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A satellite-style map of the Earth showing Southeast Asia and Australia, with Indonesia highlighted in yellow. The map is centered on the Indonesian archipelago, showing the surrounding oceans and the outlines of the continents. The text "INDONESIA: The status of forests" is overlaid in white on the bottom half of the image.

INDONESIA:
The status of forests



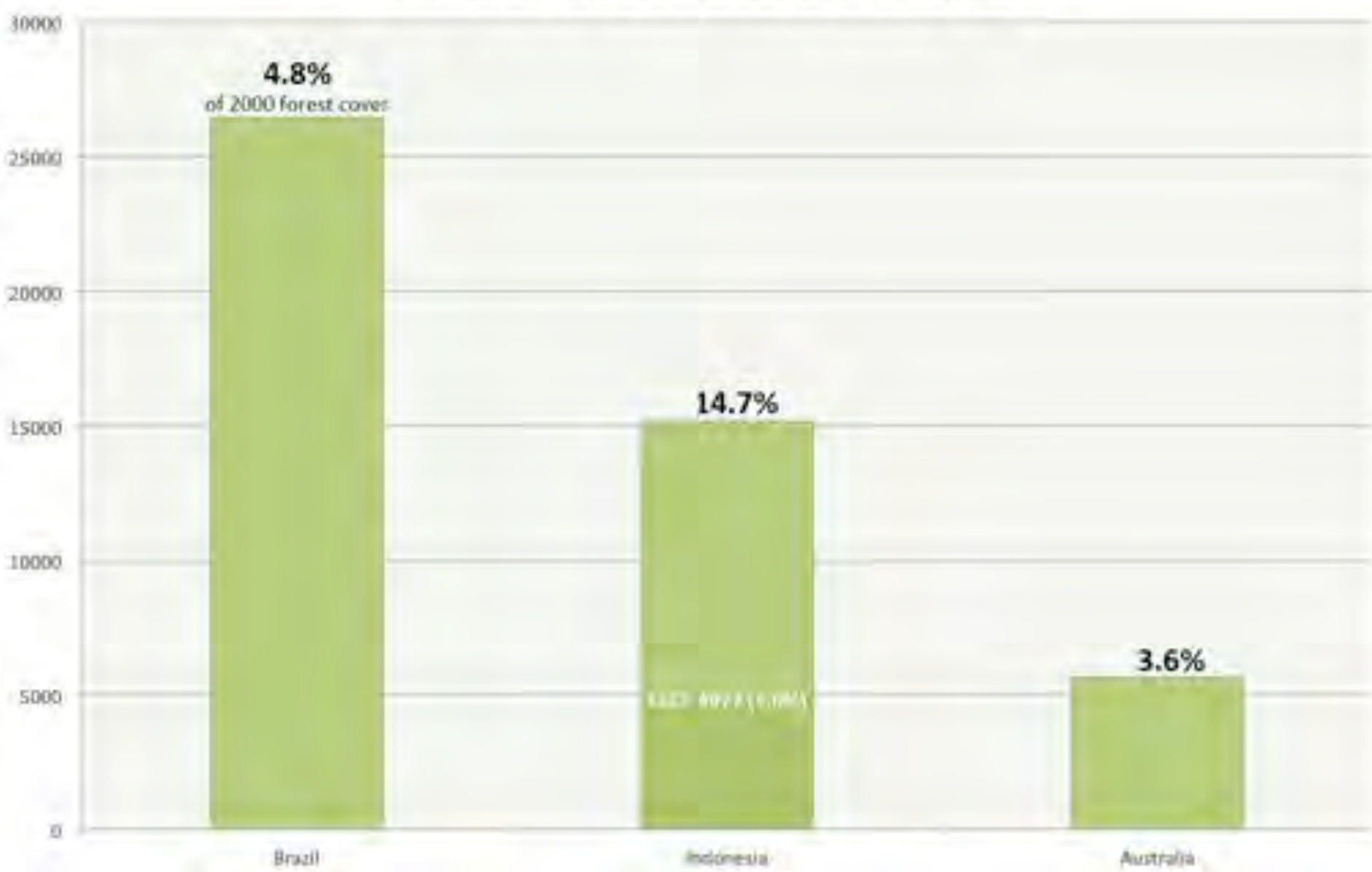
Deforestation in Indonesia

1990s: 1.78 m ha/yr

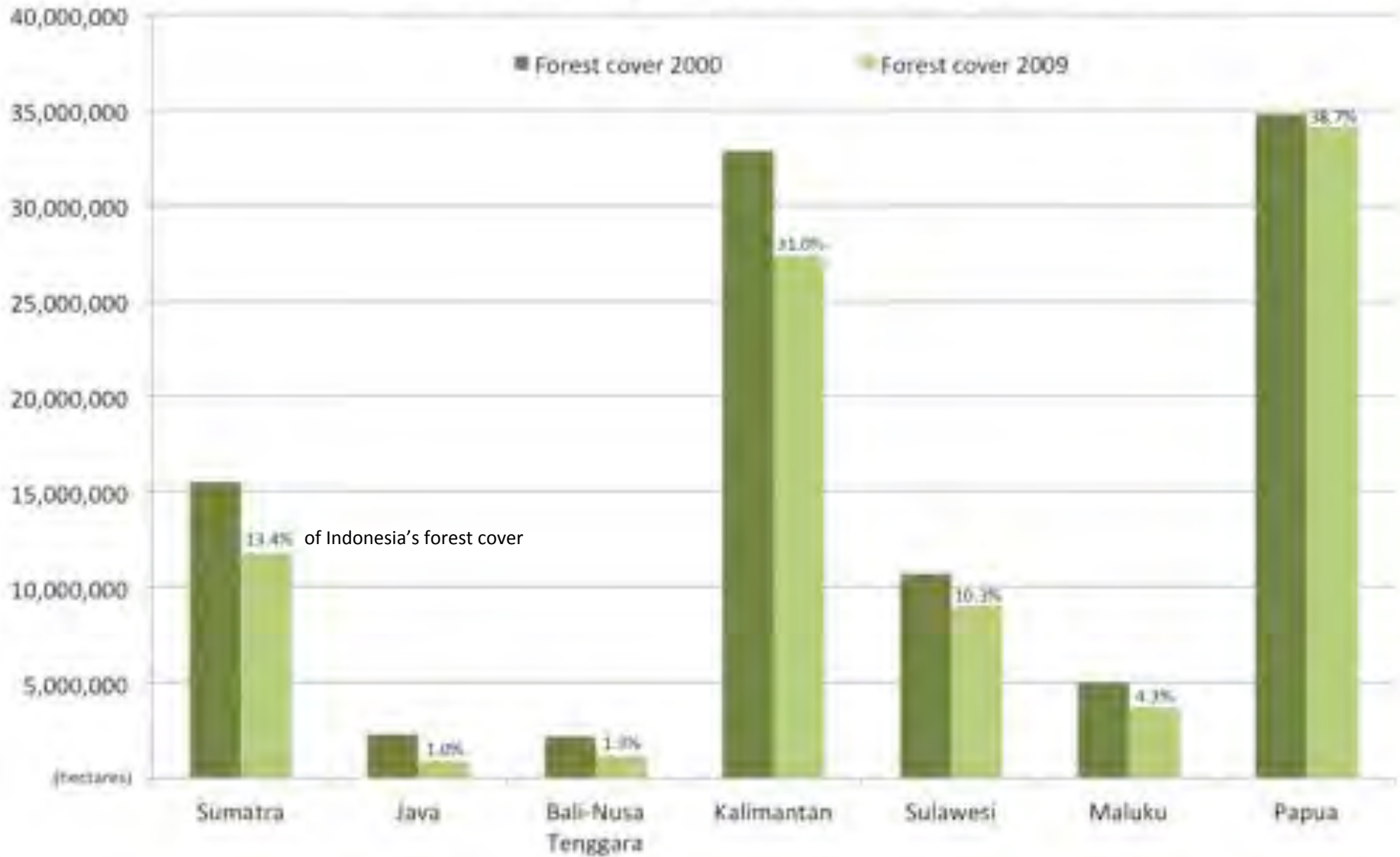
2000s: 1.51 m ha/hr

Since 1950 Indonesia has lost 46% of its forests

Total forest loss 2000-2009 (thousand ha)

