognition for their customary rights. The UN REDD project in Central Sulawesi, he said, is involving indigenous communities in drafting safeguards for potential REDD+ projects in their area.<sup>13</sup>

## Traditional knowledge - a vital tool for climate change adaptation

### A personal view of KMAN IV by Clare McVeigh

In April this year, I was fortunate to be invited to represent DtE as an observer at KMAN IV and the National Indigenous Women's Meeting in Tobelo. It was a remarkable experience to see at first hand one of the largest and most diverse indigenous movements consolidate and advance collective efforts to fight for the rights of indigenous peoples.

Climate change mitigation and adaptation were key issues on the agenda throughout the congress. However, group discussions frequently reverted away from climate change to issues of land conflict, exploitation of mineral resources and deforestation - issues which have a direct impact on the very survival of indigenous people.

At the Climate Change Adaptation workshop on 20th April, indigenous leader Aleta Baun (better known as Mama Aleta), stressed the need for indigenous people to focus their attention on building adaptability and resilience within their communities. She presented an inspiring example of climate change adaptation in practice in the regency of South Central Timor, where the ancient *rumah bulat* or 'round houses' - a style of

housing passed down as ancestral knowledge through for generations - are being used as storage barns to preserve food in the increasingly harsh heat of the dry season. The houses have no windows and provide excellent insulation, ensuring vital food supplies and agricultural products can be protected against the increasing temperatures. This is particularly important for mountain communities, as temperatures are likely to rise more significantly at higher altitudes as a result of climate change. The houses have a second and equally important use: they provide vulnerable communities with essential shelter against increased and more dangerous storm activity that occurs as a result of an unpredictable climate.

Mama Aleta's example provides encouragement that, by adapting and applying existing indigenous wisdom to a changing world, indigenous people have the potential to provide communities with real solutions to the challenges of climate change.

*A photo of Mama Aleta speaking at the Climate Change Adaptation workshop, KMAN IV is on the front cover of this edition.*



## Indigenous fund launched

The Japanese government is providing a grant of USD3 million to fund capacity-building in 250 indigenous communities in Indonesia, over three years. Announced at KMAN IV, the fund will be managed by the World Bank and implemented by AMAN.

"Most of Indonesia's *adat* communities live in state-claimed forest areas. Their livelihoods often depend on these forests yet they generally don't have formal ownership of their land. However, they are aware of their customary rights," said Juan Martinez, Senior Social Development Specialist for the World Bank in Indonesia.

"This project recognizes that *adat* communities are often left out of forest policy discussions, and aims to build their capacity so that they can fight for their rights and concerns in these discussions."

The capacity-building programme aims to strengthen community governance, improve local *adat* institutions, and raise the income levels of indigenous peoples. The grant is expected to benefit nearly 250,000 people from 250 indigenous communities in Central Kalimantan, East Kalimantan, West Kalimantan, Papua, West Papua, Jambi, South Sumatra, Aceh, Riau, and Central Sulawesi.

(Source: Beritasatu.com 23/Apr/2012; World Bank website <http://go.worldbank.org/88M6ECSTN019/Apr/2012>)

# The road ahead: making it happen for indigenous peoples

*An overview of some of the outcomes of KMAN IV: AMAN's people, plans and demands for the future.*

## Leader and Council

Abdon Nababan was re-elected as AMAN's leader for the next five years. He promised to try to lead AMAN with intelligence, wisdom and humility.

The number of council members chosen by the alliance's seven regions was slimmed down from 42 people to two per region, totalling 14 (one man and one woman per region). The council members include Aleta Baun new leader of Perempuan Adat, who is representative for Bali-Nusa Tenggara region. The host region of Maluku chose Hein Namotemo as their representative and he was also chosen as leader of the AMAN Council. Hein Namotemo is already the local district head (Bupati) under the government system and is expected to run for governor of North Maluku province in future. Other people who served on previous councils include Alex Sanggenafa (Papua), Ariana (Kalimantan), Jajang Kurniawan (Java) and Isjaya Kaladen (Sulawesi).

AMAN's **workplan** for the next five years was outlined as follows under four headings:

1. Socio-cultural: develop and document all customary culture using digital and non-digital methods so it can be sustained by future generations; and draw up a strategy

to promote indigenous culture to the wider world.

2. Economy: increase the economic potential of communities based on eco-regions and develop community economies based on *adat* cultural values.
3. Organisational strengthening: by developing indigenous advocacy, information and communication systems, capacity-building for leaders, rights protection, business set-up, networks and knowledge sharing between indigenous peoples.
4. Politics: organise political education for indigenous peoples, push for full recognition of customary justice. In the short term, continue advocacy efforts related to the parts of the Draft Village Law (RUU Desa) relevant to indigenous peoples. Also, continue to oversee RUU PPMA's route through parliament, and further develop relations between indigenous peoples organisations and other CSOs.<sup>14</sup>

## Declaration and Resolution

The Tobelo Declaration, issued on April 24th calls upon all indigenous peoples of the archipelago to:

1. Restore and strengthen customary consultations as a mechanism for high-level decision-making and binding all community members together.
2. Restore and strengthen mutual assistance (*gotong royong*) to achieve economic self-sufficiency among indigenous peoples.
3. Safeguard and use indigenous languages and customary symbols in daily life.
4. Implement *adat* law and observe the decisions of *adat* justice.
5. Refrain from buying or selling indigenous lands.
6. Maintain the integrity of customary territory from all forms of takeover and control by any external party.<sup>15</sup>

The **Congress Resolution** document reaffirms the rights of indigenous peoples from across the archipelago to organise and manage their own affairs, including practising their own religions and holding customary rituals in line with their cultural identity; to be free from fear of all forms of violence and repression; and to manage and benefit from the lands and natural resources which are an inseparable part of indigenous life and identity. It reaffirms their rights under the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and as recognised in Indonesia's 1945 Constitution. The



Abdon Nababan is elected secretary-general of AMAN for another 5 years at KMAN IV, Tobelo.

(Photo:DTE)

## KMAN IV recommendations

The Congress issued a total of 52 recommendations covering land, territories and resources; Free Prior and Informed Consent (FPIC); climate change, food crisis, energy and REDD+; the Social Affairs ministry; the Home Affairs ministry; political participation for indigenous peoples; state laws and policies; strengthening the creative economy based on culture; and internal issues. A selection of these is summarised below.

On **land and resources**, the recommendations called for formal recognition by the Indonesian government for indigenous territories and the establishment of an agency to register these territories, using the Ancestral Domain Registration Agency, set up by AMAN, as a reference. AMAN wants indigenous systems to be accommodated in the Draft Village Law now being debated by parliament; for a Presidential decree to recognise the role of indigenous peoples' local knowledge in environmental protection and management as a means of implementing the 2009 environment Law 32./2009; and for a Presidential instruction to the national land agency (BPN) to withdraw problematic land and building permits in indigenous areas. The Congress also called for a moratorium on new mining concessions and withdrawal of mining licences from projects that don't have the consent of the indigenous community.

The Congress recommended that all government policies and actions affecting indigenous communities must be done in accordance with **FPIC** principles, and that FPIC as a right for indigenous men and women must be recognised at all levels of government.

Drawing a distinction between food security and **food sovereignty**, the Congress said all productive indigenous land, agricultural and marine resources, and sources of water and organic food must be protected.

On **energy**, the government must identify and promote the use of renewable energy sources that can be accessed and managed

by indigenous peoples, including geothermal, micro-hydro, solar, and gas from animal waste.

On **climate change**, AMAN wants indigenous peoples, as forest-dependent communities, to be involved and prioritised in climate change and **REDD+** initiatives. "Forests are Indigenous Peoples' identity. Forest loss means the loss of indigenous peoples' identity." All climate change adaptation and mitigation initiatives must be based on FPIC principles, and all REDD initiatives must guarantee the recognition and protection of indigenous rights, and give maximum benefit to indigenous communities. "We agree and reaffirm that without the guarantee of these rights, Indigenous Peoples reject all form of REDD implementation, as well as other climate change mitigation initiatives."

The Congress also urged the **World Bank**, which is currently reviewing all its policies, to ensure that the UNDRIP, including FPIC, is recognised and implemented in World Bank policies, including in policies related to REDD+.

The recommendations call on the **Social Affairs Ministry** to stop resettlement programmes for indigenous communities as these cause conflict and destroy indigenous culture. AMAN wants the ministry's programmes targeting "Remote Indigenous Communities" (KAD) to be carried out in accordance with community needs and in line with FPIC principles. Meanwhile, the **Home Affairs Ministry** should formally recognise indigenous religions and belief systems to prevent continued social and political discrimination.

On **political participation**, the recommendations include calls for a Ministry for Indigenous Peoples and a Gender Equality law which protects indigenous women, as well as funding through state budgets for indigenous peoples' organisations. On legal issues: pass the RUU PPMA and withdraw law No 2, 2012 on Land and the development of Public Facilities.<sup>17</sup>

commitment of Indonesia's parliament, as expressed by Speaker of the national parliament Marzuki Alie at the KMAN IV opening ceremony to pass the RUU PPMA in 2012, was welcomed, as were the efforts at the Constitutional Court to review all laws conflicting with the Constitution, starting with Forestry Law 41/1999.

