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*Chapter 1*

# **Ecosystem Restoration Concessions and German Development Cooperation**

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## **ABSTRACT**

Approaches and instruments focusing on market mechanisms and private enterprises are increasingly promoted to mitigate and resolve global environmental and developmental problems. In this context, private protected areas have been created in varying forms worldwide, providing new instruments aiming at the protection and restoration of forests and biodiversity. In Indonesia, Ecosystem Restoration Concessions (ERC) have been developed as a market-oriented governmental instrument to counter current deforestation and degradation processes in production forests, and to restore forest ecosystems in logged-out concession areas.

Conservation organizations as well as state authorities and development organizations conceive of ERCs as a highly promising instrument for nature

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conservation in Indonesia, and in other countries as well. Development cooperation and official development assistance (ODA) have been crucial for the establishment of ERCs in Indonesia. To start these enterprises requires considerable capital expenditure which largely comes from development assistance. At the same time, ERCs provide appealing possibilities for governmental development aid organizations to conveniently distribute growing public funds dedicated for nature conservation and climate protection. Experiences with ERCs are still very limited, however, their impacts so far are ambivalent, and their viability is uncertain. The implementation of ERCs in Indonesia has been controversial, and their effects on forests and forest-dependent communities are fiercely disputed in national and transnational discourses.

This chapter explores these conflicts and disputes focusing on the Harapan Rainforest Project, and weighs the relevance of ERCs for German development cooperation. The implementation of such market-oriented instruments according to international standards regarding nature conservation, the rights of indigenous and local populations, as well as sustainable development is highly challenging. Looking at the experiences with the Harapan ERC so far, it is necessary to improve the transparency and accountability of such projects, warrant the free and prior information and consent of affected people, and secure the active participation and benefit of local communities. It is also necessary to establish independent and easily accessible facilities for mediation and conflict resolution in the course of the planning and implementation of such projects by default. With regard to the conceptualization and planning of forest related development cooperation, it is furthermore needful to reconsider prevailing mindsets. A reconsideration and exploration of such cognitive frames, which significantly determine the perception of forest related problems and the choice of strategies for their solution, is required to be able to decide more deliberately and efficiently about the most appropriate strategies and instruments in forest related development cooperation.

**Keywords:** Ecosystem Restoration Concession, Harapan rainforest, German development cooperation, development assistance, REDD+, Indonesia, indigenous rights, community empowerment, forest conservation, forest policy, environment and development policies

## INTRODUCTION

The deforestation and degradation of tropical forests continues on an alarming scale, despite prevalent appreciations of their ecological functions

and irreplaceable value, as well as urgent appeals to secure their preservation. Some of the largest remaining tropical forests are located in Indonesia, but are highly endangered. Here, transnational and national nature conservation organizations are particularly concerned about the ongoing deforestation processes on Sumatra and in Kalimantan. In view of the ambivalent role of the forest administration, and the failure of government policies to protect the forests, conservation organizations were looking for new approaches and instruments to protect forests and ecosystems more efficiently.

To protect and restore forests and biodiversity, private protected areas in various forms worldwide are increasingly propagated as alternative instruments for nature conservation, besides the conventional approach to establish and manage conservation areas by state authorities. In this context, in the early 2000s, the British Royal Society for the Protection of Birds (RSPB) and BirdLife International, together with its affiliate organization Burung Indonesia and in cooperation with the Indonesian Ministry of Forestry (MoF), started to develop a new type of concession for production forests which was called Ecosystem Restoration Concession (ERC). Licensed by the state and managed by private enterprises, ERCs are aiming at the restoration of degraded forest ecosystems. For the conservation organizations ERCs are a promising strategic instrument to reverse the deforestation and the degradation of forests on Indonesia's large production forest areas. These production forest areas are supposed to predominantly serve commercial purposes, and are allocated by the MoF to private enterprises under various licenses. From the perspective of the conservation organizations, these areas are particularly threatened, but are also still ecologically valuable with a high potential for restoration and conservation.

Besides the conservation organizations, also various governmental institutions and development organizations, particularly in European countries, do have high expectations regarding the concept and are supporting ERCs. Development cooperation and Official Development Assistance (ODA) have been crucial for the establishment and implementation of ERCs in Indonesia. To start these enterprises requires considerable capital expenditure, and the companies managing ERCs, so far,

are also largely depending on external funding to cover the high ongoing costs. Apart from the resources supplied by conservation organizations, these funds are predominantly provided by development assistance. At the same time, ERCs provide appealing possibilities for governmental development aid organizations to conveniently distribute growing public funds dedicated for forest and biodiversity conservation as well as climate protection.

In 2004, the Indonesian Ministry of Forestry (MoF) formally established Ecosystem Restoration Concessions as a new type of concession area, with the stated aim to counter current deforestation and degradation processes in production forests, and to restore forest ecosystems in logged-out concession areas. In 2007, the Harapan Rainforest Project on Sumatra was the first concession which was licensed as an ERC. Since then, the project has generated numerous, sometimes violent, conflicts, and is highly disputed in national and international discourses. Major issues and problems addressed in these disputes include the long-term viability and financing of ERCs, their relation to the REDD+ instrument, and their impacts on forest-dependent communities and indigenous people. The effectiveness of ERCs with regard to forest protection and ecosystem restoration is contested, as well as their ability to compete with other interests and enterprises focusing on production forest areas. The role of ERCs and private conservation areas is also fiercely disputed in controversies regarding interests and rights of forest-dependent communities, migration processes and landlessness, as well as social inequities and struggles, in Indonesia and beyond. The public funding of these private enterprises via ODA and development cooperation, furthermore, requires particular attention and precautions regarding the transparency, justification, and accountability of these projects.

This chapter explores these issues and conflicts with a focus on the Harapan Rainforest Project as well as with regard to the support provided for ERCs in the context of German development cooperation with Indonesia. At first, the chapter gives an overview on the scope of forest related German development cooperation and its relevance for ERCs in Indonesia, outlines the forests problematic in Indonesia as context for the development and implementation of ERCs, and delineates the conceptualization and relevance

of this new type of concession area. The study then focuses on the Harapan Rainforest Project, which was licensed as the first ERC, and particularly explores the development and organization of the concession, the diversity of actors and conflicts related to the land and forest resources in the concession area, as well as the various discourses on the local, national, and transnational level referring to the Harapan ERC. The concluding sections consider the challenges ERCs pose for development cooperation, and discuss impacts of different 'mindsets' on the perception of forest related problems as well as the choice of appropriate approaches in forest policies and development cooperation.

Due to their complexity, their fierceness, and their embeddedness in larger social controversies, the conflicts and problems related to ERCs are particularly challenging for development cooperation, not least with regard to the accountability of such projects as well as the provision of independent and easily accessible facilities supporting conflict resolution. Furthermore, forest related development cooperation and instruments like ERCs themselves are not 'impartial', but are highly determined by particular interests, objectives, strategies, and mindsets. To be able to assess and discuss impacts of ERCs and their role in development cooperation appropriately, it is also necessary to reconsider such political and ideological framings, which crucially influence approaches and outcomes in environmental conservation and development cooperation.

## **FOREST RELATED GERMAN DEVELOPMENT COOPERATION AND ERCs**

Official German development cooperation is primarily conceptualized and implemented by the German Federal Ministry for Economic Cooperation and Development (BMZ).<sup>1</sup> In the context of the 2030 Agenda for Sustainable Development, the ministry pursues the two basic objectives

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<sup>1</sup> For reviews of the history of the BMZ and German development cooperation policies, see Gieler 2011, Harnisch/Schmidt 2012.

of sustainable development and poverty reduction on a global scale. As basis of their policies, the ministry refers to a common sense of responsibility, fundamental human values regarding social justice and solidarity, as well as obligations of the strong and wealthy to help the weak and serve the public good. In this context, German development cooperation is regarded as one of the most important instruments of the German government to actively engage "... in combating poverty, securing food, establishing peace, freedom, democracy and human rights, shaping globalization in a socially equitable manner, and preserving the environment and natural resources."<sup>2</sup> These goals are to be achieved in close cooperation with the international community and based on an international policy framework and agreements, which were established over the last decades with the active involvement of Germany.<sup>3</sup> Forest related development cooperation is embedded in these overall principles and goals of German development cooperation, and focuses on the protection of ecological functions of forests, particularly with regard to biodiversity conservation and climate mitigation, as well as on the relevance of forests for the reduction of poverty.<sup>4</sup>

The implementation of forest related development cooperation is based on an international forest regime, which has been developed and institutionalized in the context of various international conferences, conventions, and processes. These include in particular the UN Conference on Environment and Development (UNCED) in Rio 1992 and its Statement of Forest Principles, the UN Framework Convention on Climate Change (UNFCCC) adopted 1992 in New York and the REDD+ mechanism established in 2010, the Convention on Biological Diversity (CBD) adopted in 1993 and its ongoing working program on forest biodiversity, the United Nations Convention to Combat Desertification (UNCCD) of 1994, the Intergovernmental Panel on Forests (IPF) which was established in 1995 and substituted in 1997 by the Intergovernmental Forum on Forests (IFF), the United Nations Forum on Forests (UNFF) established in 2000, the New

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<sup>2</sup> BMZ 2016a "Why do we need development policy?", accessed December 2016.

<sup>3</sup> BMZ 2016b "Grundsätze und Ziele", accessed December 2016.

<sup>4</sup> BMZ 2016c "Protecting forests – Safeguarding life", accessed December 2016. Regarding objectives and context of forest related German development cooperation see also BMZ 2002, BMZ 2004, BMZ 2008 and BMZ 2012.

