



Climate and Land Use Alliance

*Cultivating solutions for people and the planet*

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# Strategic Focus and Priorities

## **Indonesia Initiative 2013-2016**





THE CLIMATE AND LAND USE ALLIANCE:

# An Overview

The mission of the Climate and Land Use Alliance (CLUA) is to realize the potential of forested and agricultural landscapes to mitigate climate change, benefit people, and protect the environment. The Alliance's members include the ClimateWorks Foundation, the David & Lucile Packard Foundation, the Ford Foundation, and the Gordon and Betty Moore Foundation. Each of the member foundations brings to this mission distinct organizational perspectives and priorities that inform the development of CLUA strategies and their implementation. The Margaret A. Cargill Foundation works in alignment with CLUA and supports its strategies through the implementation of site-specific activities.

## **WITH THE RIGHT POLICIES AND PRACTICES IN PLACE, CHANGES IN LAND USE PRACTICES CAN:**

- ▶ **Yield substantial, cost-effective emission reductions**
- ▶ **Provide sustainable socio-economic development opportunities**
- ▶ **Improve the livelihoods and control over natural resources of forest-dependent communities, including indigenous peoples and smallholder farmers**
- ▶ **Provide many environmental and social “co-benefits,” including biodiversity protection, reduced air and water pollution, and protection of watersheds, which improve local and regional resilience to climate change**

CLUA strategies are currently organized into four geographically focused initiatives (Brazil, Indonesia, Mexico and Central America, and the United States) and one Global Initiative that focuses on relevant public and private sector policies and finance that are international in scope. Our multi-foundation teams bring diverse expertise and seek to develop and maintain strong relationships with partners—ranging from grantees and contractors to other donors, government agencies, and the private sector. We put priority on strategic interventions, aim to fill important gaps, and work collaboratively with others.

CLUA faces a complicated global landscape. International negotiations under the United Nations Framework Convention on Climate Change (UNFCCC) process are too slow and alone will not achieve the fundamental objective for which the UNFCCC was intended—“the stabilization of greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous anthropogenic interference with the climate system”—or the more specific land-use-related task to which it committed itself to “slow, halt, and reverse forest cover and carbon loss.”

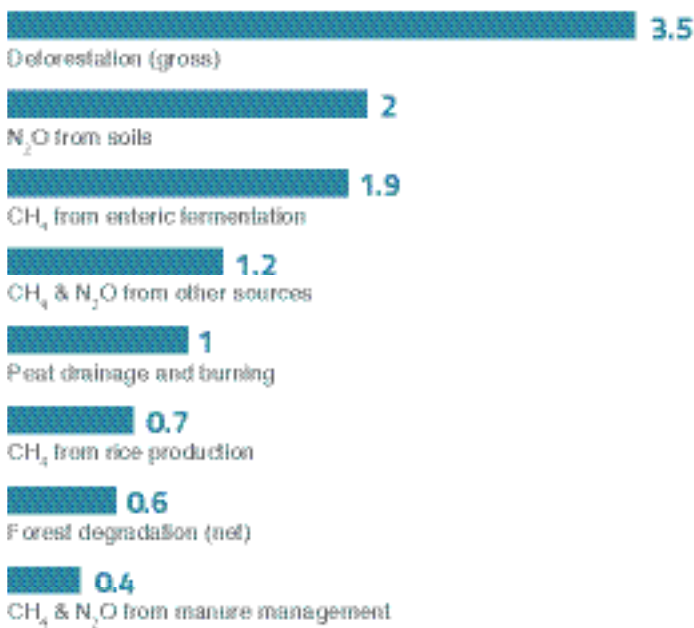
A scientific and political consensus has emerged around the imperative of limiting climate change to an increase of no more than 2 degrees Celsius. The opportunity to stabilize greenhouse gas concentrations in the atmosphere at a level that would achieve that result, however, is rapidly slipping away, with current “business-as-usual” projections at 4 to 6 degrees Celsius.



Land use is currently responsible for about 25% of greenhouse gas emissions caused by human activity—more than the transportation sector worldwide. These emissions come predominantly in the form of carbon dioxide (CO<sub>2</sub>) from deforestation, forest degradation, and the draining and burning of tropical peatlands, as well as nitrous oxide (N<sub>2</sub>O) production from fertilizer application to agricultural fields and methane (CH<sub>4</sub>) from rice and cattle production. Avoiding dangerous climate change will be significantly more difficult and costly if emissions from land use are not substantially reduced.

### Greenhouse Gas Emissions From Land Use

Measured in CO<sub>2</sub>e per year (billions of tons)



New risks to CLUA's mission include less political attention to climate change, generally, and to the role of land use, specifically. In addition, unrealistic expectations that accompanied new initiatives to reduce emissions from deforestation and forest degradation (REDD+) have not been realized, despite some very significant progress. Recent poor performance of carbon markets, and the risks of linking forests to those markets, has raised concerns about the “payment-for-performance” approach associated with REDD+.