The Resolution then acknowledges that indigenous peoples still face enormous

challenges: development is still oriented towards the exploitation of natural resources, affecting the existence, identity and resilience of traditional community life. The majority of indigenous land and resources is still under state control and some indigenous communities continue to be forcibly evicted from their ancestral land. "Indigenous peoples are forced out and colonised by a system which wipes out their fundamental rights and

causes poverty and food insecurity." Regional autonomy and special autonomy policies have been implemented only in a half-hearted way. Therefore, AMAN urges the government to hasten the process of passing RUU PPMA into law, to return lands and territories and revoke leases over *adat* land given by the state without a fair negotiating process with indigenous communities and take immediate and concrete action to resolve conflicts over indigenous land and resources.<sup>16</sup>

## Notes

1. Declaration, Meeting of Indigenous Women of the Archipelago, 16 April 2012. Indonesian version only at <http://www.kongres4.aman.or.id/>
2. Aleta Baun's fight to protect her community's natural resources from mining is outlined in *DTE* 74, August 2007 see box, <http://www.downtoearth-indonesia.org/story/indigenous-womens-workshop-aman-congress>, and 83, December 2009, see <http://www.downtoearth-indonesia.org/story/climate-change-impacts-voices-villages>
3. AMAN media team posting on [www.kongres4.aman.or.id](http://www.kongres4.aman.or.id), 18/Apr/2012.
4. The full list for financial year 2012 is at <http://www.dpr.go.id/id/baleg/prolegnas/157/Daftar-Prolegnas-RUU-PrioritasTahun-Anggaran-2012>
5. *Beritasatu.com* 19/Apr/2012, via KMAN IV website.
6. *The Jakarta Globe* 18/Apr/2012;
7. For more background on Aburizal Bakrie, Golkar chair, see *DTE* 85-86, August 2010 at <http://www.downtoearth-indonesia.org/story/corruption-collusion-and-nepotism>
8. See speech by AMAN Secretary General Abdon Nababan in *DTE* 80-81, June 2009 at <http://www.downtoearth-indonesia.org/story/ten-years-aman>
9. *Kontan*, 19/Apr/2012 via KMAN IV website.
10. See *DTE* 89/90, November 2011, <http://www.downtoearth-indonesia.org/story/redd-indonesia-update>. For more background on the TAP MPR 2011 see <http://www.downtoearth-indonesia.org/story/mpr-passes-decree-agrarian-reform-and-natural-resources>
11. *VIVAnews* 11/Mar/2012
12. KMAN IV Press release 21/Apr/2012
13. KMAN IV Press release 21/Apr/2012. For an update of REDD+ in Indonesia, see *DTE* 89-90, November 2011 at <http://www.downtoearth-indonesia.org/story/redd-indonesia-update>.
14. KMAN Press Release 23/Apr/2012
15. *Tobelo Declaration*, posted on KMAN IV website 24/Apr/12
16. *Tobelo Resolution*, 25/Apr/2012, posted on KMAN IV website
17. *Tobelo Recommendations* 25/Apr/2012, posted on KMAN IV website. ♦

# The Indigenous Women's Meeting - a personal perspective

by Clare McVeigh, Down to Earth

At the National Indigenous Women's Meeting in Tobelo, 15th-16th April 2012, I was welcomed with open arms by over 200 women from all over the archipelago. Each one of them was fully committed to promoting indigenous women's rights as well as being proud representatives of their culture and heritage. Several of them spoke of the human rights abuses and ecological injustices experienced in their communities as a result of massive deforestation (usually for palm oil plantations) and mining projects.

They spoke about this with sadness, but with determination to represent their communities in finding justice and peace for their people. I watched the women, of all ages and backgrounds, work together through group discussion to build the formal governance structures required to form the 'Perempuan AMAN' - the first ever formal alliance of indigenous women across the archipelago. The celebrations of dance which followed were a display of their unity and positive spirit for change.

*The combination of women's knowledge of natural science, their skills in managing and monitoring the land, and their social positioning to help with community capacity building and training, makes them powerful agents of change.*

## Indigenous women - future leaders in climate change adaptation and mitigation

Indigenous peoples are most directly affected by climate change because their lives and livelihoods depend largely on natural resources, and none more-so than indigenous women who manage and maintain natural resources for their communities. The combination of women's knowledge of natural science, their skills in managing and monitoring the land, and their

social positioning to help with community capacity building and training, makes them powerful agents of change. Consequently, women play a vital role in implementing climate change mitigation and adaptation strategies within local communities.

It is essential that women are valued and recognised for these skills, at the local, national and international level so that adaptation and mitigation strategies are built from the bottom up, using local knowledge and wisdom. Indigenous women must be provided with opportunities to learn more about the potential impacts of climate change on their communities and land. They should be given the status and authority to be involved in formal decision-making processes and the implementation of solutions, to inform international policy development and to guide their communities through climate change.

The formal establishment of the Perempuan AMAN provides an opportunity to unify and amplify the efforts and the voices of these women across Indonesia. It is now the responsibility of their communities - and the rest of the world - to open their minds and listen. ♦



Clare McVeigh (centre) with participants at the National Indigenous Women's Meeting, Tobelo April 2012

## Women and natural resources

# Violence against Papuan women - the resource extraction link

*A new report makes clear the links between natural resources extraction and violence against Papuan women. Enough is Enough! is the result of an initiative begun in 2009, to document incidences of violence and human rights abuses against women in Papua over the past four decades.*

Based on interviews with victims of violence, the findings are divided into cases of state violence, cases of domestic violence, plus cases of 'layered' violence where victims of the state violence also become victims of domestic violence. Testimonies of women victims of the many military operations launched to deal with political opponents of Indonesian rule are included in the report, and the links between natural resources conflict and violence, including mining and oil palm, are explored.

The first major resource extraction project in Papua involving a foreign-owned business was the Freeport mine. The authors remind us that the Indonesian government's contract with Freeport McMoran (USA) was signed two years before Papua's political status was officially decided.<sup>1</sup> This mine, with the help of investment from UK-based mining company Rio Tinto, was to become the giant conflict-ridden copper and gold mine which remains in the headlines today.

Military security posts to guard the mine have been in operation since 1977<sup>2</sup> and the presence of security forces has meant that many girls experienced violence, according to the authors. One case of the repeated rape of an 11-year old girl by Battalion 753/Nabire troops in 2005 is documented in some detail: the girl who suffered psychologically as well as physically eventually died of her untreated wounds, while her parents were too afraid to complain about the repeated rapes, for fear of being shot.

The situation in the mining town of Timika, says the report, is an example of state policies related to the exploitation of natural resources and corporate behaviour eventually leading to a situation "where violence was rampant, including tribal war and sexual violence against women." Freeport's attempt to allay growing anger against its operations by offering 1% of its annual profits to local indigenous peoples, led to increased conflict sparked by misuse of funds and unfair distribution. Discussions by the documentation team with women in two villages showed that women gained no benefit at all from these funds. The women in these villages were in alarmingly poor health, they

were poor and had minimal access to education and the economy, as well as being vulnerable to various forms of violence. Inter-ethnic conflict in 1996, 2003 and 2006 in one village near Timika resulted in numerous casualties and one interviewee relates how she was abducted and raped by an opposing ethnic group.<sup>3</sup>

experienced domestic violence, as told by a Keerom woman.

The report highlights the fact that women are protected from violence and human rights abuses in theory - Papua's Special Autonomy Law, for example, states that the government has an obligation to promote, empower and



*Details from cover of Enough is Enough! The report can be downloaded from <http://ictj.org/>.*

### Oil palm & rights abuses

The development of oil palm plantations in Papua has also been marked by human rights abuses. One testimony relates how in the early 1980s, a tribal chief signed over communal land in Arso, Keerom district at gunpoint. The land was taken by a state-owned plantation company to develop oil palm under the infamous nucleus-smallholder estate (PIR) system, with the original agreement of 500 hectares now extending to 5000 ha. Women felt the impact most on traditional sources of food, as sago stands were cleared along with other forest resources. As the community became increasingly impoverished, women often

protect women as well as men so that there is gender equality. However, there continues to be a wide gap between what is legal and what actually happens.

*Enough is Enough!* also includes sections on the growth of women's organisations in Papua, on domestic violence and equality in the context of Papuan indigenous institutions. The authors pose the question: how can this happen in post reform-era Indonesia? They point to five major findings that create the conditions that allow and encourage violence against women in Papua: 1) the state's security approach to dealing with political opposition and with conflicts over natural resources. 2) discrimination against women in Papuan

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tradition and culture resulting in permitting violence against women 3) natural resources and political conflicts, plus power struggles which foster a situation where both state and domestic violence against women is increasing; 4) lack of political will from the government to resolve conflict in Papua in general, or the problem of violence against women in particular; and 5) overlapping layers of trauma and powerlessness that are not addressed, which give rise to a cycle of victimisation.

Among its detailed recommendations to the Indonesian military, police, different layers of government and various relevant government bodies, religious institutions and civil society organisations, the authors call on the Jakarta government to reduce troop numbers, punish and dismiss perpetrators of human rights violations, and conduct a dialogue with the people of Papua, ensuring that at least 30% of the dialogue participants are women.

Recommendations to private companies and investors are:

- ♦ Obey provincial regulations that apply to their operations
- ♦ Cease the exploitation of natural resources and of the Papuan people, especially women and children
- ♦ Impose strict sanctions on staff members or employees who commit violence against women and do not criminalise women victims of violence
- ♦ adopt work principles in accordance with human rights values, especially in the use of state security forces to guard company assets and products.

The full report, prepared in cooperation with the National Commission on Violence Against Women, the Working Group of the Papuan People's Assembly and the International Center for Transitional Justice (ICTJ) Indonesia, can be viewed at: <http://ictj.org/publication/enough-enough-testimonies-papuan-women-victims-violence-and-human-rights-violations>.

## Notes

1. See previous DTE articles for background eg: <http://www.downtoearth-indonesia.org/story/ending-conflict-west-papua> and <http://www.downtoearth-indonesia.org/story/demand-independence>
2. Military and police expenses have been paid by Freeport-Rio Tinto for many years, though the company failed to reveal this until obliged to do so by dissident shareholders - see DTE 68 at <http://www.downtoearth-indonesia.org/story/illegal-military-payments-freeportrio-tinto> for more background.
3. The report also refers to the torture of Yosepha Alomang and Yulia Magal, near the Freeport mine. Yosepha Alomang's story was published in Yosepha Alomang, the struggle of a Papuan woman challenging oppression (Pergulatan seorang Perempuan Papua Melawan Penindasan). See DTE No 63, November 2004 for more details <http://www.downtoearth-indonesia.org/story/yosepha-alomang-papuan-woman-fighting-human-and-environmental-rights>.♦

(continued from page 19)

## Notes

1. The UP4B Rapid Action Plan includes a feasibility study for a hydro-dam project to be carried out by the government's Agency for the Assessment and Application of Technology, from 2011-2013. For more information about previous plans for Mamberamo see DTE 89-90 <http://www.downtoearth-indonesia.org/story/twenty-two-years-top-down-resource-exploitation-papua>, and DTE 50 <http://www.downtoearth-indonesia.org/story/mamberamo-people-oppose-dam-project>
2. See <http://www.downtoearth-indonesia.org/campaign/mifee>. A recent investigation by *Tempo* gives further insights into how this scheme is impoverishing local people. See <http://eng.tempointeraktif.com/arsip/2012/04/11/INT/mbm.20120411.INT24559.id.php#>

3. Other MIFEE formulations give different areas and different crops to be planted.
4. The situation at MIFEE has been relatively well-documented during the past two years - see <http://www.downtoearth-indonesia.org/campaign/mifee>
5. Reducing Emissions from Forest Degradation and Deforestation - schemes to conserve carbon by protecting forests (see <http://www.downtoearth-indonesia.org/theme/redd> for more information).
6. MP3EI, page 113
7. The full Action Plan (2011-2014 is in Annex II to Presidential Regulation 65, of September 2011, on Accelerating Development in Papua and West Papua Provinces) while a rapid implementation action plan for the 2011-2012 period is in Annex I.
8. See *Jakarta Post* 8/Dec/2011, 12&14/Jan/2012; Feb 20, 2012; and *westpapuamedia*, March 1.