York Declaration on Forests (NYDF) proclaimed at the UN climate summit in New York 2014, as well as the 2030 Agenda for Sustainable Development adopted by the UN in 2015.<sup>5</sup> The objectives of forest related German development cooperation, pursued in the context of this international forest regime, are diverse and ambitious. They include the protection and use of forests, the preservation of a global ecological balance, support of economic development, the promotion of human and minority rights, as well as the reduction of poverty on a global scale.<sup>6</sup>

Over the period 2002-2015, Germany altogether provided 167 billion USD of Official Development Assistance (ODA),<sup>7</sup> which accounts for about 9% of the total net ODA of all donors.<sup>8</sup> In terms of ODA in percent of Gross National Income (GNI), however, the German contribution remained clearly below the policy target of 0.7% of the GNI, with an average of 0.37% over this period. Germany is also among the major donors regarding forest related ODA, that is predominantly assigned to the sectors Forestry (DAC code 312) and General Environmental Protection (DAC code 410).<sup>9</sup> Between 2002 and 2014, Germany provided 779 million USD, or 11% of the total forestry sector ODA, and the three major donors for this sector, Japan (2.2 billion USD), Germany, and the UK (588 million USD), together provided a share of 51%. Regarding funding for the environment sector, the three major donors France (5.8 billion USD), Japan (5.3 billion USD), and USA (4.6 billion USD) together provided a total share of 36% of the sector ODA, while Germany with 3.9 billion USD, and a share of 9% of the total

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<sup>5</sup> BMZ 2016d "International policy on forest", accessed December 2016.

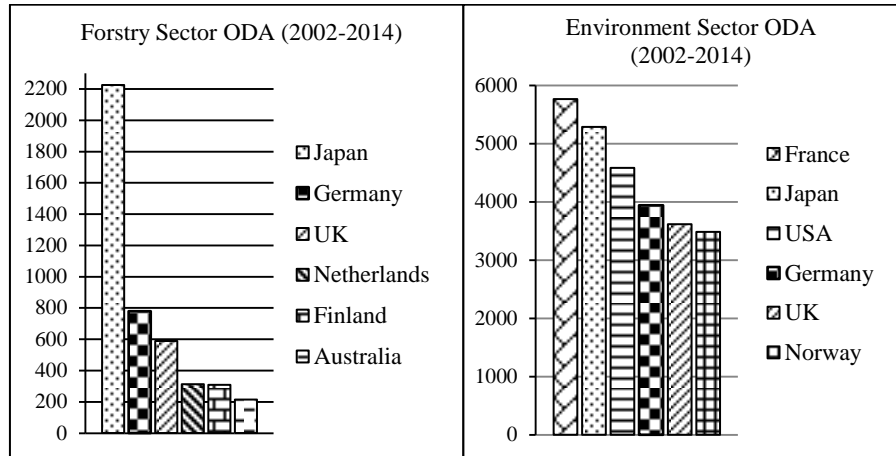
<sup>6</sup> For an analysis of changing objectives, strategies and funding of forest related German development cooperation, see Buergin 2014a and Buergin 2016b.

<sup>7</sup> If not specified otherwise, ODA data refer to disbursed net ODA in million USD. Net ODA is the amount donors actually spend in a given year (gross ODA) less repayments of the principal on loans made in prior years (but not interest) as well as offsetting entries for forgiven debt and recoveries made on grants. (OECD 2016a Frequently asked Questions, accessed December 2016.)

<sup>8</sup> In terms of total net ODA provided for this period by different donors, Germany ranks third behind the USA (365 billion USD) and the UK (172 billion USD).

<sup>9</sup> For Indonesia, all Forestry Sector ODA was forest related. With regard to the Environment Sector ODA, an important part of it was directly relevant for forests, while another part of the sector funding was classified as to have less direct impacts on forests. For an analysis of the relevance of different sector ODA for forests, see Buergin 2014a: 24-32.

environment sector ODA, ranked 4th among the donors for this period. (See Figure 1) In contrast to a general trend of decreasing funding from all donors for the environment sector since 2011 and since 2012 also for the forestry sector, the German contribution for both sectors has further increased.<sup>10</sup>



Data calculated from OECD 2016b [QWID Statistics](#), accessed December 2016.

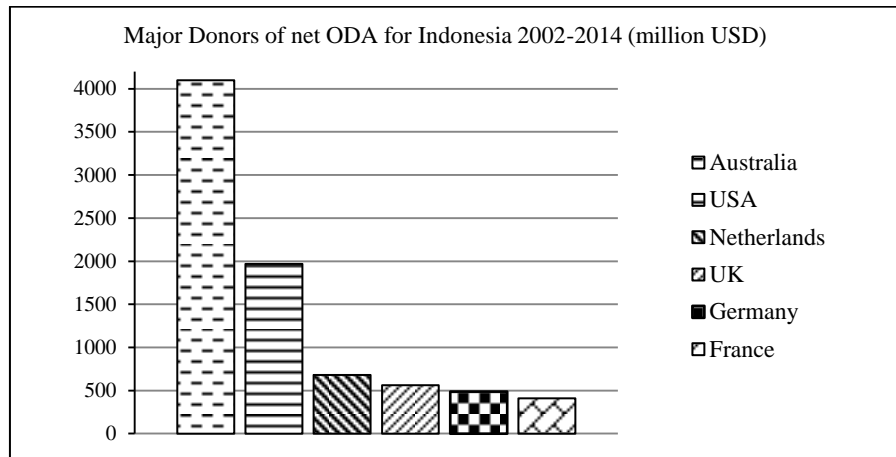
Figure 1. Major ODA Donors for the Forestry and Environment Sector aggregated for 2002-2014 (in million USD).

Indonesia is among the major receivers of German gross ODA with a total amount of 2.5 billion USD for the period 2002-2014. After loan repayments, however, only 487 million USD remained as German net ODA for the country.<sup>11</sup> (See Figure 2) Net ODA to Indonesia from all donors was 11.8 billion USD for this period, which equals, on average per year, an amount of 3.9 USD per capita, or 0.3% of Indonesia's Gross National Income.

<sup>10</sup> For an analysis of German development cooperation and forest related funding in the international context, see Buergin 2014a: 10-17.

<sup>11</sup> Regarding German development assistance and forest related funding for Indonesia see Buergin 2014a: 18-30.





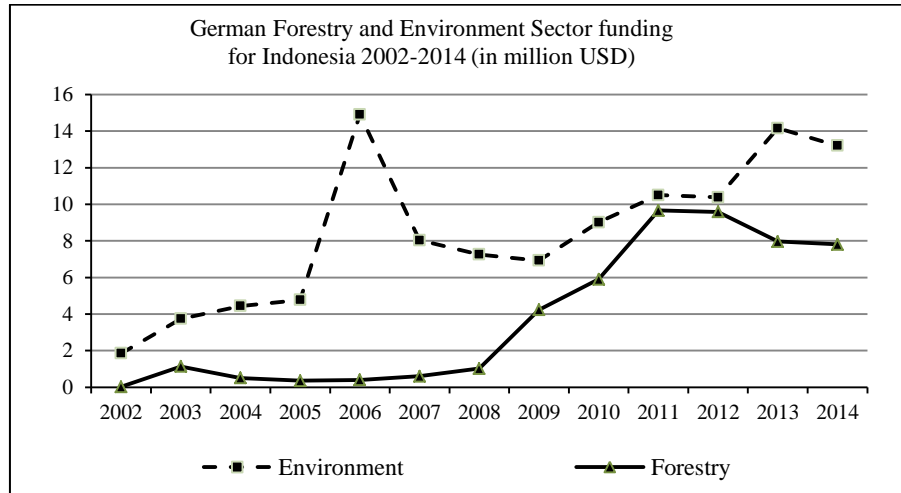
Data calculated from OECD 2016b [QWID Statistics](#), accessed December 2016.

Figure 2. Major Donors of net ODA for Indonesia aggregated for 2002-2014

Indonesia hosts some of the largest remaining tropical rainforests worldwide, and their protection is an important issue for the development cooperation of many of the ODA donors. German forest related development cooperation with Indonesia is particularly focused on the issue “Energy and climate change mitigation,” which is one of the three priority areas of German-Indonesian development cooperation besides the priority areas “Sustainable economic development for inclusive growth” and “Good governance and global networks.”<sup>12</sup> With the major objective to support the protection and sustainable use of Indonesia's forests as well as global climate mitigation, Germany, between 2002 and 2014, has provided for Indonesia some 49 million USD of ODA for the forestry sector, and 109 million USD for the environment sector. This accounts for 19.3% of the total ODA for the forestry sector which Indonesia has received from all donors and for 3.7% of the total environment sector ODA from all donors<sup>13</sup> (See Figure 3).

<sup>12</sup> See BMZ 2016e “Indonesia: Situation and cooperation”, accessed December 2016.

<sup>13</sup> See also Buergin 2014a: 24-25.



Data calculated from OECD 2016b [QWID Statistics](#), accessed December 2016.

Figure 3. German Forestry and Environment Sector funding for Indonesia

The ODA data analyzed so far refers to verified disbursement from donor to receiver countries at a certain time. Development cooperation, however, is predominantly conceptualized and implemented in the form of projects and programs. Such programs frequently extend over considerable periods of time, imply successive disbursements as well as commitments to provide funding in the future, and are subject and result of negotiation processes between the partners of development cooperation. To further explore German development cooperation, various information sources on funds, projects, and programs were analyzed to compile a comprehensive list of forest related German development projects in Indonesia.<sup>14</sup> This compilation of programs and projects spans a time period from 2002 to about 2020, and includes programs which are already completed as well as

<sup>14</sup> See Annex 'Forest related projects of bilateral German development cooperation in Indonesia (2002-2020)', Table 7 and Table 8. For this purpose, data on aid activities from the Creditor Reporting System (CRS) of the OECD have been aligned with the IATI data on programs and projects. In most cases, this was possible without major contradictions, even though often requiring considerable investigation and deductive reasoning. Furthermore, information on forest related German development projects from websites of the BMUB, GIZ, KfW, Deutsche Klimafinanzierung (DKF), and the REDD Desk were likewise related to CRS data, as far as possible. CRS data which were not related to programs or projects recorded in any of these data sources were grouped according to their purposes given in the CRS data entries.

programs which are currently implemented, in the pipeline, or in the process of identification. Therefore, the funding amounts recorded for the programs frequently include disbursements as well as commitments, and may represent only approximate overall budgets, while the time periods indicated may be subject to changes.<sup>15</sup>

Based on these data and their analysis, bilateral German funding (disbursements and commitments) for overall 42 forest related programs and projects in Indonesia since 2002 amounts to some 150 million EUR.<sup>16</sup> Apart from this direct funding via bilateral ODA, German ODA provided for forest related regional programs that are relevant for Indonesia amounts to another 27 million EUR, which must be shared between different receiver countries.<sup>17</sup> While 63% of the direct bilateral forest related German ODA for Indonesia was provided for the Forestry Sector, 36.3% was provided for the Environment Sector, and 0.7% was assigned to other sectors (See Table 1).