Meanwhile, the expansion of commodity production and infrastructure expansion—major drivers of deforestation and the displacement of indigenous peoples and smallholder farmers—increasingly threatens tropical forests and the people who inhabit them. Agricultural commodity production itself is no longer driven primarily by demand from the industrial world but by demand from “emerging” economies.

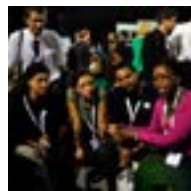
**Our strategies must recognize these realities and address the challenges and opportunities they present. We recently developed revised strategies for each of our geographically focused initiatives in Brazil, Indonesia, Mexico and Central America, and the United States, and for our Global Initiative. Collectively, this work is linked by our crosscutting intent to:**



**Shift the expansion of commodity production away from native forests and peatlands to areas that are already under cultivation, where sustainable productivity increases are achievable, or to areas that were previously degraded and are currently underused**



**Increase recognition of the rights of indigenous peoples and rural communities over forests as a critical part of achieving clear and more coherent land and resource tenure**



**Encourage incentives for emission reductions through policies, measures, and actions that are consistent with internationally recognized guidance on safeguards, monitoring reporting and verification, and carbon reference levels**



**Promote transparency and strategic communications**



**Build relevant capacities and capabilities within our focal geographies**





# Indonesia

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**Our Indonesia Initiative's goal is for local communities, government, and the plantation sector to negotiate and achieve a shift to a high-carbon-stock, low-emissions rural economy that enhances local livelihoods and results in greenhouse gas (GHG) emissions in 2020 from forest and peatland at least 1 Gt below business as usual by:**

**1**

Integrating the concept of a more balanced rural economy as the basis for implementing emission reductions into the development of the newly created REDD+ agency and reporting and verification system, and other related government agencies

**2**

Extending and strengthening community rights over land and forest resources in order to contribute to a low-emissions rural economy

**3**

Ensuring that leading private sector actors adopt good practice based on mutually enforceable contracts with communities



THE CLIMATE AND LAND USE ALLIANCE:

# Indonesia Initiative

Indonesia is a major emitter of carbon dioxide, mostly from deforestation and peatland degradation. Annual deforestation estimates range from 350,000 to 1.5 million hectares, and greenhouse gas emissions data remain hotly contested—a recent Planning Ministry publication concluded that half of Indonesia’s emissions came from peatland degradation, while the economic activity generated on peatlands contributes roughly one percent of GDP.

Indonesia has committed to achieving, with foreign assistance, total net emissions in 2020 that are 41% less than the projected business-as-usual level. This means bringing Indonesia’s emissions back down to slightly below the 2005 level by 2020. While this is ambitious, large reductions in emissions can be achieved from improved management of peatlands and forests.

The predominant rural development paradigm in Indonesia prioritizes creation of wealth from the extraction of natural resources (minerals, oil, timber) and monoculture production of commercial crops (mostly fiber for paper production and oil palm). These large-scale investments have resulted in the opening up of sizeable areas of Indonesia through infrastructure development, and the organized and spontaneous migration of millions of people attracted by the prospect of employment and land. They rely heavily on large capital investments, inexpensive labor, and government-assisted access to land. Industrial pulp and paper operations also receive substantial direct government subsidies and access to cheap fiber from “pulping” natural tropical forests. The pre-eminent role of the capital intensive, investment- and private-sector-driven model of economic growth is reinforced by the government’s *Masterplan for the Acceleration and Expansion of Indonesian Economic Development 2011–2025*.

Mitigation of emissions from deforestation and peatland degradation is intrinsically linked to the wider context of land rights and governance in Indonesia, where more than 60% of the nation’s land is classified as permanent forest estate. Corrupt practices dating back to the dictatorship give preference to the expansion of monocultural plantations by national and international business elites over the

management of native ecosystems and the customary rights of Indonesia’s indigenous communities.

Yet there are indications that some Indonesian leaders in both government and industry now favor a more balanced rural economy, with changes in business-as-usual practices to:

- ▶ **Increase sustainability**
- ▶ **Lower risks particularly from conflict with local communities**
- ▶ **Retain access to markets that demand legality and adherence to socio-environmental standards**

The Indonesia Initiative focuses on strengthening the land and tenure rights of communities in forest and peatland areas to contribute to livelihood improvements and to lower emissions from those landscapes. An increasing body of evidence supports the view that local land tenure security, appropriate incentives, and a consistently enforced regulatory framework supporting sustainable land use can reduce deforestation. Furthermore, if plantation developers respect and negotiate with local communities, rather than trying to usurp lands by using their influence with government, it will further support this outcome.