9. *Jakarta Post* 8/Dec/11.
10. *Jakarta Post* 14/Jan/2012
11. *VIVAnews* 28/Mar/2012
12. *Bisnis Indonesia* 16/Mar/2012
13. *Indonesia Today* 16/Mar/2012
14. *Bisnis Indonesia* 16/Mar/2012
15. *MP3EI*, p.161
16. See table, page 38, *UP4B Rapid Action Plan*
17. See DTE 89-90 for a recent update on Tangguh. For more about BP's strategy on limiting in-migration see <http://www.downtoearth-indonesia.org/story/tangguh-project-update-2005> and BP's own webpage on in-migration at Tangguh at <http://www.bp.com/sectiongenericarticle.do?categoryId=9004769&contentId=7008850>
18. See <http://tapol.gn.apc.org>
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(continued from page 12)

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28. 'City relaxes its rules to attract the mega deals', *Sunday Times*, 30 October 2011.♦



# An Indonesian coal company on the London Stock Exchange

*Campaigners are calling for the UK government to tighten up the rules for companies listed on the London Stock Exchange. A new report, launched in February 2012, includes a case study by DTE on the newly created Bumi plc.*

*This company, is jointly owned by Indonesia's Bakrie brothers - powerful players in national politics as well as business - and the UK financier Nat Rothschild. Bumi operates one of the world's biggest coal mines, Kaltim Prima Coal in East Kalimantan, a vast open pit project long associated with evictions, livelihood loss, pollution, strikes and dubious business deals.*

London Mining Network, an alliance of 27 human rights, development and environmental groups, is calling on the British government to firm up the rules for companies listing on London's Stock Exchange (LSE) as part of the discussion on a new Financial Services Bill. Looking at eight case studies, *UK-Listed Mining Companies & the Case for Stricter Oversight* argues that:

- ♦ Many mining companies listed in London have very poor records of complicity in human rights abuse, environmental pollution or destruction of people's cultures and livelihoods around the world.
- ♦ Once listed in London, some mining companies have continued to flout the law in the countries where they operate, or engage in damaging tax avoidance, or break accepted international mining industry standards, with no move by the UK Listing Authority to discipline them.

The report follows on from dramatic developments at the end of February in which a proposed opencast coal mine in Bangladesh being developed by GCM, one of the eight case studies used in the report, was condemned as "threatening human rights" by an independent panel of UN experts. At the launch, John McDonnell MP said "We cannot stand by and witness these global mining companies brutally impoverishing and destroying the lives and environments of whole communities. We need not only to expose this exploitation but also to demand that a firm system of international regulation, control and accountability is put in place that halts the destructive activities of these corporate pirates."

In addition to Bumi, the seven London-listed mining companies looked at in the report are African Barrick, Brinkley Mining, African Minerals, London Mining, Vedanta Resources, Glencore and GCM Resources.

In April and September 2011, LMN submitted comments to the UK Treasury's



## Brutal attack against KPC mineworkers

The International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) reported a serious case of violence against miners at the Kaltim Prima Coal (KPC) mine in March this year. Four hundred striking workers gathered at the coal company's office in East Kutai district on the counsel of a local citizens group to offer themselves back to work. They were immediately attacked by a regional military brigade serving the interests of Thiess and KPC.

KPC is owned by Bumi Resources (see main text) while Thiess, the main contractor, is owned by Australia's Leighton Holdings (itself majority-owned by Germany's Hochtief).

Twenty miners were severely beaten and hospitalised. Another 12 were immediately detained and throughout the night of 24 March and into the next day, police and military rounded up another four union leaders and jailed them.

By the following weekend, most of the unionists had been released but police and regional military were still holding two union leaders, according to the ICEM alert, issued April 1st.

Source:

<http://www.icem.org/?id=5&doc=4956&language=en&la=EN&uid=JGVfWfPbF9kZXN0aW5hdGZpcmVz>

consultations on the new proposals which include establishing a new body called Financial Conduct Authority (FCA). Based on knowledge of the social, environmental and human rights impacts of mining around the world, LMN considers that this new body needs to be equipped with the authority, expertise, personnel and funding to enable it to exercise vigilance over all UK-listed companies in a way that has been lacking in the past. Reform of securities regulation must result in much stricter oversight, particularly of companies involved in mining and trading in minerals.

## Bumi arrives in London

*One of the companies highlighted in the LMN report is Bumi plc, because its listing on the LSE demands greater scrutiny. The following is extracted from the LMN report.*

In June 2011, after a 'reverse takeover' with Vallar plc - a shell company set up by the financier Nat Rothschild - an Indonesian coal company arrived on the London Stock Exchange (LSE) through a deal with the Bakrie business empire. A year previously, Indra Bakrie, the chair of newly named Bumi plc, had declared an intention that Bumi should become the world's biggest exporter of power station coal by 2013. Ambition and rhetoric were not in short supply.

This venture was the outcome of the meeting of two powerful business families from West and East: Nat Rothschild, corporate financier and scion of the Rothschild family, and Indra Bakrie, youngest of four siblings, owners of the Indonesian business group PT Bakrie & Brothers.

The Bakrie Group has business interests in agriculture (including palm oil), property, media, insurance, banking, trade, shipping, construction, manufacturing and mining. Aburizal Bakrie, the eldest son, is currently chairman of Golkar, the political party of the Suharto regime, and a potential presidential candidate for the Indonesian elections in 2014. In 2006, one of the

companies controlled by the Bakrie Group, PT Lapindo Brantas, was responsible for an oil drilling disaster in East Java. This caused a mud-volcano that has engulfed thousands of homes and displaced some 30,000 families, is blamed for the death of 14 people, and continues pouring out mud to this day. In what could be seen as an attempt to avoid paying compensation to the thousands of victims of this ongoing disaster, Energi Mega Persada, the Bakrie-owned company controlling the majority of shares in PT Lapindo Brantas, twice attempted to sell this company for US\$2 to an offshore company.

In the political arena, the Bakrie family's record is disturbing also. The family is linked with cases of bribery and tax evasion, most notably in relation to an investigation into the activities of the Kaltim Prima Coal (KPC) mine and its parent company Bumi Resources. In 2010, attempts were made by Indonesian Government officials to investigate the tax dealings of both KPC and Bumi Resources. This process has been stayed by the courts thanks to interventions by company lawyers.

Recently, an official from the Indonesian tax office claimed that he was bribed by Bakrie-owned companies to help them with their tax affairs. More worrying was the resignation in May 2010 of Finance Minister Sri Mulyani after a long political vendetta by Bakrie. Sri Mulyani was noted for her anti-corruption campaigning. Two days after her departure, Bakrie was appointed 'managing chairman' of a joint secretariat to determine government policy. Politics and business continue to be very closely linked. In an article about the partnership between Bakrie and Rothschild, the head of research of a foreign brokerage company was quoted as advising investors to avoid too powerful business groups in Indonesia as they are often 'too big and risky to challenge'.

For Nat Rothschild, it appears that the risks and challenges of doing business with the Bakries were outweighed by the potential profits that Indonesian coal offered. Indonesia is currently the world's largest exporter of thermal coal, and demand for coal from China and India is prompting more growth. The business model employed by Rothschild has been to create London-listed shell companies as investment vehicles for mining companies and oil and gas companies around the world. In July 2010, the IPO (initial public [share] offering) for Vallar raised US\$1.1 billion. Since then, Rothschild has launched a similar enterprise under the name of Vallares to invest in oil and gas projects in Kurdistan, together with former BP CEO Tony Hayward.

A *Financial Times* article about the Bumi coal deal highlighted Rothschild's hunger for making money above all other considerations. 'You have to make hay while the sun shines,' he said on his initial visit to

## Recommendations for the proposed new FCA

If the FCA is to function effectively as the UK's new listing authority, its operational objectives must include enforcing good conduct on all UK-listed companies. As the case studies in the LMN report demonstrate, even obedience to UK law has not in the past been effectively enforced by the UKLA.

1. London-listed companies and their directors must obey the law in the UK and in the countries where they operate and face appropriate sanctions when they do not obey the law. This must include compliance with national regulations concerning biodiversity, ecological and environmental protection.
2. UK-listed companies should be legally required to note in their corporate reports all findings of non-compliance with IFC and OECD standards, and of UK and non-UK regulations concerning biodiversity and environmental protection, as well as convictions in UK and non-UK courts.
3. The FCA should have powers to enforce the corporate reporting requirements relating to environmental and social impacts contained in section 172 of the Companies Act 2006, with sanctions for failure to comply.
4. The FCA should ensure that UK-listed companies recognise and respect international human rights and environmental standards to which the UK is a signatory, including the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the UN Declaration on the Rights of Indigenous Peoples and the Convention on Biological Diversity, and implement the highest environmental, social, cultural, labour, and health and safety standards.
5. The FCA's oversight needs to extend beyond the financial services sector to include vigilance over the behaviour of all companies listed on UK-registered investment exchanges. This will require sufficient funding for the FCA to be able to call on the expertise necessary.
6. The UK Government should back strong reporting rules for EU-listed and EU-based unlisted mining and other extractive companies. These rules should be based on current European-level proposals requiring extractive companies to publicly report payments to governments and other financial data on a country-by-country and project-by-project basis. EU rules should be at least as comprehensive as listing requirements for mining companies on the Hong Kong Stock Exchange and those proposed under the US Dodd-Frank Wall Street Reform and Consumer Act.
7. Present regulation of AIM (The LSE's Alternative Investment Market) is not sufficiently rigorous to prevent harm and should be improved to ensure that AIM-listed companies fully comply with the human rights, social, cultural, labour and environmental laws, regulations and conventions noted above.
8. The FCA's governing body needs to include people with expertise not only in financial matters but also in human rights and environmental protection if it is to exercise its function in a competent manner.
9. People and organisations with well-founded concerns about the conduct of UK-listed companies should be able to make their concerns known to the FCA through an accessible and transparent procedure. The FCA should take account of, and respond to, these concerns, in compliance with legal obligations, and respect guidelines concerning meaningful public participation in decision-making.

From <http://londonminingnetwork.org/docs/lmn-the-case-for-strict-oversight.pdf>

Indonesia to look at the Kalimantan coal mines he was about to buy. Given the rapidly disappearing rainforests of Borneo and the livelihoods they provide for local people, there is a certain irony to this remark. Rothschild's 'hay-making' is unlikely to benefit Kalimantan's forests and the people whose lives depend on them.

Much has been written in financial columns about the arrival of Bumi plc on the LSE. This process has been rapid and subject to minimal oversight. It took little over six months from the initial announcement of the US\$3 billion deal in Jakarta to Bumi's LSE listing. A further six months on from this listing, the tangled web of business intrigue is already becoming evident, throwing up serious questions about the effectiveness of

the 'due diligence' process undertaken prior to the company's launch on 28 June 2011. On 8 November 2011, a letter from Rothschild in the *Financial Times* surprisingly denounced the corporate governance of Bumi Resources, the Indonesian partner company of Bumi plc, and called for the repayment of debts by connected parties.