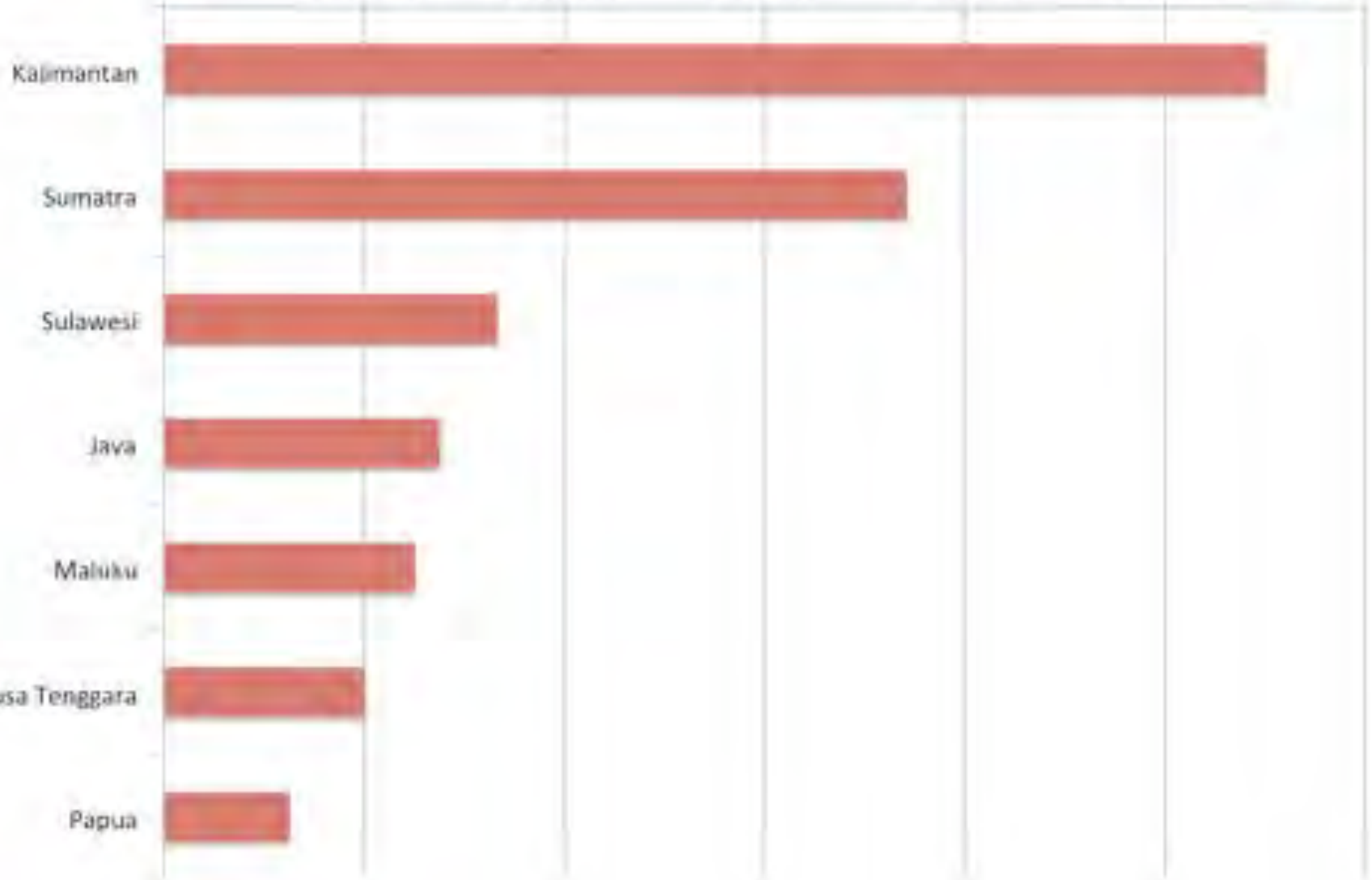


Forest cover by island/island group in Indonesia

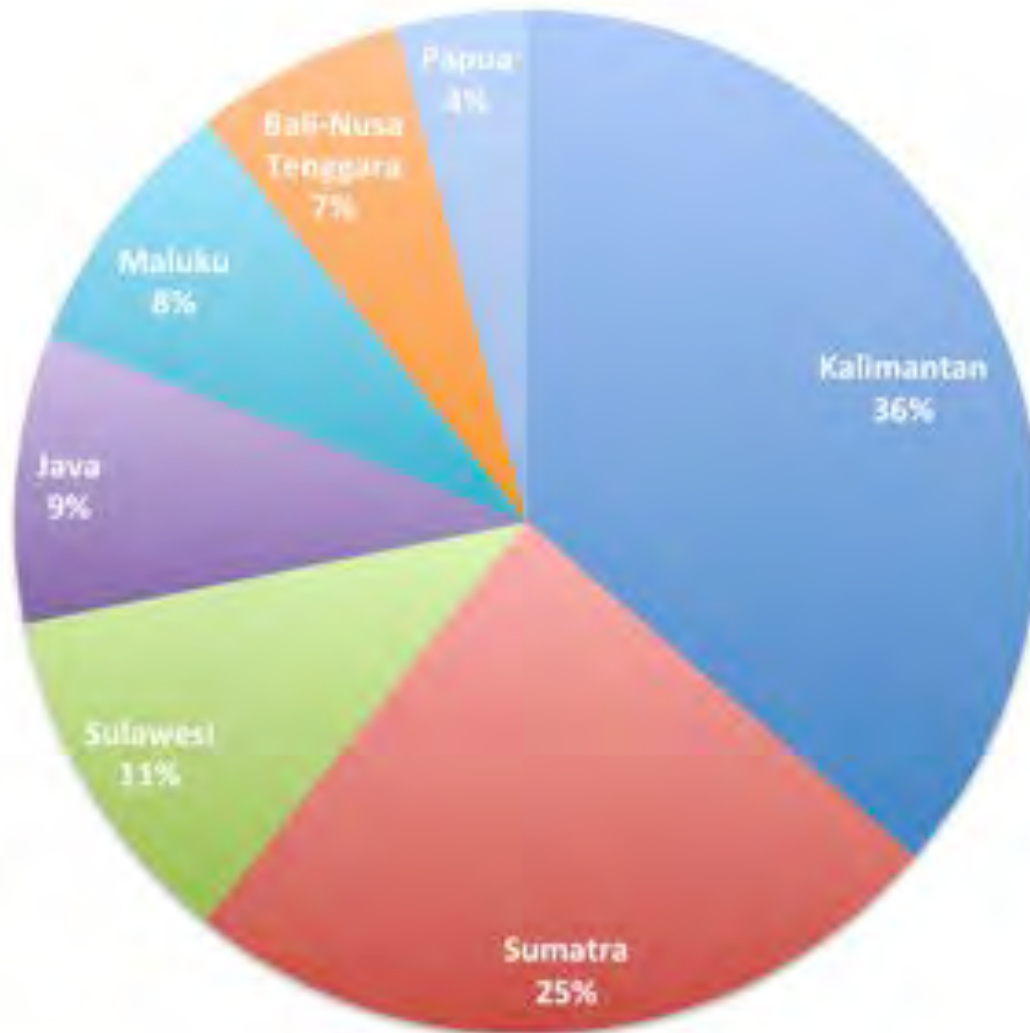


Deforestation in Indonesia, 2000-2009

(hectares) 1,000,000 2,000,000 3,000,000 4,000,000 5,000,000 6,000,000



Share of deforestation in Indonesia, 2000-2009



Past: Java
Now: Kalimantan & Sumatra
Future: Kalimantan, Papua



Drivers of Deforestation





Food/Agriculture

- Subsistence clearing by smallholders
- Often associated with transmigration
- Increasingly industrialized: rice