The goal of this Initiative is for local communities, government, and the plantation sector to negotiate and achieve a shift to a high-carbon-stock, low-emissions rural economy that enhances local livelihoods and results in greenhouse gas (GHG) emissions in 2020 from forest and peatland at least 1 Gt below business as usual.

Achieving this goal will require systemic transformation of the way that use of land and forest resources are allocated and controlled. This means informing the decisions and actions of three key groups: decision makers in the priority setting and decision making agencies of government, members of rural communities, and executives and managers in private companies. This section describes the three priority objectives and the implementing strategies identified by CLUA as goals on which it could have the greatest impact with limited resources.



# 1

## Our first objective is to integrate the concept of a more balanced rural economy as the basis for implementing emission reductions into the development of the newly created REDD+ agency and reporting and verification system, and other related government agencies.

Several existing agencies, most importantly the Ministry of Forestry, Presidential Unit for Monitoring and Control of Development (UKP4), the National Development Planning Agency (BAPPENAS), and the Ministry of Environment, have responded to the challenges of climate change by issuing strategies, policies and undertaking studies, but coordination cross-sector has been a challenge. A dedicated REDD+ agency, and MRV agency, and REDD+ Trust Fund as envisaged in the Indonesia–Norway agreement, are all moving ahead.

CLUA will support work inside these agencies, providing data and information to bolster arguments for change, as well as outside of them, supporting legal and communications/campaigning actions that promote the issues and solutions. CLUA will also support efforts to reform the way that existing institutions implement and interact, with a particular emphasis on those responsible for spatial planning, recognition of local land rights, and allocations of land conversion licenses.

Recognizing that ultimately what is needed is reform of bureaucratic processes to make them more results-oriented and accountable, CLUA will explore support to long-term programs of influencing and capacity building through the training centers of relevant ministries, the National Administrative Agency, the National Planning Agency, and other priority institutions.

Transparency of information and decision-making is a central theme that underpins many of the specific changes that CLUA wishes to support. Work with government institutions on this may include capacity building, piloting data registers, and development of frameworks for data sharing, whilst efforts outside include the use of the Freedom of Information law, and the creation of public, alternative datasets that implicitly challenge government to share its own data.

### CLUA INDONESIA INITIATIVE – OBJECTIVE 1

#### An effective REDD+ agency, a reporting and verification system, and any related government institutions adopt the balanced rural economy concept as the basis for implementing emissions reductions

##### CHANGES NEEDED

- ▶ Effective, independent REDD+ and MRV agencies and interim financing mechanism established and resourced
- ▶ Credible evidence on the need for emissions reductions through a balanced rural economy that's used by key agencies
- ▶ Lessons learned from pilots inform planning and implementation activities for promoting a balanced rural economy

##### IMPLEMENTING STRATEGIES

- ▶ Develop and implement effective land use change monitoring systems
- ▶ Mobilize public opinion and decision makers around the need for an effective institution through public fora, national and international diplomatic interventions, and the use of popular media
- ▶ Capacity for continued data collection and policy analysis developed
- ▶ Analysis and communications on expansion plans, their emissions implications, links to corruption, human rights, rural livelihoods
- ▶ Develop and implement license and rights register
- ▶ Improved participatory spatial planning and monitoring

The role of sub-national governments—both provincial and district—is crucial not only for action in CLUA priority geographies, but also because of the influence these bodies can have within national policy debates. The actions outlined above apply equally to sub-national governments, with a particular emphasis on identifying districts that have an interest in reform, transparency, and improved land use planning.



## Our second objective is for community rights over land and forest resources to be extended and strengthened in order to contribute to a low-emissions rural economy.

Marginalization of rural communities within development decision making and the dominant development paradigm has enabled the development of a high-emissions economy and created conflict and legal uncertainty, which poses practical and regulatory risks for emissions reductions initiatives. A crucial first step is to define, recognize, and secure collective customary rights, allowing local communities to assert their right to participate in land use planning and to free, prior, and informed consent on land use, as well as to demand improved services from government and to negotiate more effectively with private-sector partners.

### CLUA INDONESIA INITIATIVE – OBJECTIVE 2

#### Community rights over land and forest resources extended and strengthened to contribute to a low-emissions rural economy

##### CHANGES NEEDED

- ▶ Mechanisms and legal basis for recognition of customary rights created
- ▶ Formal community rights to access and manage forest resources significantly expanded
- ▶ Community livelihoods from sustainable forest management enhanced

##### IMPLEMENTING STRATEGIES

- ▶ Support and implement mechanism for registering mapping initiatives
- ▶ Support implementation of the ongoing forest gazettement process
- ▶ Public information campaign on customary rights issues
- ▶ Catalyze creation of a mechanism to formally recognize the validity of indigenous land rights
- ▶ Scale up community mapping
- ▶ Propose land allocation within spatial and forest use plans
- ▶ Support arguments for simplification of regulations and procedures for community forest licenses
- ▶ Provide legal support to specific cases and establish legal precedents
- ▶ Strengthen community institutions for resource governance and community-based conflict resolution
- ▶ Support pilot projects which strengthen community-based forest management by rights holders



Experience in Indonesia to date has shown, however, that recognition of rights is a necessary but not sufficient precondition for realizing low-emissions practices. Indeed, without appropriate safeguards, recognition of rights alone can lead to increased sales of land and forest resources for short-term gain. Practical assistance is needed to help rights holders maintain and enhance their traditions of sustainable forest management.