Whether Rothschild is genuinely concerned about the corporate governance of Bumi Resources and its debts has been much debated in the financial media. Most ascribe more cynical reasons to the letter. The Bakries are reported to be investigating their new partner for trying to manipulate the price of shares in order to gain a bigger stake in the company. Indeed, soon after the letter was published, Rothschild spent GBP1 million

buying more shares in the company. The fact that both Bumi Resources and the Bakries are heavily indebted is old news, which Rothschild would have known before embarking on any business deals with them. In the Asian financial crisis of the late 1990s, the Bakries' empire nearly collapsed because of debt. A recent *Reuters* report describes the Bakrie Group as being 'known for its acquisitions funded through debt that is linked to shares in its firm', commenting that this is a 'strategy that backfires when global financial crises hit equity and debt markets'.

In the rush to take advantage of Indonesia's vast natural resources and the world's hunger for energy, both parties appear to see only money and profit and to give little consideration to impacts on local communities and the environment, let alone the world's climate, of bulldozing the forests of Borneo for coal. The LSE and financial institutions are now playing a key part in enabling and encouraging this to happen. In this connection it also appears that the LSE's reputation is starting to be questioned abroad. In reference to a *Jakarta Globe* article about the Bumi deal, one commentator wrote: 'A question to ask is why very many of the world's oligarchs are based in UK ... Arab, Russian, Indian, Chinese, etc. Mainly because in the City of London anything goes.'

Have the regulators simply given up? The head of the UKLA was quoted last autumn as saying: 'We don't see our role as one to ensure or underwrite best practice in relation to the combined code, nor do we have powers to do so.' He continued weakly: 'The role of shareholders is greatly underestimated.' Does this mean that the UKLA is expecting Indra Bakrie and Nat Rothschild to regulate themselves?

The full LMN report can be downloaded from <http://londonminingnetwork.org/docs/lmn-the-case-for-strict-oversight.pdf>.

## Notes

1. Problems associated with this mine have been documented by DTE over the years. See [www.downtoearth-indonesia.org](http://www.downtoearth-indonesia.org)
2. See <http://londonminingnetwork.org>. DTE is a member of LMN.
3. Open-pit coal mine project in Bangladesh threatens human rights - UN experts <http://www.un.org/apps/news/story.asp?NewsID=41398&Cr=Bangladesh&Cr1>
4. Available on the HM Treasury website on page 80 of the pdf file at [http://www.hm-treasury.gov.uk/d/consult\\_finregresponses\\_jm.pdf](http://www.hm-treasury.gov.uk/d/consult_finregresponses_jm.pdf) and page 127 of the pdf file at [http://www.hm-treasury.gov.uk/d/condoc\\_finreg\\_blueprint\\_responses\\_ip.pdf](http://www.hm-treasury.gov.uk/d/condoc_finreg_blueprint_responses_ip.pdf).
5. On companies' duty to respect human rights, and states' duty to protect, see the UN 'Protect, Respect and Remedy'



The KPC mine, East Kalimantan - one of the world's biggest open-cast coal mines. (Photo: JATAM)

## Taxes & export bans to slow down mining rush?

The international mining fraternity appears to be getting worried about attempts by the Indonesian government to curb their profits by slowing down a current 'export rush'. Jakarta mining officials say companies are trying export as much as possible before a ban on some unprocessed minerals - copper, gold, silver, nickel, bauxite, zinc and tin - comes into force in 2014. An export tax of 25% this year and 50% next year has been proposed for base metals as well as coal.

The move is also aimed at capturing more value from these resources and spurring the development of minerals processing in the country.

Indonesia is currently the world's biggest exporter of tin and thermal coal (used to fuel power stations). Major importer nations include India and China.

All foreign mining companies are also required to sell majority stakes in their mining operations to local companies by tenth year of production.

### UK's Churchill losing its battle for Kalimantan coal

The UK-based company Churchill (see DTE 85-86) appears to have lost its bid to hang onto coal concessions in East Kalimantan. Instead, it is likely that Nusantara Resources - a company run by former Suharto son-in-law Prabowo Subianto - will develop the rich deposits into what could become yet another mega-mine along the lines of KPC (see photo above). Churchill says it will take the case to international arbitration.

Sources: *Mining.com* 4/Apr/12; *mineweb.com* 3/Apr/12; *Reuters* 12/Apr/12.

6. Framework for Business and Human Rights, and its Guiding Principles, <http://www.business-humanrights.org/SpecialRepPortal/Home/Protect-Respect-Remedy-Framework>.
6. European Commission, 'Disclosure of Payments to Governments', [http://ec.europa.eu/internal\\_market/accounting/other\\_en.htm](http://ec.europa.eu/internal_market/accounting/other_en.htm); see also Hong Kong Stock Exchange listing rules, [http://www.hkex.com.hk/eng/rulesreg/listrules/mbrules/Documents/consol\\_mb.pdf](http://www.hkex.com.hk/eng/rulesreg/listrules/mbrules/Documents/consol_mb.pdf), chapter 18, 'Equity securities - mineral companies'; and US Dodd-Frank Act 2010, <http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>, section 1504.
7. A reverse takeover or reverse merger (reverse IPO) is 'the acquisition of a public company by a private company so that the private company can bypass the lengthy and complex process of going public', [http://en.wikipedia.org/wiki/Reverse\\_takeover](http://en.wikipedia.org/wiki/Reverse_takeover).
8. A shell company 'serves as a vehicle for business transactions without itself having any significant assets or operations', [http://en.wikipedia.org/wiki/Shell\\_corporation](http://en.wikipedia.org/wiki/Shell_corporation)
9. For background on international links to Indonesian coal and the Bakries, see 'Corruption, collusion and nepotism', DTE 85-86, August 2010, <http://www.downtoearth-indonesia.org/story/corruption-collusion-and-nepotism>
10. 'Indra Bakrie lauds Bumi's London move', *Jakarta Globe*, 19 November 2010, [http://www.thejakartaglobe.com/bisindonesia/indra-bakrie-lauds-bumis-london-move/407530#Scene\\_1](http://www.thejakartaglobe.com/bisindonesia/indra-bakrie-lauds-bumis-london-move/407530#Scene_1)
11. The Bakries' principal mining company is Bumi Resources, owner of the huge Kaltim

(continued next page)

## Investment Principles for Farmland

A group of eight institutional investors who are signatories to the UN Principals for Responsible Investment, representing US\$1.3tn in assets have teamed up and developed a new 5-point charter, the Principles for Responsible Investment for Farmland. The move is aimed at addressing the increasing problem of 'land-grabbing' in Africa, Asia and Latin America.

The charter stresses that environmental, social and corporate governance (ESG) sustainability should be taken into account in any tenders and also specifically promotes labour and human rights, existing land and resource rights and the need for public reporting on how these Principles are being implemented.

The PRI for Farmland comes as European pension funds acknowledge that investing in farmland is a 'real challenge'. Pension funds and other institutional investors are coming under pressure from NGOs and academics who point out that land grabs are driving up food prices, destroying subsistence farming and creating disputes about land ownership amongst local communities. The MIFEE project in Papua is a prime example of this kind of project, where large-scale projects are pushing aside local indigenous communities in the name of food security and accelerating development (see also page 16-17).

Recently, the UK's BT Pension Fund and the Danish group of pension funds, PKK, both acknowledged that land-grabbing "without doubt" takes place in Africa and other "frontier" countries. However, both were quick to distance themselves from the practice, stating that they do not expose themselves to high risk areas, that they invest in existing commercial land and work with local communities to help them access markets.

Investing in farmland carries considerable financial risks for companies, such as political and legal volatility, issues of

scale, maintaining investment value and crop failure in addition to concerns over land and resource rights, and ecological and social impacts raised by affected communities and civil society groups. However, as investment in farmland continues to produce annual returns better than many other asset classes, some sources have predicted that the multi-billion dollar global agricultural investment business will double or even triple in the near to long-term.

The PRI for Farmland offers an opportunity for communities and CSOs to assess the performance of investors in farmland against a set of voluntary standards, but these fall short of what's needed to hold companies properly to account. The Principles make reference only to other voluntary principles, and none to the relevant international laws which might apply to their operations.

### FPIC

One important omission is the right of Indigenous Peoples to Free Prior and Informed Consent (FPIC), now a key principle in international law and widely adopted in corporate social responsibility (CSR) policies

of companies working in some of the sectors affecting indigenous peoples. Instead, the PRI for Farmland refer to ensuring the free, prior and informed *consultation* for affected communities - wording that, when used by the World Bank and others, was rejected by indigenous peoples organisations as too weak. It is interesting that the PRI on Farmland use the Performance Standards on Social & Environmental Sustainability adopted by the IFC (the World Bank's private sector investment arm) as a reference on free, prior and informed consultation, when the IFC's standards have now been revised to include full FPIC. Perhaps the PRI for Farmland can now be persuaded to catch up.

The Farmland Principles were developed and are endorsed by AP2 (Sweden), ABP (Netherlands), APG (Netherlands), ATP (Denmark), BT Pension Scheme (UK), Hermes EOS (UK), PGGM (Netherlands) and TIAA-CREF (US).

The PRI for Farmland can be viewed at: [http://www.unpri.org/commodities/Farmland%20Principles\\_Sept2011\\_final.pdf](http://www.unpri.org/commodities/Farmland%20Principles_Sept2011_final.pdf)

Source: *Investment and Pensions Europe* 2&9/Mar/2012; *bfinance* 2/Apr/2012; *Professional Pensions* 13/Mar/2012; <http://farmlandgrab.org/2/Apr/2012>.

See *DTE* 89-91 for an overview of land grabs - <http://www.downtoearth-indonesia.org/story/global-land-grab-phenomenon>. The updated IFC Performance Standards on Social & Environmental Sustainability can be accessed from [http://www1.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/IFC+Sustainability+Sustainability+Framework](http://www1.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability+Sustainability+Framework). For more background on the MIFEE project see <http://www.downtoearth-indonesia.org/campaign/miffee>

Many thanks to Sophie Crocker for contributing this article.

### Indonesia top in new landgrabs database

According to a new Land Matrix database, launched in April 2012, Indonesia is the country with the largest area of land acquired by investors since the year 2000 - 9.5m hectares. Three Indonesian companies are in the top ten investors: Indah Kiat Pulp and Paper, Sinar Mas Group, and Muting Hijau.