Logging

- Contributes to deforestation by other actors
- Timber depletion has led to sharp drop
- Overcapacity in processing
- Illegal logging still widespread

Palm oil

- Surging demand, prices
- Extremely profitable
- Indonesia now largest grower, producer





Photo: Daniel Beltra/Greenpeace

Pulp and paper

- Mega Pulp Project: 2 M ha in Sumatra
- Dominated by two firms: APP and APRIL
- Targeting Riau, Jambi, Papua

An aerial photograph showing a large fire burning in a forest. Thick white and grey smoke rises from the ground, partially obscuring the trees. The fire is concentrated in a central area, with flames and smoke spreading outwards. The surrounding forest is green, but the fire has caused significant damage to the vegetation in the immediate vicinity.

Fire

- Usually set for plantation development
- Huge source of CO2 emissions especially in dry years

A photograph of a dirt road winding through a dense forest in a hilly region. The road is reddish-brown and leads into the distance. On the right side of the road, there is a small, simple wooden hut. The background shows rolling hills covered in lush green vegetation under a cloudy sky.

Mining

- Coal mining growing in extent in Kalimantan
- Source of pollution: Papua, Sulawesi, Sumatra
- Very profitable, strong political influence

An aerial photograph showing a dense green forest with a large, irregularly shaped clearing in the center. A dirt road or path runs through the clearing, and a person is visible walking on it. The clearing appears to be a site of land use change, possibly for agriculture or energy crops.

Energy crops

- Sugar cane granted exception under moratorium
 - Papua targeted



Political economy of deforestation in Indonesia

- Strong ties between forestry interests and politicians
- Widespread corruption / MoF \$ from concessions (\$15B/yr)
- Deforestation linked to election cycle (LSE/MIT/SDSU 2011)
 - More political jurisdictions lead to more logging
 - Increase in illegal logging prior to election
 - After election more logging in conversion zones
 - Politicians finance elections through forestry concessions

A man with a long black beard and a patterned headwrap is carrying a large bundle of logs on his shoulder. He is standing in a lush green field with palm trees in the background. The image is used as a background for a presentation slide.

System favors industry over smallholders

- MoF controls forest land
 - Little recognition of community-managed lands
 - Grants concessions of land that is used by communities
 - Result: conflict between communities and developers



Severe corruption

- Little transparency around concessions and land use
- Forestry sector rife with corruption
- Unclear laws means difficult to be in compliance
- Paper parks



Low public awareness of environmental issues

A low-angle photograph of a dense forest. The camera is positioned near the ground, looking up at the tall, slender tree trunks that rise towards a thick canopy of green leaves. Sunlight filters through the foliage, creating bright, dappled light spots and a soft, ethereal atmosphere. The overall color palette is dominated by various shades of green and brown, with bright white highlights from the sun.

Recent Developments

1990s: Armageddon

- Pre-1998: Suharto Era – large scale pillaging of forest resources. Forced displacement, transmigration, forests as a political tool.
- 1997-1998: massive forest fires during severe el Nino year, surge in illegal logging and deforestation
- Decentralization: continued deforestation with forests still used as political tool
- Massive expansion of plantations (esp. oil palm and wood-pulp)



2007: Breakthrough year

UNFCCC COP 13 in Bali

Aceh, Papua sign logging moratoriums

1st carbon deal: Ulu Masen (Aceh)

Asia Pulp & Paper loses FSC certification



Since Bali COP: Progress, but slow

Political

- President SBY commits to low carbon development path; echoed by some governors
- BAU interests see plan as a threat

Economic

- Growing interest in REDD+, but confusion reigns
- Economy booming, driving continued expansion of plantations, mining