Table 1. Forest related German ODA for Indonesia since 2002

Total	Forestry Sector	Environment Sector	Other Sectors	<i>Regional</i>
149.6 (42)	94.2 (18) 63.0%	54.3 (20) 36.3%	1.1 (4) 0.7%	27.0 (6)

First figure ODA in million EUR (number of projects), % of total sector funding.

Out of the 42 forest related programs and projects recorded for Indonesia since 2002, 20 have been classified as 'ongoing' bilateral German forest related programs,<sup>18</sup> with an overall budget of 139 million EUR, including

<sup>15</sup> For a more comprehensive analysis of these programs regarding funds, objectives, strategies, organizations, instruments, and mindsets of forest related development cooperation, see Buerger 2014a, 2014b.

<sup>16</sup> While amounts in CRS data, which have been the basis of the ODA data analysis in the preceding paragraphs, are given in USD, amounts in IATI databases, as well as in German data sources, which are the primary data for the analysis of programs and projects, generally refer to EUR and have not been converted into USD.

<sup>17</sup> This bilateral forest related German funding for programs with a regional scope has not been included in the analysis because the available information for such programs is generally not specific on particular activities in the countries or regarding shares of funds going to different countries involved in the programs.

<sup>18</sup> See Annex, Table 7 'Ongoing forest related German development projects in Indonesia' for a compilation of these projects. For this analysis, IATI data provided by the BMZ and BMUB

disbursements and commitments. Almost 80% of the funding came from the BMZ, while some 21% was provided by the BMUB via its International Climate Initiative (ICI). The biggest share of forest related funding for Indonesia is implemented by the two German development organizations GIZ and KfW. Overall GIZ was in charge of 40% of the available funds, while almost 60% of the funding was channeled via the KfW. The seven projects implemented by NGOs, together only accounted for 1.3% of the funds<sup>19</sup> (See Table 2).

Table 2. Ongoing forest related programs and implementing organizations (reference year 2013)

Ongoing Programs	GIZ	KfW	NGOs	<i>Via ICI (BMUB)</i>
138.9 (20) 100%	55.5 (6) 40.0%	81.6 (7) 58.7%	1.8 (7) 1.3%	28.9 (5) 20.8%

First figure ODA in million EUR (number of projects), % of total funding.

Two of these 20 ongoing programs have been specifically assigned for the establishment and implementation of Ecosystem Restoration Concessions. The total budget for these programs so far amounts to some 15.7 million EUR, accounting for about 11% of the total German funding for forest related development cooperation in Indonesia. Both programs are financed via the International Climate Initiative (ICI) of the BMUB, and are implemented by the KfW group that promotes ERCs as a particularly promising instrument for forest conservation.<sup>20</sup>

The ongoing programs have been further categorized according to their major objectives based on the information provided by funding and implementing organizations. The BMZ identifies three main objectives of forest policies in development cooperation which, in the context of this

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data on ICI programs have been used as basic data sources. They were complemented by information from GIZ and KfW websites. 'Ongoing' refers to programs and projects which, in the reference year 2013, were not designated as 'completed', or were classified as 'in implementation', 'decided', or 'in the pipeline'.

<sup>19</sup> Additionally, WWF was a major cooperating partner in one KfW program, accounting for another 0.7% of forest related funding.

<sup>20</sup> See BMUB 2015 "Ecosystem Restoration Concessions to protect tropical rainforest in Indonesia", and BMUB 2016a "Harapan Rainforest", accessed December 2016.

study, are denoted as 'conservation of forests and biodiversity' ('Forest Conservation' or FC), 'utilization and management of forests' ('Forest Use' or FU), and 'improvement of local livelihoods' ('Local Livelihoods' or LL). German forest policy in the context of development cooperation is supposed to integrate and simultaneously pursue all of these objectives. This approach is based on the hope that these different objectives are mutually supportive and that their simultaneous pursuit generates win-win-options.<sup>21</sup> Unsurprisingly, almost all of the programs, in one way or another, refer to all of the three main objectives. However, in practice, the integration and implementation of these main objectives may be often challenging or even conflicting, and their relative significance will certainly differ in the various programs. Given the predominantly poor information basis, it was in most cases not possible to exactly determine the significance of the three main objectives in the programs. To get at least a rough idea of their varying significance, the available information regarding the three objectives has been assigned to three broad categories: Category 1 ('not addressed') includes programs where the respective objective was not addressed at all, category 2 ('objective addressed') was assigned when at least reference was made to the objective, while a program was classed in category 3 ('major objective') if the respective objective was a major objective in the program (See Table 3).

Based on this classification, the objective 'Forest Use' (FU) was the most important of the three main objectives. Some 44% of all funding was assigned to category 3 ('major objective') with regard to the objective 'Forest Use' (FU), and another 56% to category 2, while there was no program that did not refer to the main objective 'Forest Use' (FU). The main objective 'Forest Conservation' (FC) was similar important in the programs. 37% of the funding was classed into category 3 ('major objective'), with regard to the objective 'Forest Conservation', 56% into category 2, at least addressing this objective, and only 16% into category 1 ('not addressed'). Compared to the objectives 'Forest Use' (FU) and 'Forest Conservation' (FC), the pattern for the objective improvement of 'Local Livelihoods' (LL) differs considerably,

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<sup>21</sup> For a more comprehensive analysis, see Buergin 2014b: 37-39 and Buergin 2016b.

and indicates a significantly lower importance of this objective in forest related programs. Even though for 75% of the funding 'Local Livelihoods' have been addressed as an objective (category 2), this objective was a major objective (category 3) for less than one percent in terms of funding amounts, and was not addressed as an objective at all (category 1) with regard to 24% of the funding.

Table 3. Objectives addressed in ongoing forest related programs  
(reference year 2013)

	1 (not addressed)	2 (objective addressed)	3 (major objective)	<i>All</i>
FC	22.6 (3) 16.3%	64.4 (11) 46.4%	51.9 (6) 37.4%	<i>138.9 (20) 100%</i>
FU	0 (0) 0.0%	77.4 (12) 55.7%	61.5 (8) 44.3%	<i>138.9 (20) 100%</i>
LL	33.5 (2) 24.1%	104.4(13) 75.2%	1.0 (5) 0.7%	<i>138.9 (20) 100%</i>

First figure funding in million EUR (number of projects), % of relevant funding amounts.

Varying patterns of the importance of the main objectives are also observable with regard to the different implementing organizations. Regarding the objective 'Forest Use' (FU), there are no outstanding differences between GIZ and KfW. The main objective 'Forest Conservation' (FC) was likewise highly important for both organizations, but may be even more important for KfW programs. Programs implemented by NGOs show a significance pattern which, with regard to the main objective 'Forest Conservation', is similar to that of the KfW programs. The most obvious differences between the different implementing organizations pertain to the objective improvement of 'Local Livelihoods' (LL). Neither GIZ nor KfW programs have been classed into category 3 ('major objective') with regard to the objective improvement of local livelihoods. All of the programs assigned to this category have been NGO projects. However, the five NGO programs which stated the improvement of local livelihoods as a major objective, together only provide about 1 million EUR, and account for less than one percent of the German forest related funding.

Over the period 2002-2014, forest related funding in development cooperation has expanded considerably. This growth went along with an

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increasing complexity of programs, not only regarding their structure, organization, and duration, but also with regard to the different problems and objectives which are addressed in a program, as well as the diversity of approaches and instruments applied. While the 'internal' complexity of forest related projects and programs has increased considerably, overall funding in the forest sector in Indonesia has come to concentrate on a few big programs, which engross most of the available resources. All of the major forest related programs address climate change as a crucial issue, and are more or less directly related to Indonesia's engagement in the REDD+ preparatory process. Indonesia puts high expectations into the REDD+ mechanism, and has probably emphasized these interests in the negotiations on forest related development cooperation between Germany and Indonesia. Besides this common reference to climate change problems, the jointly agreed programs of German development cooperation display two major foci. On the one hand, they aim at the establishment of an efficient forest administration including necessary institutions, regulations, and monitoring facilities, on the other hand they promote the use of forests, based on ideas of sustainability and benefit sharing. German experiences and models of forest administration, sustainable forest use, and communal forest management, in this regard, seem to be highly influential for forest related German development cooperation in Indonesia. While these experiences and models seem to be more or less easily applicable for the administration of forests on the national and provincial level in Indonesia, this seems to be more difficult regarding problems of forest use and resource management on the local and district level. Here, forest use and management is generally embedded in specific cultural, historical, political, and socio-economic contexts, and the solution of forest conflicts may require a higher receptiveness for these specific contexts, as well as approaches adapted to these particular circumstances. While all the programs and projects, at least on the conceptual level, reflect strong Indonesian interests in the REDD+ process, German conceptualizations of sustainable forest management and

forest administration seem to be highly influential in forest policies as well as for the development of administrative institutions in Indonesia.<sup>22</sup>

## FORESTS AND DEFORESTATION IN INDONESIA

Indonesia ranks third among all countries in terms of tropical forest area, surpassed only by Brazil and the Democratic Republic of the Congo.<sup>23</sup> The country has a wide variety of forest types, and is a biodiversity hotspot also showing extraordinary high biocultural diversity.<sup>24</sup> According to FAO data, in 2010 some 94.4 million ha or 49.6% of Indonesia's total land area was supposed to be covered with forest, and almost half of this forested area, or 23% of the total land area, was classified as Primary Forest.<sup>25</sup> In 2005, more than 91% of the area covered with forest in FAO terms was owned by the state or administrative bodies, and only some 8.6% of the forest area was in private ownership. About 42.7% of the public forests were managed under public administration, while management rights for some 57.2% of the public forests had been given to private corporations and institutions, and less than 0.1% was managed by individuals and communities.<sup>26</sup>

Areas covered with forests do not match consistently with areas legally classified as Forest Area (*Kawasan Hutan*) under the administration of the Indonesian Ministry of Environment and Forestry (MoEF).<sup>27</sup> In 2015, Forest Area encompassed some 63% of Indonesia's land area, while so-called Non Forest Area (*Areal Penggunaan Lain* - APL) accounted for some 35% of the

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<sup>22</sup> For a more comprehensive analysis of the forest related programs in Indonesia, see Buergin 2014b.