(See: <http://www.guardian.co.uk/global-development/datablog/2012/apr/27/international-land-deals-who-investing-what>)

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- Prima Coal mine in East Kalimantan; for more on this and the Indonesian coal industry, see <http://www.downtoearth-indonesia.org/campaign/coal>
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## mining and indigenous resources

# The Water-Giver

By Siti Maimunah and Uumbu Wulang

*Siti Maimunah is Coordinator of Indonesia's Civil Society Forum on Climate Justice. Uumbu Wulang is an activist from JATAM, the Indonesian Mining Advocacy Network, in Sumba. This article was drafted in June 2011, following Siti Maimunah's visit to Sumba, for JATAM. During the visit, consultations were held in two districts, attended by more than 500 people in which local communities rejected plans to mine gold by Fathi Resources, an Indonesian company 80% owned by Australia's Hillgrove Resources.*

Wanggameti is the highest part of Sumba and the greenest region in the eastern part of this island, and has long been the source of local people's livelihood. The forests there provide tubers, vegetables, fuelwood, timber and drinking water. With these rich resources available, local people know they won't die of starvation. They even say Wanggameti offers protection against death. In the local language, *Wangga* means 'one that drives away' and *meti* means 'death'.

Covering just one million hectares, Sumba is a thirteenth the size of Java. It has a large area of savanna grasslands. The two highest parts, Laiwangi Wanggameti and Tana Daru, are not only the sources of rivers and water for the island, but they also house its rich biodiversity.

At least 114 rivers rise in Wanggameti and fulfil the water needs of East Sumba's population of around 200,000. The Kambaniru, Luku, Lunga, Luku Kanabu Wai and Melolo catchment areas are all in Wanggameti. These supply irrigation and drinking water to the town of Waingapu, the capital of East Sumba district. They also supply the drier areas to the north and to the south, Sumba's livestock farming centres. Thousands of cows, buffalo and horses drink from the streams that criss-cross the savanna grasslands. This is why Wanggameti is called *Paberi Wai la Ndeha Kahangga Wai Lapau*, or 'the Water-Giver'.

At least 182 species of birds, 22 species of mammals, 115 butterflies, 7 species of amphibians and 29 reptiles are found in Wanggameti. Some of the birds are only found on Sumba, including the citron-crested cockatoo, the Sumba hornbill, the white edible nest swiftlet and the red-naped fruit dove. At least 70 species of plant are only found on the island.<sup>1</sup>

Not surprisingly, there are a lot of folk tales connected to Wanggameti. In one, the ancient story of Kullo Kanuhu, a bird saves the forest from being plundered. In the current millennium, the threats to Wanggameti's forests are not just stories. This has been especially the case since Frans Lebu



Water source in Sumba (Photo Siti Maemunah)

Raya began his term as governor of East Nusa Tenggara province and began issuing licences to mine gold.

### Wai, Tana and Watu

The people of Sumba are culturally bound to three things: *Wai*, *tana* and *watu*, or water, land and stone. They believe that the land, or the earth, is the mother, and the sky is the father. The earth-mother provides food, while the father sends the rain. Earth and rain bring life to humans. No wonder then, that the local place names are mostly linked to these three things.

Going from east to west across the island, the names of four district capitals contain 'wai'. Waingapu, meaning 'water beating down', is the capital of East Sumba. This district is known as *Matawai Amahu, Pada Ndjara Hamu*, or 'Golden Springs, Fields with Horses Grazing'. Meanwhile Waibakul, the capital of Central Sumba, means 'great spring', and Waitabula, the capital of West Sumba Daya, means 'water bubbling over',

'overflowing'. And similarly, Waikabubak, the capital of West Sumba district, means 'overflowing water'.

The names of villages and sacred places follow similar patterns. Tanarara is a village on the slopes of Wanggameti whose soil is bright red and whose name means 'red earth'.

Watu bakul, or Big Stone is a special region of boulders which are used for tombs and gravestones. Watu Karamba, is a gathering place, a place to work together and exchange information. The name means 'elaborately carved stone'.

The connection between people and nature in Wanggameti is also evident in the ancient tombstones which are lying around. These are carved with horse, buffalo, turtle, crocodile motifs and the figures of women and men. The stones are a symbol of a family's social status and are sacred. Families regularly make pilgrimages to these tombs, where they carry out customary rituals.

The community's close relationship with the forest is reflected in the belief that the forest is where the ancestors reside. The community has special land for growing crops and for customary rituals. The headwaters of the Kapunduk River, a large river that flows through five villages are sacred: they are not allowed to be touched, let alone damaged. In the local language this is expressed as *Kapunduk Pandajuagaru-Kalaulak Kandangngu*.

### Mining and Bribes

The two highest peaks in Sumba's mountain ranges are in the Laiwangi Wanggameti and Manupeu Tana Daru National Parks. Now these two regions are threatened by gold mining. A mining permit was issued to Australia's Broken Hill Property (BHP)<sup>2</sup> in 1997. This prompted objections from local people the following year and BHP's contract was eventually withdrawn by the government in 2008. But on the quiet, a year before the BHP permit was cancelled, Frans Lebu Raya issued a mining permit (KP) to PT Fathi Resources, covering 346,000 hectares. Mining was planned in three locations: Tana Daru,

Lamboya and Masu. However, the Indonesia's mining law of 2009 demanded that the KP mining permits be amended to become new 'IUP' mining permits which have a maximum area of 100,000 hectares. Now the map for the Fathi Resources permit covers two locations Masu and Tana Daru, totalling 99,970 hectares and overlapping with the two national parks in three districts (East, Central and West Sumba). Eighty percent of the shares are now owned by Hillgrove Resources, of Australia.

The West Sumba district head, Jubilate Pandango, is against the gold mining plans even though, he admits, he will get IDR5.8 billion (around USD 619,000) from the mining company. The provincial parliament is recommending that the permit is withdrawn. Opposing this are the district heads of Central and East Sumba, who are keen supporters of mining.

Exploration resumed in 2010, and the company has completed drilling around Wanggameti village. Their camp has been guarded by mobile brigade (*Brimob*) police.<sup>3</sup> Now exploration has moved to Karipi village. "We oppose it, but the village head went ahead and permitted the company to go ahead anyway," said Markus Djangga Dewa, former head teacher at the primary school. Since 2010, local people and activities have mounted a variety of actions to stop this mining operation, including demonstrations, dialogue with the government and local parliament, as well as roadblocks in the mining concession.

In Karipi, there are 15 drill locations, going all the way up the hillside. The company has built a road around 1.2 metres wide. The more drilling, the more roads are opened and the more land is exposed. This means there is a higher risk of landslides, as happened during drilling in Wanggameti village, an area of land prone to slips.

Drilling was planned for June 2011, but was delayed. "It seems drilling has been delayed because the drill machinery was set on fire by local people in Central Sumba. They did this because they asked for work, but were



The area where mining is planned, Sumba.

Photo: Siti Maemunah

turned down by the company. So it's been shifted to August," claimed Umbu Tamuama, a PT Fathi Resources worker. The machinery was set on fire in April 2011 in Praikaroku Jangga village. The company accused several local people of being involved. Now four of them must report regularly to the police, even though they attest that the machinery had been burned before they went to the site. There are indeed strong grounds for community action. The company didn't secure permission from the local land owners and has no environmental impact assessment document, an important requirement of the 2009 mining law. Moreover, a month before, local people had written to the Central Sumba district head to say they didn't want their land to be disturbed. Their position is supported by the Synod of Christian Churches in Sumba (GKS).

## Choose water, not gold

The people of Sumba are inseparable from earth, water and stone. "The majority of us are farmers and we need land and water in order to farm", said Markus Toru, Head of GKS Laloka, after the Ascension Day service in Central Sumba. Their area is near the Manupeuh Tana Daru National Park. People are aware that Wanggameti, the Water-Giver, and Tana Daru - as land which is vulnerable to desertification<sup>4</sup> - must be saved from gold mining. If it isn't, their future is under threat.

*Slightly abridged translation by DTE from the original Indonesian article.*

## Notes:

1. See <http://www.wg-tenure.org/html/wartavw.php?id=30>
2. This company, now UK-Australia-owned BHP Billiton is involved in Kalimantan's coal rush - see <http://www.downtoearth-indonesia.org/story/uk-indonesia-coal-connections>.
3. *Brimob* is notoriously quick to use violence when dealing with community opponents to resource extraction projects and has been involved in numerous cases of human rights abuses.
4. According to the UN Convention to Combat Desertification (UNCCD), East Nusa Tenggara is already vulnerable to desertification. Its forests are in steep decline, with only 10% remaining, and each year the province experiences water shortages. ♦

## Hillgrove Resources

According to its website, Hillgrove has secured a total 1,991.3 square kilometres of land, comprising two major projects - the Bird's Head Project in West Papua, and the Sumba gold prospect. Noting that the Sumba project is a "quick leg up" into a zone previously identified as containing gold, and that it is close to Newmont's Batu Hijau copper and gold mine on Sumbawa, the company says that "Indonesia is shaping up to be an exciting exploration initiative with the first sampling program producing highly encouraging results from our Sumba Prospect."

Hillgrove's website also states: "We are mindful that we are operating in and around local landowners and communities and it is our greatest wish to see all benefit from our presence."

(Source <http://www.hillgroveresources.com.au/section/Projects/Indonesia>, accessed 1/May/2012)

For more on exploration in West Papua - see *DTE* No.82, September 2009 at <http://www.downtoearth-indonesia.org/story/more-copper-and-gold-mines-papua>

*Additional information compiled by DTE.*

## The Proliferation of Political Piracy in Post-Suharto Indonesia

Book Review: Vedi R. Hadiz, 2011, *Localising Power in Post-Authoritarian Indonesia: a Southeast Asia perspective*.

The capitalist economy that evolved in Indonesia during the New Order era of President Suharto was a 'predatory form of capitalism... [that] essentially rests on the appropriation of public resources and institutions for the purposes of private accumulation' (p. 166). It was an intensely elitist and corrupt political economy that collapsed under the weight of its own contradictions during the 'Asian Crisis' of 1998. How, though, was the country to replace this system once the one-party dictatorship had fallen?

Neo-liberal policy advocates pushed for decentralisation, democratisation and multi-party politics as the way to promote free markets, increase transparency and accountability, and break the deadlock of autarchy. A new political class should thereby evolve that actually represented the will of its constituents. Liberal NGOs supported such reforms as a way of promoting local, more democratic alternatives to globalisation, closer to local people's wisdom and environmental prudence.

This fascinating book, albeit with the benefit of hindsight, explodes the wishful thinking that underlay such dreams, showing them up for a form of technocratic anti-politics that failed to grapple with the real bases of power in Indonesia (and other similarly patrimonial political systems in southeast Asia - the book is powerfully informed by comparable stories in Thailand and the Philippines and wider afield).