Social

- Increasing pressure on BAU interests from activist groups, with some successes
- BAU interests fight back
- Progress on community forests



Since Bali COP: Politics

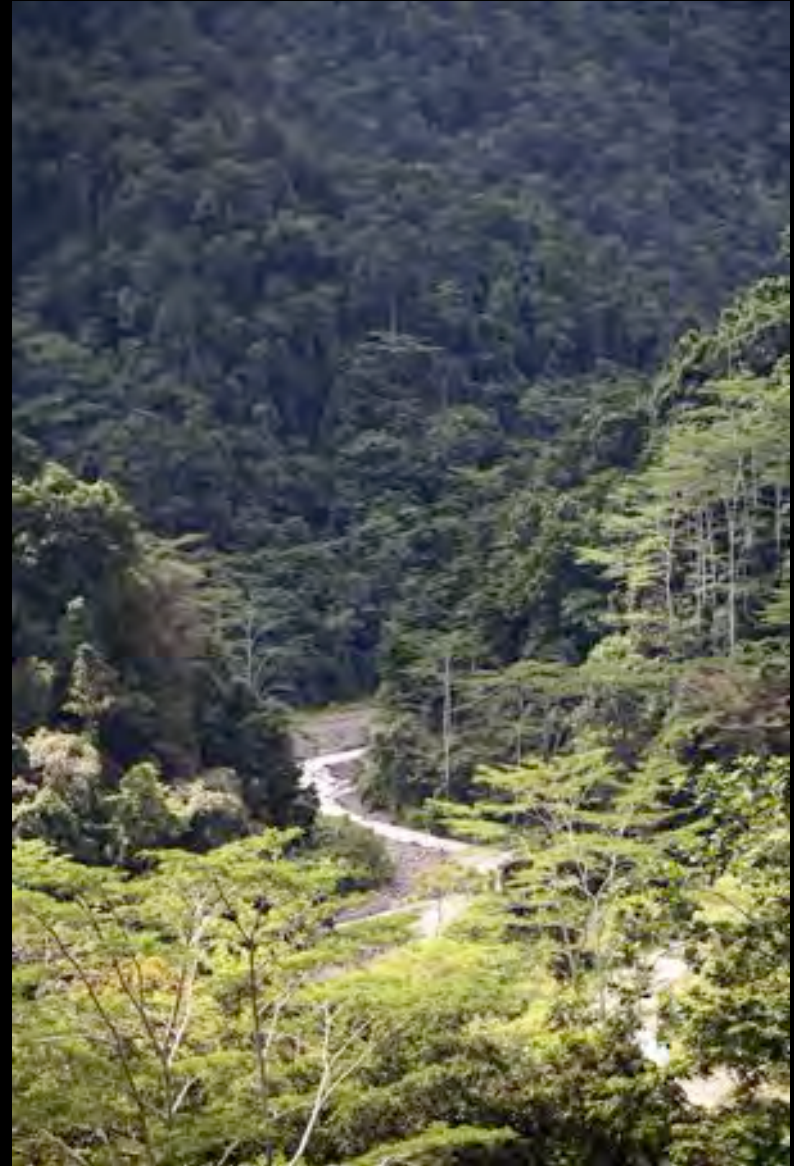
2007-2008: False start

Positive steps ...

- Aceh, Papua, W Papua sign logging moratorium under GCF
- Riau pledges to reduce emissions 50% by 2020 by cutting deforestation and peatlands degradation
- 10 Sumatra governors agree to protect forests
- MoF announces mandatory audits for timber

... but progress stalls

- Deforestation continues in Sumatra
- Illegal logging case (\$115 B!) against pulp and paper firms abruptly dropped, investigator transferred.