<sup>23</sup> For a comparison of the three major rainforest basins in Southeast Asia, the Congo and the Amazon Basin, see FAO 2011.

<sup>24</sup> See e.g., Oviedo et al. 2000, Loh/Harmon 2005.

<sup>25</sup> See FAO 2010.

<sup>26</sup> FAO 2010: 12-15.

<sup>27</sup> In late 2014, the Indonesian Ministry of Forestry (MoF) was merged with the Ministry of Environment into the Ministry of Environment and Forestry (*Kementerian Lingkungan Hidup dan Kehutanan*), which is abbreviated as MoEF in the following text.



land area.<sup>28</sup> However, areas designated as Forest Area which were actually covered with forest according to FAO categories accounted for only 46% of the total land area. On the other hand, 3.6% of the land area which was classified as Non Forest Area (APL) was covered with forests. Overall, some 50% of the land area was forest area according to the criteria of the FAO.<sup>29</sup>

The MoEF divides Forest Area into functional categories with different legal status. In 2015, some 18% of the Forest Area (equaling 12% of the land area) has been classified as Conservation Forest (*Kawasan Hutan Konservasi* - HK). These areas have the primary function to conserve plant and wildlife biodiversity, and comprise predominantly different kinds of protected areas managed directly under the authority of the central government. Another 25% of the Forest Area, or 16% of the land area, is classified as 'Protection Forest' (*Kawasan Hutan Lindung* - HL), which is set aside largely for the preservation of essential ecosystem functions. On these areas, limited human activities such as the use of rattan and secondary forest products at a non-commercial scale are allowed. Conservation Forest and Protection Forest, which both are predominantly assigned for the protection of forests, together account for some 43% of the Forest Area (See Table 4).

Another 57% of the Forest Area is classified as Production Forest (*Kawasan Hutan Produksi*). This area is supposed to be predominantly used for economic purposes, and is divided into different sub-categories. Limited Production Forest (*Hutan Produksi Terbatas* - HPT), accounting for 22% of the Forest Area and 14% of the land area, is supposed to serve production purposes in areas where particular ecological consideration is required, for example due to specific topographic or soil conditions. Permanent Production Forest (*Hutan Produksi Tetap* - HP), encompassing 24% of the Forest Area (15% of land area), is predominantly designated for production purposes, but is also supposed to permanently maintain forest ecosystems by way of sustainable forest management. Convertible Production Forest (*Hutan Produksi Konversi* - HPK) likewise serves production purposes, but

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<sup>28</sup> The calculations of Forest Area refer to terrestrial forest areas (*daratan*) and exclude forest areas on waterbodies. For a discussion of different definitions, classifications, and methods used to refer to forests in Indonesia, see Indrarto et al. 2012: 1-2.

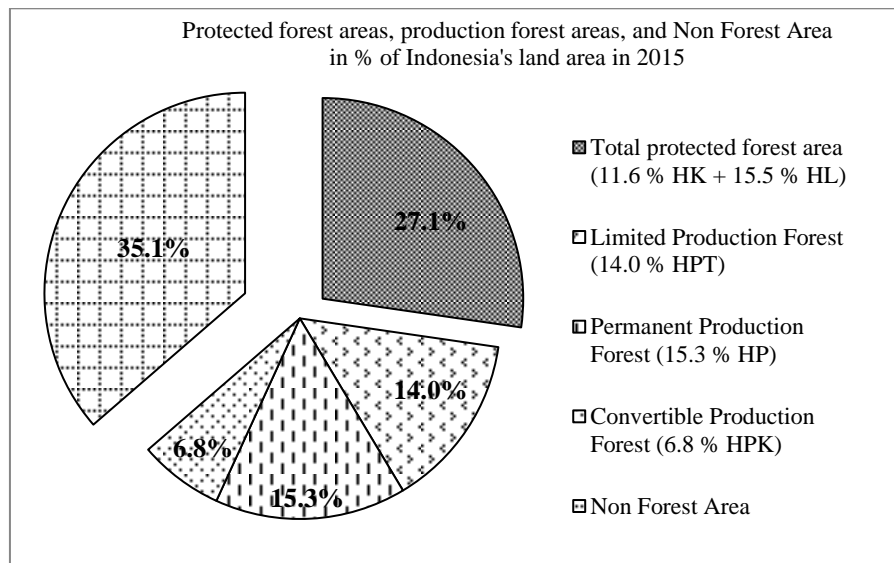
<sup>29</sup> See FAO 2010.

may be converted to non-forest uses, such as agriculture, estate crops (e.g., coffee, oil palm, rubber), and settlement. It accounts for some 11% of the Forest Area or 7% of Indonesia's total land area (See Figure 4).

Table 4. Forest Area in 2015 according to functional categories

Forest areas	Protection forest areas		Production forest areas			Non Forest Area
	<i>Kawasan Hutan Konservasi</i>	<i>Kawasan Hutan Lindung</i>	<i>Hutan Produksi Terbatas</i>	<i>Hutan Produksi Tetap</i>	<i>Hutan Produksi Konversi</i>	<i>Areal Penggunaan Lain</i>
	Conservation Forest (terrestrial)	Protection Forest	Limited Production Forest	Permanent Production Forest	Convertible Production Forest	Non Forest Area
	HK <i>daratan</i>	HL	HPT	HP	HPK	APL
Area in ha	22,108,631	29,673,382	26,798,382	29,250,783	12,942,295	66,981,600
% of total Land Area	11.57%	15.53%	14.02%	15.31%	6.77%	35.05%
% Forest Area	18.31%	24.57%	22.19%	24.22%	10.72%	

Data calculated from MoEF 2016a, Land Area of Indonesia calculated with 191.093.000 ha.



Data compiled and calculated from MoEF 2016a.

Figure 4. Protected forest areas and production forest areas in % of Indonesia's land area in 2015

Over the period from 1990 to 2010, the total forested area has decreased at about 12.6% in terms of total land area, of which 8.2% took place on Forest Area, while some 4.5% of the forested area was lost on Non Forest Area (APL). Deforestation rates in Indonesia have fluctuated on a high level over the last 30 years. Data from the Ministry of Forestry record a mean deforestation rate of 0.9 million ha per year between 1982 and 1990, 1.8 million ha per year for the period 1990-1997, and even 2.83 million ha of yearly forest loss between 1997 and 2000.<sup>30</sup> For the period 2003-2006, reports of the Ministry of Forestry on deforestation calculate a mean forest loss of some 1.17 million ha per year and some 0.45 million ha per year for the period 2009-2011.<sup>31</sup> Most of the forest loss occurred on Sumatra, which had a share of 20.7% in the total deforestation for the period 2003-2006, and 47.6% for the period 2009-2011, as well as in Kalimantan, with a share of 30.9% in forest loss for 2003-2006 and 41.3% for the period 2009-2011.<sup>32</sup> With regard to the latter period and the whole country, 66.5% of the total deforestation occurred on production forest areas (HP + HPT + HPK), and 26.7% on Non Forest Area (APL), while only 6.8% of total forest loss took place on protection forest areas (HK + HL).<sup>33</sup>

The main direct causes of deforestation and forest degradation in Indonesia are changes in forestland use, legal and illegal logging, forest fires, as well as weak forest management as an overarching cause.<sup>34</sup> During the past two decades, conversion of forest to oil palm estates has been the dominant deforestation process, encouraged by high palm oil prices and rising global demand. During the past decade, illegal logging constituted one of the major causes of deforestation and forest degradation. Furthermore, the granting of Industrial Timber Plantation (HTI) permits for pristine natural forest frequently involves severe forest degradation. By now, growing global

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<sup>30</sup> MoF 2009: 24. See also Indrarto et al. 2012: 3.

<sup>31</sup> See MoF 2008b: 11-13 and MoF 2012a: 10-13. According to the data of the FRA 2010 report, the mean forest loss over the period 1990 to 2010 was 1.2 million ha per year. For an analysis of the primary forest cover loss between 2000 and 2012, see Margono et al. 2014.

<sup>32</sup> For more detailed data on deforestation regarding functional forest categories and regions, see MoF 2008b, 2012a.

<sup>33</sup> For an analysis of the state of forests regarding the different regions of Indonesia, see Buergin 2014b: 11-18.

<sup>34</sup> See, for example, Indrarto et al. 2012; Buergin 2014b.

interest in renewable energy and biofuels likewise increasingly entails forest conversion and degradation. Mining also generally involved forest clearance and frequently led to environmental degradation and social conflict. Other economic activities which directly result in deforestation include road building, settlements, and aquaculture development. Forest and land fires, which are often started as a means of clearing land for large and small scale agricultural activities, constitute another major cause of deforestation. The expansion of small-scale agriculture is supposed to have been responsible for more than 20% of the total forest loss between 1985 and 1997, and led to government regulations prohibiting swidden agriculture. By now, in most areas swidden agriculture has become less prevalent.<sup>35</sup>

A World Bank report identifies policies of past governments as the main causes of a “forest crisis” in Indonesia. The report in particular blames “supported growth and concentration of the wood processing industry (plywood and pulp) in a few politically powerful hands,” “subsidized rapid clearing of forest land for conversion to plantation crops, both oil palm and timber for pulp, to support industrial expansion, rather than re-planting,” “perpetuated corrupt and collusive practices that insulated the sector from both the rule of law and the laws of markets,” “centralized administration of forests to the extent that there is little effective management capacity, accountability, monitoring, or enforcement of access, practices, or outcomes in the field,” as well as “marginalized and alienated forest-dependent communities and indigenous peoples from traditional lands and uses, through denial of rights and access, backed by force.”<sup>36</sup>

Transnational and national nature conservation organizations are urgently trying to stop deforestation in Indonesia. Given the failure of government policies and forest administration, as well as the particularly worrying deforestation on Sumatra and in Kalimantan, conservation organizations were looking for new instruments to protect forests and ecosystems more efficiently. In the early 2000s, the British Royal Society

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<sup>35</sup> For analyses regarding the main direct causes, see also MoF 2008a: 101-105; FCPF 2009: 41-45; Indrarto et al. 2012: 4-9. With regard to subsistence economies of indigenous peoples and swidden agriculture see e.g., Angelsen 1995, AIPP/IWGIA 2012.