Instead of ushering in a cleaned up political order that would promote efficient and more socially just capitalism, the process of decentralisation in Indonesia has instead facilitated the proliferation of the same predatory elites, once dominant in Jakarta, to populate every corner of the country. Decentralised Indonesia now has over 500 district and city polities. Now we see, at the local level, a strengthened and expanded political class who buy office through money politics and who furnish their ambitions and pay off their supporters with preferential access to State contracts and access to natural resources. The result has been to entrench rather than eradicate the KKN - corruption, collusion and nepotism - of the Orde Baru.

Such money politics consists of auctions of electoral candidacy by political parties which act as gatekeepers to power (about 20% of election costs, Hadiz guesstimates), outright vote buying, rigging of elections (though not ballots), media



'Give back our customary land and territories.'  
Banners in land protests, Jakarta, January 2012.

campaigns and, albeit mainly in the cities, pay offs to local gangsters (*preman*). According to the best information available, getting elected as a district head (*bupati*) requires a campaign 'war chest' of around US\$1.6 million, although the costs vary from place to place, of course. These sums are dwarfed by the billions of dollars required by politicians seeking control of the larger cities.

A simple conclusion based on this analysis would be that the 'right' institutions fallen into the 'wrong' hands make for the 'wrong' result. Plus times minus equals minus, right? Wrong. Hadiz persuasively eschews such naivety. When in the mid-2000s further electoral reforms were introduced to make *bupati* directly accountable to their electorates, the direct elections only deepened the penetration of money politics into the social fabric. The campaign war chests just had to be bigger. Echoing an article from *Inside Indonesia* by Marcus Mietzner, Hadiz concludes 'direct elections did not facilitate the rise of new political elites, they simply forced the old elites to play by new rules' (p.162). The mistake was to impose the wrong kinds of institutions without taking account of the real political economy.

There are other important lessons in this book. Hadiz shows that even though democratisation has allowed greater social mobilisation and a flourishing civil society, the gap between them and power holders, between rich and poor, has only widened. Reformasi through decentralisation has neither addressed the concerns of workers, as the economic crisis, mass underemployment and elite manipulation has kept the labour movement fragmented, nor those of the revitalised movements of peasants and indigenous peoples, whose lands continue to be expropriated without compensation in favour of industry cronies and (though Hadiz does not mention it but as we know) for expanding pulp and paper and

oil palm plantations. Most support from politicians for indigenous peoples' demands has either been tokenistic - a vote-buying tactic - or pushed by *adat* elites seeking to reclaim power - 'the return of the Sultans'.

This is a compelling study but it is not flawless. There were other reasons for Indonesia's experiment with decentralisation, a political option that can be traced back to the disappointments of first Vice-President Mohammed Hatta's unfinished revolution. The book can be faulted for building an argument on a relatively narrow number of examples, many of them urban. It is quite repetitive. The too-often-repeated mantra about 'predatory elites' should have been fleshed out with more details about just what kinds of predation Hadiz is really talking about: who exactly are the prey and what have been the impacts of this predation on peoples' lands, livelihoods and environments? There is no subaltern narrative here. The book is political economy not political ecology. Still, I found it an exhilarating and refreshing read and one which makes sense of what one observes on the forest frontier. Even the recent, anomalous crack down on *bupati* involved in illegal logging makes better sense in Hadiz's analysis. Here we see not the virtuous assertion of the rule of law - ecological justice at last - but the self-interested attempts of Jakarta bureaucrats seeking to recentralise their control over the forests which they consider their private fiefdom. They, not jumped up *nouveaux*, should be the ones making money from forestry.

Hadiz shows us the real character of Southeast Asian patron-client capitalism, which, he argues, cannot be reformed by imposing politically blind institutional and market solutions that were crafted for the very different political cultures of the West. Tempering globalisation with localisation is a perilous game. This is a remarkable book, but it is not an encouraging one.

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Vedi R. Hadiz, 2011, *Localising Power in Post-Authoritarian Indonesia: a Southeast Asia perspective*, Institute of South East Asian Studies, Singapore. ISBN:978-981-4379-34-2. 247pp. Pbk

# Big Plans for Papua

*How will two new government development initiatives, MP3EI and UP4B, affect Papua and its peoples?*

In our special edition newsletter on Papua published in November 2011, DTE drew attention to the long and sorry history of top-down resource exploitation in Papua. Now, a whole raft of new development plans are being pushed through, under the government's nation-wide effort to speed up development (MP3EI), launched last year. An additional layer of plans specifically for Papua is being promoted by UP4B, a special unit to speed up development in Papua. The government's hope is that UP4B will succeed where Special Autonomy has failed and undermine calls to address the unresolved problem of Papua's political status. However continuing state violence and political oppression mean that under current conditions this mission looks very unlikely to succeed.

## MP3EI

The overall national-level plan to speed up development in Indonesia is called MP3EI - *Masterplan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia* - Masterplan for the Acceleration and Expansion of Indonesia Economic Development. This hefty document, published by the Coordinating Ministry For Economic Affairs in Indonesian and English in May 2011, sets out a three-stage plan for Indonesia to become a developed country by 2025. The aim is to become the world's 9th biggest economy by then. The plan is based on accelerated economic growth, heavy reliance on investment from the private sector and improving the investment climate by amending or abolishing regulations that hold up projects.

Twenty two economic activities which are considered as having high potential for growth are targeted for special attention under eight main programmes: agriculture, mining, energy, industrial, marine, tourism, telecommunication, and the development of strategic areas. Among the 22 potential economic activities listed are bauxite, copper, nickel, coal and oil & gas, timber, oil palm, cocoa, rubber, food agriculture, tourism, steel, defence equipment and steel.

The plan divides the archipelago into 6 main target 'corridors', each with a differing, but in many cases overlapping economic focus. The corridors are:

- ♦ Sumatra as a 'Centre for Production and Processing of Natural Resources and as Nation's Energy Reserves'
- ♦ Java as a 'Driver for National Industry and Service Provision'



Road-building in West Papua's forests 2011 (DTE)

- ♦ Kalimantan as a 'Center for Production and Processing of National Mining and Energy Reserves'
- ♦ Sulawesi as a 'Center for Production and Processing of National Agricultural, Plantation, Fishery, Oil & Gas, and Mining'
- ♦ Bali - Nusa Tenggara as a 'Gateway for Tourism and National Food Support'
- ♦ Papua - Maluku as a 'Center for Development of Food, Fisheries, Energy, and National Mining'

The aim is to achieve an annual GDP growth rate of 12.7% generally and of 12.9% within the economic corridors, and to reduce the dominance of Java in Indonesia's economy. The additional power supply needed to implement the plan is projected to reach 90,000 MW by 2025 and the total investment value is identified at about IDR 4,012 trillion (USD 437 billion). The government will contribute around 10 percent of this cost in the form of basic infrastructure provision, while the remaining amount is to come from state-owned enterprises, the private sector, and through public private partnership (PPP).

## MP3EI in Papua

Investment amounting to IDR 622 trillion is detailed for Papua-Maluku in MP3EI, with the bulk of this required from the private sector. Seven economic centres are identified in the

Papua-Maluku corridor: Sofifi and Ambon in Maluku and North Maluku provinces; and Sorong, Manokwari, Timika, Jayapura and Merauke in West Papua and Papua provinces. The Merauke Integrated Food and Energy Estate (MIFEE) project is identified as one of the key economic activities, alongside copper (Timika), nickel (Halmahera), oil and gas (Sorong and Bintuni Bay), and fisheries (Morotai, N Maluku, and Ambon, Maluku).

Among the challenges identified by MP3EI are low regional GDP levels (though the growth is higher than average); large disparities within the region, low investment levels, less than optimal productivity in the agricultural sector (due to limited irrigation facilities), lack of infrastructure to support development, low population mobility, and (in Papua especially) a low population density.

Cross-sector infrastructure required to support the plans include the construction of a Trans-Papua road, improvement and expansion of airports and ports, construction of coal-fired power plants in Timika and Jayapura (as well one each in Maluku and North Maluku), geothermal power plants in seven areas, and ICT support networks.

While the Mamberamo region, targeted for agro-industrial development in the 1990s, is not one of the focus areas, MP3EI does point to the region's high potential for electricity generation. It suggests that the government starts feasibility studies of development activities to make it easier to market the region to potential investors.<sup>1</sup>

## MIFEE

One of MP3EI's focus projects is the Merauke Integrated Food and Energy Estate (MIFEE) project in southern Papua - a giant scheme that is clearing land and destroying the traditional livelihoods of indigenous Malind and other groups in southern Papua.<sup>2</sup>

According to MP3EI, MIFEE will cover an area of 1.2 million hectares, and consist of 10 clusters of Agricultural Production Centers (KSPP).<sup>3</sup> The short-term development priority (2011-2014) is to develop clusters I to IV, covering an area of 228,023 Ha, in Greater Merauke, Kali Kumb, Yeinan, and Bian. In the medium term (2015 to 2019), areas of agricultural production centers for food crops, horticulture, animal husbandry, plantation, and aquaculture will be developed in Okaba, Ilwayab, Tubang, and Tabonji. Longer term (2020 to 2030), a central production area for food crops, horticulture, animal husbandry, fisheries and plantations



## Conflict continues

The violent suppression of political dissent has continued since the Third Papuan Peoples' Congress was held in Abepura last October (see *DTE* 89-90). Indonesian troops have been conducting several 'sweeping' operations, in the Central Highlands. According to the UK based organisation, Tapol, whole communities have been attacked and homes destroyed, along with churches, traditional meeting centres and public buildings. "Such assaults, purportedly aimed at eliminating the poorly-armed Papuan resistance, have forced villages to flee their homes in search of security in nearby forests where they are cut off from their livelihoods and face the possibility of starvation and disease."

While no-one has been held accountable for the killings that followed the Third Congress, five Papuan leaders who were arrested following the Congress have now been tried, found guilty of treason and sentenced to three years in prison.

## Call for peace and dialogue

According to Dr Neles Tebay, Coordinator of the Papua Peace Network, more human rights violations are likely continue in future because thousands of additional troops have been deployed in West Papua and the root cause of the Papua conflict has not yet been addressed. In a November statement to the European Parliament, Dr Tebay said Indonesia considers that West Papua is an integral part of its territory and uses the eradication of separatist movement in West Papua to justify all forms of state violence and human rights abuses committed against Papuans. "On the other hand, many indigenous Papuans see their ancestral land of West Papua is occupied by Indonesian military. They feel that they have been and are still being colonized by Indonesia. Therefore they have been raising their resistance against a colonial power on their ancestral land."