Since Bali COP: Politics

2009: Mixed signals

BAU

- MoF lifts ban on pulp and paper development in natural forests (Jan)
- APP & APRIL get big logging concession in Sumatra (May)

Hopeful signs

- Indonesia applies to join World Bank FCPF (Mar)
- \$30M debt-for-nature swap in Sumatra
- SBY's pledge: reduce emissions 26% from BAU by 2020; up to 41% with international assistance



Since Bali COP: Politics

2010:

- Massive reforestation effort announced ... but later revealed to be plantations (Jan)
- Norway commits \$1B to REDD in Indonesia (May)
 - Includes moratorium on new forestry concessions (starting Jan 1, 2011)
 - Deforestation monitoring
 - Tenure, land use, degraded lands mapping
- Forest carbon negotiator named as corruption suspect (Sep)
- Govt palm oil body announces “international marketing” initiative to counter environmental complaints (Oct)
- Greenpeace ship kicked out of Indonesian waters (Oct)
- Govt launches rival to RSPO. ISPO based on legal compliance, mandatory (Nov)
- Central Kalimantan selected as pilot province for REDD+ (Dec)
- Dozens of forestry concessions granted on eve of moratorium (Dec 31)



Since Bali COP: Politics

2011 (through May)

- What moratorium? (Jan 1).
 - Battle between SBY's REDD+ Task Force and MoF over moratorium
 - Heavy lobbying by BAU interests, including use of U.S.-based groups like World Growth International
- Anti-corruption Task Force announces damage from illegal plantations and mines in Central Kalimantan amounts to \$17B (Feb)
 - 20% of plantation companies, <1.5% of mining firms had proper permits
- Former REDD negotiator sentenced to 3 years for corruption
- Indonesia signs VPA with Europe to certify timber exports (May)
- Moratorium signed (May) – SBY/REDD+ Task Force lose battle
 - Gaping loopholes: only includes primary forests, peatlands
 - Moratorium map is useless, with errors
 - Big exemptions for mining, energy and food crops



Since Bali COP: Politics

2011 (thru Oct)

- Anti-mafia task force says it may reopen \$115B pulp and paper investigation (Jun)
- Indonesia says it will investigate first alleged moratorium breach (Jun)
- Indonesia says it will recognize and protect rights of traditional forest users (Jun)
- Improved moratorium map, but reduces moratorium area (Jul)
- 5,000 Muslim imams to be trained to battle haze, deforestation (Jul)
- Reuters expose on MoF's efforts to undermine REDD+ program (Aug)
- REDD+ Task Force renewed; REDD+ agency to be created (Sep)
- SBY signs decree to reduce projected emissions 26-41% by 2020 (Sep)
- Unpublished MoF regulation that would have legalized illegal oil palm and called it forest when planted in the forest estate revoked
 - Provision may have allowed for utilization of non-forest land classified as "forest" for oil palm plantations
- SBY vows to dedicate remainder of term to protecting rainforests
- \$30M debt-for-nature swap in Kalimantan
- Indonesia denies Greenpeace director entry despite official visa
 - 2nd Greenpeace activist subsequently deported from Indonesia
 - Official: "We don't know who is paying immigration, but the private sector is behind this."

Since Bali COP: Business/NGOs

2008

- Merrill Lynch, Carbon Conservation sign first REDD project (Ulu Masen, Aceh) (Jan)
- Staples dumps APP, months after APP lost FSC certification (Feb)
- Greenpeace targets Unilever on palm oil (Apr)
- Palm oil companies reject proposed moratorium (Aug)
- Timber VPA with Europe (Oct)
- 1st RSPO shipments arrive in Europe (Nov)



Since Bali COP: Business/NGOs

2009

- WRI launches POTICO, which includes a degraded lands mapping element (Feb)
- Series of tiger attacks in Jambi linked to illegal logging (Mar)
 - NGOs use a point of criticism of pulp and paper industry
- APP & SMG land large concession near Bukit Tigapuluh National Park
 - RAN, Eyes on the Forest, other NGOs step up paper campaign
- Pressure on palm oil grows
 - LUSH Cosmetics launches anti-palm oil campaign (Aug)
 - Cadbury NZ stops using palm oil (Aug)
 - World Bank/IFC stops lending to palm oil sector (Sep)
 - Unilever suspends \$33M contact with PT Smart/GAR