<sup>36</sup> See World Bank 2006: 2.

for the Protection of Birds (RSPB) and BirdLife International, together with its affiliate organization Burung Indonesia and in cooperation with the MoF, started to develop the instrument of Ecosystem Restoration Concession (ERC). The conservation organizations conceptualized ERCs as a strategic tool to reverse deforestation and the degradation of forests on Indonesia's large production forest areas, and they put high expectations into this instrument. Besides the conservation organizations, also various development institutions promote the ERC concept, and allocate considerable funds for the support of the establishment and management of ERCs.

## CONCEPTUALIZATION AND RELEVANCE OF ERCs IN INDONESIA

The concept of Ecosystem Restoration Concession (ERC) emerged in Indonesia in the early 2000s, in the context of growing efforts among transnational conservation organizations to stop the deforestation of tropical forests, and to approach nature conservation increasingly by way of applying economic incentives and market oriented instruments as well as involving private enterprises.<sup>37</sup> This trend to privatize and economize nature conservation, which is increasing since the 1990s, is variously referred to as 'free market environmentalism'<sup>38</sup>, 'green developmentalism'<sup>39</sup>, or 'neoliberal conservation'.<sup>40</sup> This trend is part of larger neoliberal socioeconomic and political developments that became dominant at that time, but is also crucially related to changing paradigms and competing approaches regarding

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<sup>37</sup> For the broader debate on the privatization of conservation, see e.g., Hardner/Rice 2002, Pagiola et al. 2002, Karsenty 2007, Wunder 2007, Brockington et al. 2008, Brockington/Duffy 2010, Barnaud/Antona 2014, Ladle et al. 2014. Regarding the origins of the concept of conservation concessions see particularly Rice 2002, Niesten/Rice 2004, Wunder et al. 2008.

<sup>38</sup> Anderson/Leal 1991.

<sup>39</sup> McAfee 1999.

<sup>40</sup> Igoe/Brockington 2007.

solutions for a global environmental and developmental crisis, which has been disputed since the 1970s.<sup>41</sup> In ecological economics, the approach which aims to reconcile environmental conservation with economic growth and profit making by way of the economization of environmental services as well as human-environment relations, is frequently discussed as 'green economy'.<sup>42</sup> In this framing, it also became an important approach in international environmental and development policies, as well as for the development cooperation and forest conservation.<sup>43</sup> In this context, approaches and instruments focusing on market mechanisms and private enterprises are increasingly promoted to support climate mitigation and to solve global environmental and developmental problems.

The Indonesian MoF formally established the ERC concept in June 2004, as a new type of concession area for the management of production forest areas, provided under an Ecosystem Restoration Timber Forest Product Utilization License (IUPHHK-RE). The purpose of this government legislation was to establish a new market-oriented instrument, to counter prevailing deforestation and degradation processes on forestlands that have been used predominantly for production purposes, and to restore forest ecosystems in logged-out concession areas.<sup>44</sup> From the outset, the conceptualization of ERCs has been significantly promoted and shaped by important transnational conservation organizations, particularly the RSPB and BirdLife International, as well as Burung Indonesia, the affiliate organization of BirdLife in Indonesia. RSPB and BirdLife are considered to be "the world's largest network of conservation organizations," and have worked together with the Indonesian MoF to develop the new license for production forests from the beginning, with the aim to establish conservation

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<sup>41</sup> For a more comprehensive review of these changes related to the fusion of the discourses on environment, development, and social justice, which also constitutes a biocultural turn in environment and development discourses, see Buergin 2013: 12-17.

<sup>42</sup> See e.g., Caprotti/Bailey 2014, Schulz/Bailey 2014, Gómez-Baggethun/Muradian 2015, Neuteleers/Engelen 2015, Vatn 2015, Anderson 2016, Swaffield 2016.

<sup>43</sup> See e.g., BMZ 2011, Asen et al. 2012, Brown et al. 2014.

<sup>44</sup> The legal basis for ERCs is Decree 159/Menhut-II/2004, which was further developed with Government Regulation No. 6/2007, and amended variously in 2008, 2010 and 2011. For a study regarding the legal framework for ERCs and its development, see particularly Walsh et al. 2012a.

areas on degraded former logging concession areas, particularly on Sumatra.<sup>45</sup> Since its implementation in 2004, the legal framework for ERCs has been variously amended, and is still disputed and in progress, a process in which Burung Indonesia is crucially involved.<sup>46</sup>

In 2015, some 69 million ha or 57% of all Forest Area has been designated as Production Forest (HPT + HP + HPK), while 52 million ha comprising about 43% of the Forest Area has been categorized as Conservation Forest (HK) and Protection Forest (HL) areas, which are primarily designated for the protection of forests (see above). Production forest areas are supposed to predominantly serve commercial purposes, and are allocated by the MoEF to be used by private enterprises under various licenses, which are subject to frequent change. Currently the main instruments include Natural Forest Timber Concessions (IUPHHK-HA), Industrial Plantation Forest Concessions (IUPHHK-HTI), and Ecosystem Restoration Concessions (IUPHHK-RE), as well as Non Forest Product Concessions (IUPHHBK-HT) and different forms of communally managed forests, particularly Community Forest Plantations (HTR), Community Forests (HKM), and Village Forests (HD)<sup>47</sup> (See Table 5).

In 2015, the MoEF had issued licenses for some 31 million ha or about 45% of the production forest area. The major share of these licenses was issued for Natural Forest Timber Concessions (IUPHHK-HA) and for Industrial Plantation Forests (IUPHHK-HTI). Some 0.8% of the production forest area or 558,205 ha has been licensed for Ecosystem Restoration Concessions (IUPHHK-RE).<sup>48</sup> Another 11 million ha equaling 16% of the production forest area has been allocated for prospective licensing, in particular 2.8% for Timber Concessions (UPHHK-HA), 1.6% for Industrial Plantations (UPHHK-HTI), and another 2.4% or 1.7 million ha for further ERC development (UPHHK-RE). Together with the already established ERCs, the targeted area for ERCs thus adds up to 2.2 million ha, or 3.2% of

<sup>45</sup> See Burung Indonesia et al. 2008, NABU 2010, Hein 2013: 5-6, Hein 2016: 238-139.

<sup>46</sup> See e.g., Burung Indonesia 2010, Walsh et al. 2012a,b, Mardiasuti 2013, Silalahi/Utomo 2014, Silalahi et al. 2015, regarding English language sources only.

<sup>47</sup> See MoF 2013a, MoF 2013b, MoEF 2016a.

<sup>48</sup> Some 301,000 ha or 0.4% of the Production Forest Area was licensed for Non-Timber Forest Product Utilization (IUPHHBK).

the total production forest area. For some 27 million ha or 39% of the production forest area there have been no licenses or allocations in 2015. Conservation organizations are afraid that these areas present a kind of 'open access area' which is particularly prone to illegal logging and encroachment. They consider ERCs to be a promising conservation and restoration instrument for all of these areas, and the Harapan Project as an important pilot project to promote this approach<sup>49</sup> (See Figure 5).

Table 5. Licenses and allocations for production forest areas in 2015  
(in ha and % of all production forest areas)

2015	Licenses			Allocations				No Licenses or Allocations
	Licenses for Timber Concession	Licenses Industrial Plantation	Licenses Ecosystem Restoration	Allocations Ecosystem Restoration	Allocations Industrial Plantation	Allocations for Timber Concession	Other Allocations	
	IUPHHK- HA	IUPHHK- HTI	IUPHHK- RE	UPHHK- RE	UPHHK- HTI	UPHHK- HA	e.g., HTR, HKM, HD	
Area in ha	19,860,939	10,700,842	558,205	1,662,128	1,089,255	1,942,234	6,167,535	26,911,159
%	28.68%	15.45%	0.81%	2.4%	1.57%	2.8%	8.91%	38.86%

Data compiled and calculated from MoEF 2016a.

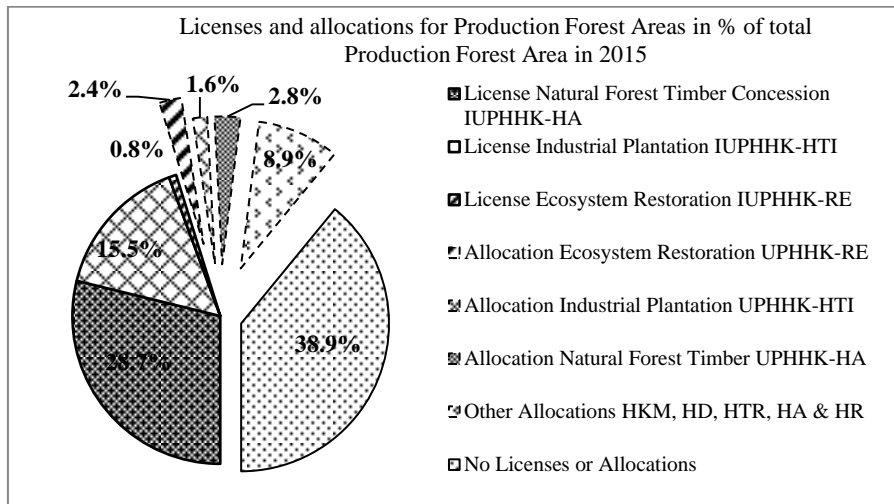
In 2015, a total area of 558,175 ha has been provided for fourteen ERCs (see Table 6). In terms of area, this is far behind the 2.5 million ha which have been targeted in the MoF strategic plan for the period 2010-2014, as well as with regard to the 2.2 million ha the Ministry has allocated for ERCs. This discrepancy is less due to missing interest, which seems to be considerable, but is supposed to be predominantly related to deficiencies of the legal framework, as well as to ongoing disputes about the design and implementation of the concept.<sup>50</sup> ERC licenses can only be awarded to an Indonesian business company, which emphasizes the central role the private sector is supposed to play in restoring logged-out natural forest concessions. Applications for a license require a business plan, which has to outline how

<sup>49</sup> See e.g., NABU 2011, Harrison 2015, Silalahi et al. 2015.