He welcomed President SBY's public commitment to engage in dialogue with the Papuans, and called for European support for an open dialogue with the Indonesian government to settle the Papua conflict peacefully.

will be developed in Nakias and Selil. Crops will include rice, corn, soybeans, sorghum, wheat, vegetables and fruits. Livestock for animal husbandry will include chickens, cattle, goats and rabbits. Sugar cane, rubber and oil palm are identified as the non-food crops to be planted under the scheme.

Among the infrastructure plans associated with MIFEE, are port development, water infrastructure and swamp reclamation, roads and bridges, organic fertiliser plants as well as an ammonia-urea project in Tangguh (see also box, below); and biomass electricity generation in Merauke and Tanah Miring.

## Copper, oil and gas

MP3EI sets out the case for increasing the production of copper, oil and gas in Papua, as well as for capturing more value through downstream processing. Three new copper smelters are to be built in Indonesia, one of them in Timika, where the giant Freeport-Rio Tinto copper and gold mine is located, to add to the one existing smelter in Gresik, East Java. The development of a copper industrial park in Timika is planned, along with power plants, improved roads and ports and amended regulations to support development. More exploration of oil and gas will be promoted, with improved access for investors. This includes implementing 'a single window or one-stop-service in the area of exploration permits and production, so that cross-cutting issues (overlapping land and environmental impacts) can be resolved quickly and in an integrated manner'.

In Bintuni Bay, site of the huge BP-operated Tangguh gas project, supporting

infrastructure in MP3EI includes transmission pipelines and the development of a distribution network (see also box, below for connections to MIFEE).



## What about people, environment and climate change?

Social and environmental sustainability is hardly mentioned in this plan. While there is an assumption that economic development will bring benefits to the Indonesian population as a whole, there is no clear sense that there must be safeguards for local communities whose lands and resources will be used for the long list of development projects. This could well be a reflection of the way MP3EI was drafted - by government and business, with no participation by civil society or other stakeholders.

Towards the end of MP3EI, there is a section on laws and regulations that need amending in order to speed up development. Here there is some recognition of the

problems surrounding land, overlapping land use claims and indigenous peoples' customary land. At the top of this list, is "Review Law and Government Regulations related to the application of communal land (*tanah ulayat*) as an investment component which will enable the land owners to gain higher economic benefits." The review is to be done by National Land Agency, Ministry of Forestry, and Ministry of Home Affairs, with a target date of 2011. The document also states that regional spatial plans need to be finalized by 2011 as a basis for overcoming potential land use conflict in forests, plantations, and mining areas.

While these do acknowledge the problems to some extent, their resolution is apparently intended to smooth the way for more investment by ensuring that stakeholders, including customary land rights holders, stand to benefit more than previously. So, the development model remains investment-centred - prioritising the needs of business - rather than people-centred, which would prioritise the needs of communities to achieve effective, socially and environmentally sustainable development. A people-centred approach would recognise the need for indigenous peoples to exercise their right to Free Prior and Informed Consent (FPIC) before proceeding with any investment, but there is no reference to FPIC in MP3EI.

The business imperative is painfully evident in MP3EI's description of the MIFEE project. Here, the plan states that there is a need to accelerate the process of releasing designated forest land into food estates areas and to 'socialise' to the local community about the implementation and benefits of the MIFEE program for the welfare of the community. This kind of language demonstrates that there has been very little progress since the Suharto era when communities were similarly informed about the benefits of having their lands appropriated for timber concessions, mining projects and transmigration sites. As is evident from what is happening on the ground in the MIFEE project area, failure to respect the internationally guaranteed rights of the affected indigenous peoples has led to coercion and manipulative practices to obtain certification that indigenous peoples have relinquished their land; increased inter-ethnic conflict and violence; and the clearance of the forests on which the Malind and other indigenous communities depend on for their subsistence.<sup>4</sup> (See box for more information sources in MIFEE.)

On the issue of climate change, MP3EI displays a similar lack of interest as it does on social impacts. The government's National Action Plan for Greenhouse Gases (RAN-GRK) is one of several planning and regulatory elements set out as part of the integral national development planning process to which MP3EI belongs, but there

are no indications of how the ambitious plans for mining, oil and gas extraction, and heavy industry will affect greenhouse gas emission levels. Similarly, there is no information about the impact of forest clearance needed for plantations and agriculture on CO<sub>2</sub> emissions. Climate change is described briefly as one of the challenges that Indonesia faces, but is otherwise more or less ignored in the document. The section on timber, which is a key activity for the Kalimantan corridor, focuses on development of planted forests for the production of logs and other timber, rattan and bamboo products, while mentioning that natural forests will be used for non-timber purposes, including REDD<sup>5</sup>, however the emphasis is clearly on upping the production of logs, plywood and other products to exploit the "...huge potential area for development of timber industry by expanding untapped economic value of production forests..."<sup>6</sup>

## UP4B

UP4B, (*Unit Percepatan Pembangunan Provinsi Papua dan Provinsi Papua Barat*) the Papua and West Papua Economic Acceleration Unit, was officially set up in September 2011 through Presidential Regulation (*Perpres*) No 66. It is led by Bambang Darmono, a former military commander in Aceh, and answers directly to the President.

UP4B's mandate runs from 2011 to 2014, and its tasks include ensuring that its 'Action Plan to Accelerate Development in Papua and West Papua' is implemented. *Perpres* 66 states that development acceleration is to be done through social-economic, and socio-political & socio-cultural policies, the latter including building "constructive communication" between government and people of Papua and West Papua provinces. This communication, in turn, is done through "mapping and managing the source of problems in politics, law enforcement and human rights." The language here is an indication of UP4B's mission to open up for discussion the sources of political unrest among Papuans, though the scope of any such discussion (for example whether it can include the call for a referendum on Papua's future political status) is not set out.

According to the document's introduction, the Rapid Action Plan (selected from the Full Action Plan<sup>7</sup>), with its 'quick wins' programme, is aimed at increasing employment and driving the growth of new economic activities which have the potential to speed up regional economic growth. These activities should be on a scale which fits with the environmental carrying capacity, and should consolidate the roles of government, state-owned companies and the private sector. They are divided into 7 categories:

- ♦ food security (pig farming in the Central Highlands Area, Papua province and cattle in Bomberai and Kebar districts, West

## More MIFEE info

**An Agribusiness Attack in West Papua: Unravelling the Merauke Integrated Food and Energy Estate** is a new independent report on MIFEE online at: <http://awasmifee.potager.org>.

**Ironic Survival** is a film about the MIFEE project by 'Papuan Voices', an empowerment and film production project. See <http://www.engagemedia.org/papuanvoices>.

A new "**No to MIFEE**" facebook campaign page has been set up at <http://www.facebook.com/pages/NO-to-MIFEE/369111889765905>.

**SORAK:** (Suara Orang Kampung - Voice of Villagers) is a forum for the villagers of southern Papua (Merauke, Mappi, and Boven Digul areas) to talk directly about their problems and aspirations, including plantation developments. English and Indonesian versions. <http://blog.insist.or.id/sorak/archives/1854>.

FPP, AMAN, Sawit Watch and other groups have sent a follow-up request to the **UN Committee on the Elimination of Racial Discrimination (CERD)** on the MIFEE case. See February 2012 letter at <http://www.forestpeoples.org/>.

DTE's new **MIFEE web-page** is at <http://www.downtoearth-indonesia.org/campaign/mifee>.

Papua province);

- ♦ Tackling Poverty (increase the small and medium enterprise (SME) capital for farming, plantations, forestry, fisheries, livestock and cottage industries through government initiatives);
- ♦ Developing cottage industries (sago processing);
- ♦ Improving education (free education through high school, to reach all districts and villages in both Papua and West Papua provinces);
- ♦ Improving health services (free health service, to reach all districts, as above);
- ♦ Basic Infrastructure development (renewable energy provision - micro-hydro and solar; coal-fired power plants in Jayapura and Mimika (34 MW); cement works in Timika and Manokwari. The Timika works is to be funded by mining company Freeport as part of its CSR programme).
- ♦ Affirmative action for indigenous Papuans (quotas for outstanding students to attend top universities outside Papua; quotas for armed forces and police membership, quotas for places in the military and police academies; quotas for places in midwifery and nursing training institutes; establish a civil service training centre in Sorong, and teacher training institutes in Papua and West Papua provinces).

Community participation is limited to giving inputs to annual plans and participating in implementing the Action Plan, as well as monitoring and supervision.

The plan follows the strategic regions identified in the MP3EI in the 'Papua-Maluku corridor'. It states that MP3EI's focus on the economy, and particularly investment, will be synergised with the UP4B Action Plan with its emphasis on socio-economic, and socio-political & -cultural development policy. The Rapid Action Plan contains a long list of projects to be carried out in 2011/2012 but

does not list the regulations or policy changes that it says are necessary to support investment in the two provinces. Instead, *Perpres* 66 states merely that UP4B will build capacity for regional governments to craft regional regulations.

## The verdict so far

Some components of the UP4B Action Plan (eg the health and education service improvements), if they are well-implemented, could have positive benefits for Papuans. But it appears likely that these will be outweighed by UP4B's close adherence to the basic economic development model set out in MP3EI - a continuation of the large-scale, capital intensive natural resources projects and ambitious infrastructure schemes that have inflicted so much damage on indigenous Papuan communities until now.

UP4B has not generally been well received in Papua itself. Hostile reactions were reported by the press at meetings held to promote UP4B in Jayapura and Manokwari in December and January; a demonstration by Papuan students in Makassar, Sulawesi, was held to reject UP4B in February; and in March 2012, there were reports of arrests in FakFak at a protest to reject the initiative.<sup>8</sup>

At the December meeting, Hakim Pahabol of the National Committee for West Papua (KNPB) said that the basic problem in Papua was politics, not welfare. "We want a referendum. Nothing else."<sup>9</sup> Even those reported as being in favour of UP4B, expressed scepticism about its implementation. Yusak Reba, a lecturer at Cendrawasih University, said UP4B needed to meet people's expectations or the "crisis of confidence between Papua and Jakarta" would be aggravated. He said he was still hopeful the programme could bring benefits for Papuans, but warned that the UP4B lacked implementation power, leaving regional administrations and the central government

(continued next page)

## South Korea's LG plans petrochemical plant in Bintuni Bay

A South Korean-Indonesian joint venture will develop a USD3 billion petrochemical plant in Tangguh, Bintuni Bay, West Papua, according to media reports. President SBY signed an initial agreement during a visit to South Korea, for the development by LG International Corp and PT Duta Firza. Firlie Gandinduto of Duta Firza said in March that construction would start in mid-2014.<sup>11</sup>

Bintuni Bay is the site of the controversial Tangguh LNG installation, operated by UK-based energy multinational, BP. Earlier in the month, *Bisnis Indonesia* quoted a senior official at Jakarta's Ministry of Industry as saying that BP was interested in building an integrated petrochemical complex using gas from the Tangguh fields.<sup>12</sup> BP subsequently clarified that it was not interested, but would continue to focus on LNG and Tangguh development, as well as exploration and production.<sup>13</sup>

Another official at the same ministry said the plan to develop the complex needed certainty of gas supply. Based on ministry information, the first phase of development would need a minimum gas supply of 382 million standard cubic feet per

day, and would be used to supply two urea plants with a capacity of 3,500 tonnes per day and two ammonia plants with a capacity of 2,000 tonnes per day, plus a methanol plant. The official said companies from Germany, South Korea and Japan were interested in producing methanol and derivatives at Tangguh, while Indonesia's PT Pupuk Sriwijaya (Pusri) intended to build ammonia and urea plants.<sup>14</sup>

Whether Bintuni Bay will see the development of a petrochemical cluster remains to be seen; there are no plans along these lines in the MP3EI masterplan issued last year. But plans to develop ammonia and urea production facilities at Tangguh do appear in both MP3EI, where they are linked to the fertiliser supply needs for the MIFEE project, and in the UP4B Action Plan.