CLUA support will focus on strengthening and scaling up existing initiatives for community rights and on supporting ongoing policy dialogues, in particular the forestry macro-tenure reform process, which is piloting the use of the forest gazettement process as a tool for conflict resolution. In addition, CLUA will support groups working on the implementation of a recent Constitutional Court decision that recognizes customary rights inside the forest zone and of existing laws that strengthen recognition and the role of local and indigenous communities in natural resource decision-making but that, to date, lack implementing regulations. In parallel with this work, CLUA will support pilot interventions to strengthen sustainable forest management by rights holders, enhancing the contribution of such management to local livelihoods where possible.



## Our third objective is for leading private-sector actors to adopt good practice based on mutually enforceable contracts with communities.

Palm oil and pulp and paper producers are some of the strongest supporters of business-as-usual practices, but there are examples of individual companies and groups starting to adopt “good practice” in response to actual or anticipated pressure from markets and creditors. Tighter definitions of good practice and transparent monitoring are needed to serve as the standard against which to judge company commitments and actions. These include watertight measures to remove deforestation and natural fiber from the supply chain, a demonstrable move to plantation development in low-carbon landscapes, and documented and independently verified community engagement processes, including the use of free, prior, and informed consent. The demand for good practice—and the comparative advantage of those companies who adopt it—can be increased by documenting and exposing poor practices. This includes work in Indonesia and market countries, as well as on the links between them.

Companies that make commitments to sustainability have found that regulations or interpretation of regulations are sometimes barriers to successful implementation. For example, land set aside for protection as “high conservation value” or “high carbon stock” may be defined as ‘undeveloped’ and therefore vulnerable to being annexed and re-allocated to another company. Regulations may also incentivize bad practice—for example by allowing a company to use unresolved conflict as a reason to redesign its land holding, rather than resolve the problem. Even where regulations are well proscribed, enforcement may be token or corrupt and therefore ineffective. CLUA will support activities of civil society organizations and community groups that wish to work with companies, regulatory authorities and, where appropriate, the anti-corruption agency or other law enforcers to provide independent, verifiable monitoring of the implementation of commitments on the ground.

Beyond working with companies that have made commitments, other companies need to be encouraged to join. Leading companies are reluctant to be too high profile about their actions, but they need to be encouraged to persuade their peers to make similar commitments. Continued work on demand-side campaigns is important in this respect, with a new emphasis on positive stories about the successes of committed companies.



## CLUA INDONESIA INITIATIVE – OBJECTIVE 3

### Leading private-sector actors adopt good practice based on mutually enforceable contracts with communities

#### CHANGES NEEDED

- ▶ Leading companies proactively seek to develop and test good practice measures
- ▶ Target companies reduce poor practice as a result of negative campaigns and loss of market share
- ▶ Integrated approaches to provide incentives for low-emissions livelihoods and limits on licensing development on high carbon areas result in pilots of low carbon development in selected innovative districts

#### IMPLEMENTING STRATEGIES

- ▶ Produce credible evidence of the business case for good practice
- ▶ Support the development and monitoring of enforceable community-company agreements in specific cases
- ▶ Document cases and issues around poor practice, including those connected to human rights, and fiduciary good practice
- ▶ Campaign for change at appropriate venues (international markets/buyers, associations, and sensitive governments)
- ▶ Develop a “threat atlas” and identify high-risk, high-potential districts
- ▶ Adapt existing delivery mechanisms for incentivizing low-emissions activities at community level
- ▶ Define, analyze and publish data on alternatives to using land in high-carbon landscapes
- ▶ Ensure land use licenses are in low-carbon areas and have community consent (use FPIC)

**FOR EACH OF THESE CLUA OBJECTIVES, ESSENTIAL COMPLEMENTARY WORK MUST BE DONE AT A BROADER SCALE THAT LIES BEYOND OUR SCOPE AND CAPACITY TO IMPLEMENT, INCLUDING:**

- ▶ **For Indonesia to apply the more balanced low-emissions rural economy approach on a “whole-of-government” basis**
- ▶ **To mainstream innovative, low-emission economic development models for rural communities, including but not limited to forest management**
- ▶ **To fully implement and enforce an effective, mandatory national framework for private-sector good practice**





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