<sup>50</sup> See Walsh et al. 2012a: 5-17.



revenues will be generated over the whole time spanned by the concession license. Licensing fees are considerable, and start-up costs for the first six years of operation are estimated at some 14 - 18 million USD.<sup>51</sup>



Data compiled and calculated from MoEF 2016a.

Figure 5. Licenses and allocations for production forest areas in 2015

ERC licenses are granted for a period of 60 years, and are extendable for another 35 years. The government regulation defines ERCs as re-management and restoration efforts on former production forest, including biotic and abiotic components, with the objective to re-establish a biological balance. As long as restoration activities are underway, logging and conversion into agricultural areas is prohibited. However, the license holders may generate incomes by way of producing and selling non timber forest products (NTFP) like rattan, sago, bamboo or Gaharu wood, by using areas for the cultivation of mushrooms, medicinal and ornamental plants, or by

<sup>51</sup> A cost-benefit analysis regarding the economic feasibility of ERCs and their attractiveness as a business opportunity indicated that the benefits of natural ecosystems are not sufficient to attract funds or investment for ERCs. Benefits from carbon sequestration are assessed as the most important and promising possibility to secure economic efficiency of ERCs. In this study this is emphasized to such an extent that makes it difficult to imagine how ERCs without a REDD component could be economically viable at all. The study concludes that policy support, sustainable funding mechanisms, and financial incentive schemes, such as tax breaks, are needed for ERCs to ensure their viability (see Rahmawati 2013).

bee keeping and animal-raising in the concession. They may also profit from commercializing ecosystem services, for example with regard to biodiversity protection, the water resources, ecotourism, and carbon sequestration. The license also requires that there should be an equitable sharing of benefits with local communities, particularly through job creation and support of economic development. After the forest has reached its “biological equilibrium,” timber may be cut for commercial purposes once again.<sup>52</sup>

Table 6. Ecosystem Restoration Concessions in Indonesia  
(reference year 2015)

Managing Companies	Province	Approval	Area in ha
PT Restorasi Ekosistem Indonesia	South Sumatra	August 28, 2007	52,170
PT Restorasi Ekosistem Indonesia	Jambi	May 25, 2010	46,385
PT Restorasi Habitat Orang Hutan Indonesia	East Kalimantan	August 18, 2010	86,450
PT Ekosistem Khatulistiwa Lestari	West Kalimantan	September 30, 2011	14,080
PT Gemilang Cipta Nusantara	Riau	July 24, 2012	20,265
PT Sipef Biodiversity Indonesia	Bengkulu	September 17, 2013	12,672
PT Rimba Raya Conservation	Central Kalimantan	October 25, 2013	37,151
PT Rimba Makmur Utama	Central Kalimantan	October 25, 2013	108,225
PT Gemilang Cipta Nusantara	Riau	November 19, 2013	20,450
PT Karawang Ekawana Nugraha	South Sumatra	February 11, 2014	8,300
PT Sinar Mutiara Nusantara	Riau	February 18, 2014	37,100
PT Global Alam Nusantara	Riau	March 14, 2014	36,850
PT The Best One Uni Timber	Riau	September 17, 2014	39,412
PT Alam Bukit Tiga Puluh	Jambi	July 24, 2015	38,665
		Total	558,175

Data from MoEF 2016b KLHK/IUPHHK\_Restorasi\_Ekosistem, accessed December 2016.

A study from Burung Indonesia identifies as major obstructions for a rapid extension of ERCs insufficient transparency with regard to the designation of areas for ERCs, the unclear and disputed role of provincial and district governments in the licensing process, expensive and intricate requirements for non-timber business permits needed in addition to the ERC

<sup>52</sup> See Walsh et al. 2012a: 18-21.

license, as well as the lack of an incentive package, including fiscal incentives to support the economic viability of ERCs. With regard to ERCs as an instrument for forest conservation, the study regards as particular strengths of ERCs their explicit commitment to habitat restoration and rehabilitation, a secure land tenure ownership that provides legitimate authority to fully manage the area, the possibility to effectively conduct monitoring and safeguarding, as well as the option for obtaining sustainable financing through carbon credit or REDD+ projects.<sup>53</sup> While nature conservation organizations and government institutions supporting ERCs assess the carbon credit option predominantly positive, this option and the possible role of REDD+ projects for ERCs is disputed highly controversial in national and transnational discourses (see also below).<sup>54</sup>

The first ERCs have been initiated and established by transnational and national conservation organizations that did not have a primary interest to make profit with the concession. By now, also profit-oriented private companies, and particularly companies involved in the pulp and paper business already managing other concession areas in Indonesia, are interested in this business model and have begun to invest in ERCs. Such companies increasingly compete with conservation organizations regarding forest areas suitable for ERCs. The Bukit Tiga Puluh ERC project of the Frankfurt Zoological Society (FZS), for example, encountered considerable difficulties to get the license for the ERC, due to competing efforts of Asia Pulp & Paper (APP). APP, as one of the worldwide largest pulp and paper companies, already holding industrial plantation concessions in the buffer zone of the National Park, was also applying for an ERC license, and could rely on good connections to regional politicians and the economic power of a

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<sup>53</sup> See Walsh et al. 2012a: 5-17, Sitompul et al. 2011: 28.

<sup>54</sup> See e.g., Hein/van der Meer 2012 and USINDO 2010: 22-23, Peters-Stanley et al. 2012: 56, 59, Rahmawati 2013, Indonesia 2013: 14 and 2014: 15. For an in-depth analysis of the resource and land conflicts in and around the Harapan ERC in the context of changing power relations and the conceptualization of the REDD+ mechanism, see particularly Hein 2016. With regard to the REDD+ controversy in Indonesia more generally see e.g., Brockhaus et al. 2012, Irawan et al. 2013, Ituarte et al. 2014, Luttrell et al. 2014, Resosudarmo et al. 2014, Wibowo/Giessen 2015, McGregor et al. 2015 and their Asia Pacific Viewpoint special issue 56/1 'From global policy to local politics'.

big enterprise.<sup>55</sup> The Bukit Tiga Puluh ERC promoted by of the Frankfurt Zoological Society is particularly supported by ICI funds in the context of the KfW ERC program since 2013. After delays due to government reshuffles and the competing claims of APP to the area, the ERC of the FZS was approved in July 2015 and is managed by PT Alam Bukit Tiga Puluh.<sup>56</sup>

The primary motivation of companies like APP to establish ERCs, quite probably differs from that of the conservation organizations, and is likely to be more profit-oriented. Furthermore, to cover the costs for the concession, they are probably more dependent on revenues gained through the utilization of local natural and human resources than the conservation organizations are. Even though this actually accords with the basic idea of ERCs, the impacts on forests and forest-dependent communities will likely differ considerably, depending on whether a concession is managed by a company predominantly focusing on profit, or by an organization primarily interested in the conservation of forests.

To cover the high investment costs required for the licensing and implementation of ERCs as well as ongoing costs, even well-to-do transnational conservation organizations have to procure additional project-oriented funding. These funds come from members of the conservation organizations and foundations, from business companies and private donors, as well as from diverse national and international governmental institutions and initiatives. From the beginning, funds provided as Official Development Assistance (ODA), predominantly allocated by European countries and

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<sup>55</sup> Peter Pratje, personal communication, May 2014. For assessments of impacts of ERCs established in Riau by Indonesia's second largest pulp and paper company APRIL (Asia Pacific Resources International Limited) in cooperation with Flora and Fauna International, see PM.Haze 2015, Ceruti 2016, regarding the Katingan Project in Central Kalimantan managed by PT Rimba Makmur Utama (PT RMU) in collaboration with the NGO Yayasan Puter Indonesia (YPI) see GGGI 2015, Eriksen 2016.

<sup>56</sup> Regarding the history and disputes on the Bukit Tiga Puluh ERC see also Barr 2007, Sitompul/Pratje 2009, WARSI et al. 2010, Iswanto/Puspita 2011, WWF et al. 2011, Effendi 2014, Greenomics 2015, as well as KfW 2013 "Threatened with extinction" and BMUB 2015 "Nature conservation concessions to protect tropical rainforest in Indonesia", accessed December 2016), APP n.d. "Supporting one million hectares forest protection and restoration", APP 2014 "APP to support the protection and restoration of one million hectares of forest in Indonesia", APP 2015 "APP Progress Update on One million ha", accessed December 2016.

institutions, constituted an important share of the funding required for the establishment of ERCs.

Germany so far has agreed to grant some 15.7 million EUR for the support of Ecosystem Restoration Concessions in Indonesia, provided via the International Climate Initiative (ICI) of the BMUB, and supposed to be implemented by the KfW Group. The ERCs supported by German development assistance are the Harapan ERC managed by PT REKI and the Bukit Tiga Puluh ERC managed by PT Alam Bukit Tiga Puluh. Both ERCs are located on Sumatra,<sup>57</sup> and in both projects, besides official German development assistance via the ICI grants, German nongovernmental conservation organizations are also significantly involved, specifically the *Deutscher Naturschutzbund* (NABU), the Frankfurt Zoological Society (FZS), and WWF Germany. To assess the relevance of ERCs for German development cooperation, the Harapan Rainforest project on Sumatra will be further explored.