According to UP4B, the target date to start construction of an ammonia-urea project<sup>15</sup> is 2011 with completion by 2015 requiring an investment of IDR 20,850 billion, to be carried out by state-owned PT Pusri.<sup>16</sup> Further developments planned for Bintuni include road improvement, gas transmission pipelines and distribution networks.

### Tangguh as magnet

There is no doubt that BP's Tangguh LNG operation has acted as a major draw for further development plans in and around Bintuni Bay. These are very likely to prompt an influx of migrant workers from other parts of Papua and from other parts of the archipelago.

It is worth remembering that during the planning phase of Tangguh, BP argued that it had devised strategies to prevent a mass influx of people into the area. It was soon evident that these efforts were already being undermined even before gas production started, as migrants from outside Papua moved in.

Now, with many more projects in the pipeline for Bintuni, and with the company's own plans to expand gas production at Tangguh BP's strategies become even less credible. And it is even more clear that companies like BP should stop playing down their pivotal role in attracting other industries into the areas where they operate.<sup>17</sup>

(continued from previous page)

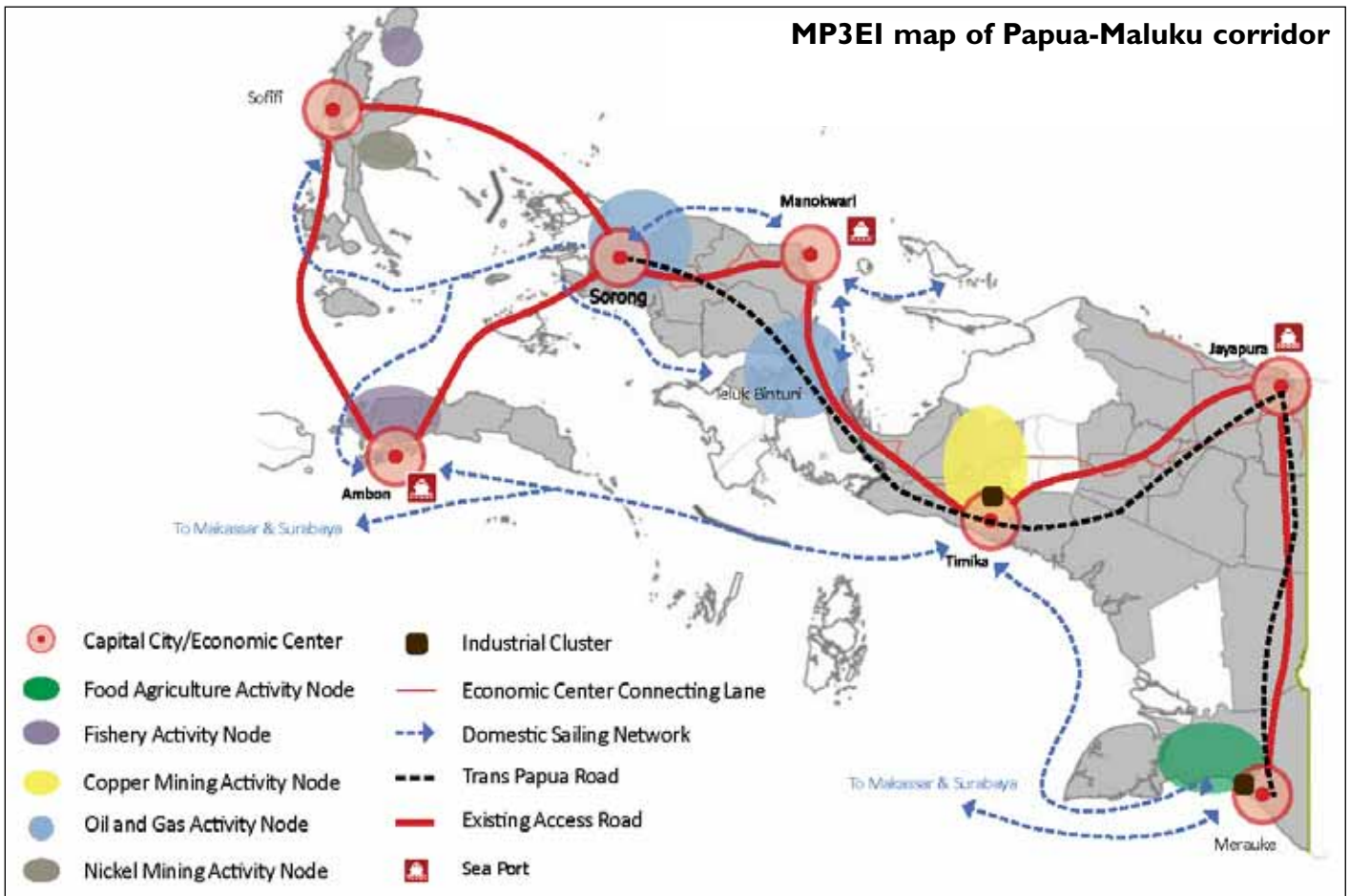
fully responsible for bringing about positive change.<sup>10</sup>

These comments show that UP4B is unlikely to get far in its mission to solve

Papua's underlying problems or end violence and human rights abuses (see box). At best it will help Papuans fare slightly better under grossly unfair conditions. But if its prime purpose is to smooth the way for more damaging top-down resource exploitation,

UP4B is not likely to make things better for Papuans, but far worse.

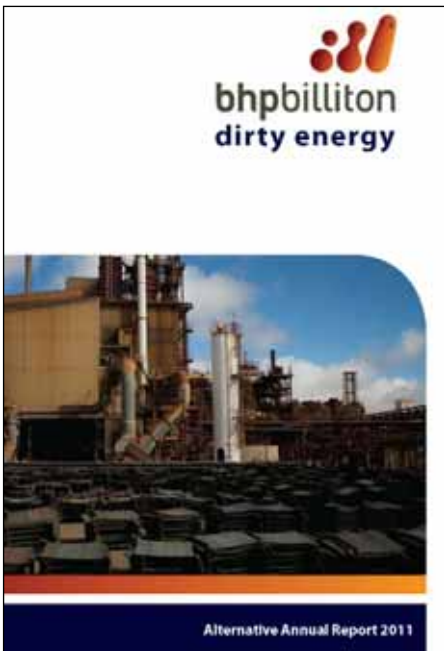
(Turn to page 8 for the notes to this article.)



## DTE activities update

DTE's last activities update was in April 2011. Since then we have been working on the four overlapping themes of coal, agrofuels, Papua and climate change.

In October 2011, DTE raised concerns about BHP's **coal mining** activities in Central Kalimantan, together with other members of the London Mining Network. In Early 2012 DTE's Andrew Hickman travelled to East Kalimantan to meet national and local CSOs working to defend community livelihoods from the excesses of the coal rush in the region (see also page 9 for a recent report on Bumi, now listed on the London Stock Exchange). We took part in a 'coal ceilidh', to raise awareness in the UK of the impacts of coal mining in the UK, Indonesia and other producer countries.



DTE contributed a section on BHP Billiton's Central Kalimantan coal project to Dirty Energy, an Alternative Annual Report, prepared for shareholders attending the company's October 2011 AGM in London. See [http://bhpbillitonwatch.files.wordpress.com/2011/11/bhpb\\_report\\_sml.pdf](http://bhpbillitonwatch.files.wordpress.com/2011/11/bhpb_report_sml.pdf)

The need for the EU to address the damaging impacts of its policies to reduce carbon emissions by encouraging **agrofuels** use for transport and power stations was highlighted in our agrofuels update in December 2011.

In November, DTE launched a dual language film - *Mpur peoples and development* - produced by Papuan partners Mnuikwar. The film was one of the results of a series of workshops on **climate change** in **West Papua** in the first half of 2011. It highlights the concerns of local Mpur communities about large-scale development moving into their area, about climate change and the future of their rights and livelihoods.

Our last newsletter was a special edition newsletter on the Land of Papua. The full Indonesian language edition was produced in December 2011 and was circulated in Indonesia and Papua. (Please contact [dte@gn.apc.org](mailto:dte@gn.apc.org) if you are interested in receiving a hard copy.)

Also on Papua, DTE raised concerns about the Merauke Integrated Food and Energy Estates (MIFEE) project (see pages 16-17) in a joint CSO submission to the UN's Universal Periodic Review which is reviewing Indonesia's human rights situation this month. In addition, we also wrote to the new UK Ambassador to Indonesia to share concerns about MIFEE.

Still on **climate change**, we finalised the translation of the second edition of Tebtebba's Climate Change Guide for Indigenous Peoples - now available in Indonesian on our website. DTE also translated into Indonesian two articles on REDD from the REDD-Monitor website, as requested by partners in Aceh.

On the organisational side, DTE is pleased to report the recruitment of our **new coordinator**, Cathy Scott, who started in March. Previous coordinator Carolyn Marr will continue work on publications.

Finally, DTE was very happy to be at AMAN's Fourth Congress (KMAN IV) in Tobelo, Maluku, in April. DTE's Clare McVeigh was able to attend the national indigenous women's meeting which set up Perempuan Adat, as well as take part in the KMAN workshops and observe the election of AMAN's leader and council (see page 1). ♦



**Coming soon:** an updated Indonesian-language compilation of DTE newsletter articles on climate change and sustainable livelihoods. Contact [dte@gn.apc.org](mailto:dte@gn.apc.org) for more details.



*Mpur Peoples and Development* film by Mnuikwar - [www.downtoearth-indonesia.org](http://www.downtoearth-indonesia.org)

All DTE's English language publications can be accessed via [www.downtoearth-indonesia.org](http://www.downtoearth-indonesia.org),

Indonesian language materials are at [www.downtoearth-indonesia/id/](http://www.downtoearth-indonesia/id/).

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