Since Bali COP: Business/NGOs

2010

- Mounting pressure from activists
 - Greenpeace targets Nestle for palm oil use; Nestle botches response (Mar)
 - APRIL loses FSC certification (Apr)
 - Nestle announces new palm oil policy with TFT (May)
 - First U.S. RSPO shipment (Jun)
- BAU interests fight back (sound familiar?)
 - World Growth International/ITS Global – palm oil, pulp and paper
 - Pulp Wars – pro-APP, U.S.-based Tea Party group
 - Greenpeace ship kicked out of Indonesia (Oct)
 - Sinar Mas hires Cameron Hume, former US ambassador, as adviser (Dec)
- Shell, Gazprom sign big carbon deal in Central Kalimantan

Since Bali COP: Business/NGOs

2011

- Tipping point? (Feb)
 - GAR signs comprehensive forest policy, includes FPIC, moratorium on conversion of land with more than 35tC/ha
- Greenpeace campaign against APP intensifies
 - Attempts to use GAR deal as leverage
 - Mattel, Lego drop APP
- Forest Watch Indonesia releases new forest cover assessment (Jul) - 1.5M ha/year 2000-2009
- BAU interests continue to fight
 - Moratorium battle, BAU wins (Jan-May)
 - US lobby groups target USAID, NGOs, Lacey Act
 - Greenpeace ship kicked out of Indonesia (Oct)
- GAPKI (Indonesian Palm Oil Association) says it will leave RSPO, individual GAPKI members can remain RSPO members should they choose
 - ISPO moves forward



Where we are now

Politics

High level political commitment to reducing deforestation and degradation

- 2-year moratorium in place
- \$1B from Norway, other countries showing interest
- REDD+ program

Conflict between BAU interests (MoF) and low carbon development (SBY) remains

Corruption remains a problem

- Political economy of deforestation



Where we are now

Politics

Transparency still weak

- Opaque MoF regulations, land use allocation
- Poor understanding of who uses what land
- Norway \$, NGOs working on degraded lands, tenure mapping
- Independent deforestation monitoring system?

MoF still favors industry over communities

Paper parks and fires still problems



Where we are now

Private sector

Very nascent signs of leadership from private sector

- GAR
- Interest in REDD+, although skepticism
- Some Concern about access to Western markets and legality
- Some wary of dependence on China

Still strong anti-NGO sentiment in some sectors



Where we are now

Social

Land tenure still unresolved

Community forests rarely recognized

Conflict between companies and communities common

Social tensions between indigenous population and new-comers (e.g. Papua)

Small-holders – like developers – don't necessarily follow laws or best practices



Key issues going forward

- Conflict between BAU interests (MoF) and low carbon development push (SBY)
 - Does SBY have political strength to enact needed reforms?
 - Will KPK be allowed to investigate forest crimes?
 - Will MoF be able to undermine REDD+ and scare off Norway?
 - Will corruption kill REDD+, VPA
 - Can court system resolve land tenure claims, enforce laws?
- What happens if a viable REDD+ mechanism doesn't emerge?
- Will private sector step forward?
 - GAR is positioned as a leader with new forest policy, but what is its commitment level and will anyone follow?
 - Are the financial incentives in place to encourage better practices?
 - Is Indonesia's CSR requirement window-dressing?
 - Will ISPO push meaningful reform?
 - Is Brazil a model for Indonesian business?
- Social/NGOs
 - Continued persecution of effective campaigning groups?
 - Will the government follow through on recognizing traditional claims on forest lands? Will more "people's forests" be granted?
 - Do Indonesians care about the fate of their forests?

The Future

HOPEFUL

- Consumer action
- Improving governance
- Recognition of value of ecosystem services
- Leveling off of human population
- Greater recognition of traditional use and rights

UNCERTAIN

- Technology

LESS HOPEFUL

- Rising demand for land and commodities
- Growing dominance of non-discerning markets
- Climate change