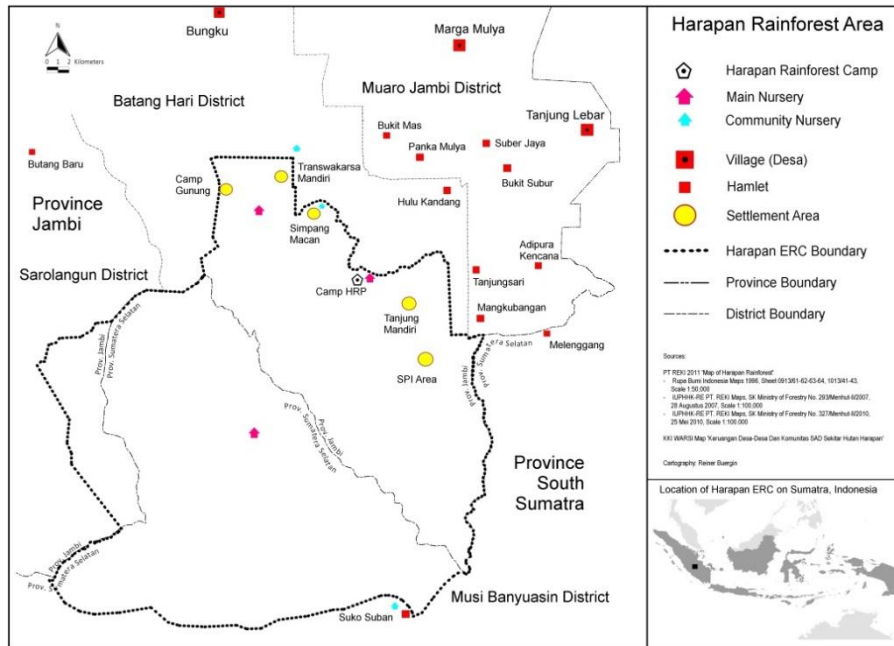
## THE HARAPAN RAINFOREST PROJECT

The project “Hutan Harapan” (literally “Forest Hope”) was initiated in 2001, as a common conservation project of Burung Indonesia, the Royal Society for the Protection of Birds (RSPB), and BirdLife International. At the same time, all of them worked together with the Indonesian Ministry of Forestry to develop the ERC concept. After the legal instrument Ecosystem Restoration Concession had been established in 2004, the 'Harapan Rainforest' was the first area allocated for the new license in 2005. In August 2007, the Harapan Rainforest Project (HRP) received a first concession right for an area of 52,170 ha in the province of South Sumatra, and in May 2010

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<sup>57</sup> Plans for another ERC project in the Gorontalo Province on Sulawesi (84,798 ha), supposed to connect the Panua Nature Reserve and the Nantu Wildlife Reserve, were also supported by German development assistance and NGOs, but have not progressed as expected so far.

another license for an adjoining area of 46,385 ha in Jambi Province was approved<sup>58</sup> (See Figure 5).



Sources: REKI 2011, 2015, WARSI n.d., Hein 2016.

Figure 5. Harapan ERC and villages in the Harapan area.

Both areas were previously logging concessions. The northeastern part of the Harapan project, in the Jambi Province, had been used by PT Asialog, and the southwestern part of the ERC, in the South Sumatra Province (*Sumatera Selatan*), had been managed by PT Inhutani V. In the southwestern part of the Harapan forest area, the logging activities of the logging company had stopped in 2007, while the company in the northeastern part continued to cut timber until 2008. After the logging concession had ended and before the Ecosystem Restoration Concession was

<sup>58</sup> While the part in the South Sumatra Province was licensed for a period of 100 years, the license for the part in Jambi Province was given for 65 years, with an option to extend for another 35 years (see Wardah 2013: 37, Marthy 2014: 9).

granted in 2010, illegal wood harvesting also took place and settlers moved into this northeastern area (see below).<sup>59</sup> Even though completely logged over to various degrees, much of the forest in the Harapan ERC is supposedly in a comparatively good condition. It is estimated, that the concession encompasses about 20% of the few still remaining dry lowland forests on Sumatra, which are biologically highly diverse, but also most threatened.<sup>60</sup>

To implement the Harapan Project, the conservation organizations Burung Indonesia, RSPB, and BirdLife International had created the non-profit foundation Yayasan Konservasi Ekosistem Hutan Indonesia (YKEHI). YKEHI is the major shareholder of the private company PT Restorasi Ekosistem Indonesia (PT REKI), which was established to fulfil the requirements for the license and to manage the ERC.<sup>61</sup> Running costs for the ERC amount to some two million USD per year, and another two million are supposed to accrue for restoration activities over a period of about 10 years. Funding comes from many sources, including members from the RSPB and BirdLife partners in Switzerland, Belgium, Singapore, Luxembourg, and the Netherlands. Major grants have been provided by the European Union, the UK Government's Darwin Initiative, Conservation International, the British Birdfair, the Italian Nando Peretti Foundation, as well as business companies in Japan, Singapore and the UK. The 7.5 million EUR of the German BMUB, provided via its International Climate Initiative, counts among the most important single contributions to the project, besides 9 million EUR provided by DANIDA, a 2.5 million EUR grant from EuropeAid, and 3 million USD donated by Singapore Airlines<sup>62</sup>. The German NGO *Deutscher Naturschutzbund* (NABU) – German partner of BirdLife International – has

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<sup>59</sup> See NABU 2012a, Hein 2013: 14-15, Hauser-Schäublin/Steinebach 2014: 5.

<sup>60</sup> See NABU 2010, Marthy 2014.

<sup>61</sup> For the official website of the Harapan ERC, see REKI 2016 “Hutan Harapan”, accessed December 2016.

<sup>62</sup> With this support for the Harapan project, Singapore Airlines advertises for itself, and considers its support as being part of the carrier's commitment to improve its environmental performance. Even though these financial contributions are not counted as regular carbon credits, they are perceived of as an indirect and not quantified environmental offset, and are sometimes even labeled “virtual certificates” (see Hein 2016: 199).

supported the project through fund-raising, technical advice, and political consulting.<sup>63</sup>

From the outset, forest fires, illegal logging, encroachment, and poaching have been major threats to the forests in the Harapan ERC. Most recently, plans of a mining company, to build a coal road through the ERC, have become another threat to the remaining forest areas.<sup>64</sup> Measures to protect and restore the area so far include the establishment of forest patrols and awareness raising activities to reduce illegal logging, the construction of fire observation towers, the installation of water tanks and the training of staff and local people for fire-fighting, as well as re-forestation activities on some 4,000 ha of degraded forest areas. Activities of the managing company of the ERC also encompass the support of local communities and particularly indigenous people to start up sustainable livelihood schemes, such as rubber cultivation, and to develop alternative income opportunities, as well as support for studies regarding biodiversity conservation in the Harapan area.<sup>65</sup>

While reports of the involved conservation organizations provide a predominantly successful balance for the Harapan project, transnational organizations and initiatives concerned about people's rights and environmental justice emphasize shortcomings and unresolved conflicts incriminating the project. The scenario of the problems and conflicts involved in the Harapan Rainforest Project reflects a globally widespread pattern of different stakeholders with complex interdependencies and diverging interests focusing on forest use and conservation areas. This

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<sup>63</sup> See Burung Indonesia et al. 2008, EuropeAid n.d., NABU 2010, 2012a, 2012b. Regarding organizations providing financial support for the Harapan project see also Archive.is 2012 "Harapan Rainforest 2012", accessed December 2016, and Singapore Airlines 2010 "Singapore Airlines commits to Rainforest Preservation", accessed December 2016.

<sup>64</sup> See Silalahi/Kusuma n.d. [2014], and Parker/Mongabay 2013 "Mining Road Plan Threatens Forest Restoration Project in Indonesia", accessed December 2016.

<sup>65</sup> See NABU 2012a, 2012b, as well as Birdlife International 2013 "Innovation in the protection of forests in Indonesia" and RSPB 2010 "Harapan provides hope for rainforest conservation", accessed December 2016. Regarding forest conservation and restoration measures see also De Kok et al. 2015, Harrison/Swinfield 2015, Lindsell et al. 2015, Schmidt et al. 2015. For a study on livelihoods of rural people living in the area, see David et al. 2015, Widianingsih et al. 2016, regarding services and benefits provided by PT REKI for communities the company accepts in the ERC see also Hein 2016: 178-179.



scenario includes NGOs, government agencies and business companies, as well as local forest-dependent communities and indigenous peoples, old-established and new-coming settlers, activists, researchers, business men, and politicians. In the context of this study, two crucial issues of these controversies will be further explored. The focus is, on the one hand, on the status and options of forest-dependent communities and indigenous peoples in the Harapan conflict, and on the other hand, on the disputes in transnational discourses on nature conservation and social justice related to the conflicts.

### **FOREST CONFLICTS AND ACTOR GROUPS IN THE HARAPAN AREA**

From a historical perspective, roots of the current conflicts, in which communities and local people in and around the Harapan concession area are involved, can be traced back to colonial and pre-colonial legacies.<sup>66</sup> Since that time, the 'local conflicts' in the Harapan area are crucially related to land and forest resources, processes of ethnic identification and attribution, as well as to changes of power relations and struggles between different social groups. More recently, these conflicts are furthermore related to national and transnational struggles regarding reconfigurations of power relations and identities in modern societies in the context of a global environmental and developmental crisis.<sup>67</sup> From such a historical perspective, the various people involved in the conflicts belong to very different groups with regard to their origins and identities, their social status and influence, their interests and objectives, as well as their possibilities to claim and access local resources.

The conflicts between people living inside or close to the Harapan forest and PT REKI, which legally manages the ERC, concentrate on the northern

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<sup>66</sup> See e.g., Steinebach 2012: 56-75, Hauser-Schäublin 2013, Steinebach 2013: 69-73, Hein 2016:116-137.

<sup>67</sup> For reviews of transformations of these conflicts and related discourses on a global scale, see Buergin 2004, 2013.

and eastern part of the concession.<sup>68</sup> The two main villages in this area are Bungku and Tanjung Lebar, which are formal administrative units (*desa*) within the framework of the state administration system. Both are located outside of the Harapan ERC, but they include many hamlets and settlements, some of them also located inside of the concession. (See Figure 5) Ethnic minority groups, which are most frequently referred to as Batin Sembilan, have traditionally lived as semi-nomadic shifting cultivators and hunter-gatherers in the area now assigned as Harapan Rainforest ERC, as well as in adjoining areas. In the early 1970s, the Indonesian state had designated almost the entire lowland rainforests of Jambi Province as logging concessions, and in 1971, the land where the Batin Sembilan lived, was allocated as a logging concession to the timber company PT Asialog. In 1972 a resettlement scheme was launched, to concentrate the semi-nomadic Batin Sembilan population in the new village of Bungku, which was established in 1973 and which became an administrative village (*desa*) in 1982. The village Tanjung Lebar was supposedly founded already in pre-colonial times by indigenous Batin Sembilan.<sup>69</sup> As long as the area had been licensed as logging concession and logging activities did not necessitate the permanent use of the whole concession area, the Batin Sembilan had been able to practice dry rice farming and to collect NTFPs within the logging concession area. With the conversion into plantation and conservation concessions, these subsistence activities became more and more restricted.

In the 1980s, the logging concessions in Jambi were increasingly converted into plantation concessions, particularly for oil palm, acacia, and

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<sup>68</sup> These northeastern parts are located in the south of Jambi province at the border to the province South Sumatra and belong to the districts Batang Hari and Muaro Jambi (see Figure 5). The two districts have only been separated in 1999, and due to quarrels between the two district governments, their border is in parts still not exactly determined, which also affected land and forest conflicts in this area (see Colchester et al. 2011, Abt Associates 2013: 26; IPAC 2014: 8-9).

<sup>69</sup> Hein 2013: 15, Hauser-Schäublin/Steinebach 2014: 29. However, according to a former head of Tanjung Lebar village, it was first inhabited from around 1911 to 1913 (see Abt Associates 2013: 26).

rubber cultivation.<sup>70</sup> In 1986, parts of the PT Asialog logging concession were converted into a palm oil concession, which was initially managed by PT Bangun Desa Utama (PT BDU) and was transferred to PT Asiatic Persada (PT AP) in 1992. PT AP holds the concession adjoining the north-eastern part of the Harapan ERC until today.<sup>71</sup> This change, from a predominantly extracting economy to a production economy, has deprived many of the Batin Sembilan of their customary lands and resources. Furthermore, the production economy of the oil palm concessions was much more dependent on external labor force than the logging business had been. Between 1984 and 1997, more than 14,000 families or 60,000 people - mainly originating in Java - were placed in the Harapan region by transmigration schemes. The transmigration settlements generally formed enclaves within the existing village territories, and became independent hamlets or sub-villages later. Each of the migrating families was given some 3 ha of land with official land titles of private ownership (*hak milik*). Most of the autochthonous Batin Sembilan groups don't have official land titles from the Indonesian government. They were frequently expelled from their ancestral territories, and either retreated into still forested areas, where concession holders had not yet started planting agricultural crops, or they were resettled into housing estates provided by the social department.<sup>72</sup>

With the fall of the Suharto regime in 1998, and in the following decentralization process, the circumstances in the region changed crucially. Political power on the regional and local level was enlarged considerably, which generated new opportunities to gain influence and to make profits. In this context, also customary rights re-emerged as an effective means to assert and enforce claims to land and forest resources. Since then, another

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<sup>70</sup> Since 2012, a DFG research program at the University of Göttingen has explored ecological and socioeconomic impacts of these transformation processes in Jambi (see Faust et al. 2013 and Universität Göttingen 2016 “SFB 990: EForTS”, accessed December 2016).

<sup>71</sup> See IPAC 2014: 7, Abt Associates 2013: 26. Nowadays, the PT AP concession area is adjoining the north-eastern border of the Harapan ERC. Since 2000, PT AP had belonged to the Commonwealth Development Cooperation (CDC), and was sold to the world's largest oil palm company Wilmar in 2006, after having been owned for several months by Cargill (IPAC 2014: 6). Regarding the changing concession holders in the Harapan area see also Wardah 2013: 37-38.

<sup>72</sup> See Steinebach 2013: 65, Hauser-Schäublin/Steinebach 2014: 4, 11-12, Hein 2013: 15.

estimated 40,000 'spontaneous migrants' have come into the area, many of them from Jambi province and other parts of Sumatra, but also people from Java and other Indonesian Islands. Most of them were probably attracted by reports which the transmigration settlers had sent home. However, an increasing number of new migrants also came in the course of the activities of the Indonesian peasant movement, for which the Harapan area became an important focus of political struggle.<sup>73</sup> In this context, the conflict between people who claim access to lands and forests in the Harapan concession and the managing company PT REKI is only one location in a larger struggle.

Most of the land in the Harapan area is classified as Forest Area. The area is predominantly licensed as plantation concession land for private companies as well as for the Harapan ERC, with only a few areas designated as protected forest. The people living in the area are predominantly dependent on these different forest areas, be it as laborers for the companies that control large parts of the area, and/or regarding their individual access to lands and resources for commercial or subsistence purposes. The different groups that have lived customarily on the land or later migrated into the area have different possibilities and strategies to gain and secure access to the land and its resources.

The 'transmigration settlers', which came into the region in the course of the transmigration scheme, are in a comparably comfortable situation, due to their legal settlement rights and land titles, which may be mortgaged and sold. The local 'indigenous people' are estimated to account for some 10% of the current population in the area.<sup>74</sup> They have predominantly no legal titles for their customary lands, and have been forced to almost completely abandon their traditional livelihoods. However, their chances to claim and enforce rights to land and forest resources are increasing in a changing

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<sup>73</sup> See Hauser-Schäublin/Steinebach 2014: 14-17, IPAC 2014.

<sup>74</sup> The Harapan ERC management estimates that this figure drops to less than 3% if limited to the Batin Sembilan people that may be considered indigenous to this forest area (see REDD-Monitor 2012a "Response from Harapan Rainforest Project", accessed December 2016). According to a PT REKI survey for Bungku village in 2011, 71% of the villagers came from Java, about 5% from the Sunda islands, and some 14% from other parts of Sumatra. Local Batin Sembilan, in this survey, accounted for 6% and other local groups from Jambi province for another 4% (see Wardah 2013: 34).

national and international context. Furthermore, at least in some villages and with regard to land use issues, their position is strong in the context of local power structures. In this context, diverse less formal avenues to access lands and resources are provided, which are legitimized and facilitated locally through customary leaders, formal village administrations, or sub-district authorities. Such less formal avenues to lands and resources, not based on national legislation, include land titles issued by the village governments, bartering and direct payments to customary or formal leaders, as well as marriages into villages and ethnic groups.<sup>75</sup>

For the 'spontaneous migrants', such less formal, informal, or often illegal avenues are the most important possibilities to access land and forest resources in the Harapan area, even though always entailing the risk of being evicted from the land by the concession holders or state authorities. In this way, furthermore, patron-client relationships are created in which farmers cannot always make their own decisions about land use and the sale of crops. Wealthy people living in other areas of Sumatra also purchase land from local authorities, and use migrants, who cannot afford to pay compensation or do not have network connections to get access to land, to cultivate this land. Such relationships and agreements between absentee owners and migrants without means may include the clearing, preparing, and planting of forested land, as well as rubber tapping or the harvesting of oil palms.<sup>76</sup> Particularly for 'spontaneous migrants' with limited means, the local engagement of national and transnational organizations of the peasant movement has created new chances and possibilities to claim and enforce access to lands and resources in the area.

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<sup>75</sup> See Hein 2013: 17, Hein/Faust 2014: 23, Hauser-Schäublin/Steinebach 2014: 12-13, Hein 2016: 132-155.

<sup>76</sup> See Hein 2013: 15-17, Hauser-Schäublin/Steinebach 2014: 14-18. Hauser-Schäublin and Steinebach estimate that about 43% of the land use in the Harapan area counts as 'illegal' according to state law (Hauser-Schäublin/Steinebach 2014: 17-18).

## LOCAL ALLIANCES AND NATIONAL SOCIAL STRUGGLES

According to activists from the peasant movement, they started to actively engage in the Harapan area in the late 1990s. Already before the peasant movement came into the area, the Batin Sembilan, in the context of Indonesia's decentralization process, that went along with a revival of local identities and *adat* systems, had begun to demand their traditional rights. They claimed an area of some 70,000 ha as their customary land (*tanah ulayat*), including village and concession lands, protected forest areas, as well as parts of the Harapan ERC. Furthermore, various Batin Sembilan groups cooperated with migrant settlers and political activists to negotiate and enforce access to lands claimed by concession companies.<sup>77</sup> These initiatives went along with a new self-designation of the Batin Sembilan as Suku Anak Dalam (SAD), which may be literally translated to "Tribe of the Children of the Interior." This new name also indicates a new self-identification of the Batin Sembilan, implying a greater regional inclusiveness of different groups, as well as a reference to national narratives of indigeneity and integration.<sup>78</sup>

In 2000, during the palm oil boom, Suku Anak Dalam (SAD) together with non-SAD farmers from Tanjung Lebar and surrounding villages formed a co-operation. They were trying to find investors to establish a palm oil plantation on 5,100 ha of customary land at the border between the Batang Hari and Muaro Jambi districts. Their application for the plantation permit from the district government failed, predominantly due to unclear border mapping between the two district administrations that had been newly established in 1999. Their negotiations with the palm oil company PT Asiatic Persada (PT AP), which had concession rights for some 600 ha of the

<sup>77</sup> See Hauser-Schäublin/Steinebach 2014: 10, 13. These claims to customary lands encompass the area between the Bahar River and Lalan River tributaries, and include all the villages in the area, as well as large parts of the PT Asiatic Persada palm oil concession and the Harapan ERC.

<sup>78</sup> See Steinebach 2013: 73-77. The term was originally introduced by the Dutch and used by the local government to classify different ethnic groups according to certain cultural characteristics. In the context of the recent conflicts, the name has been chosen by Batin Sembilan groups deliberately to position themselves and their land claims vis-à-vis the state and transnational companies (Hauser-Schäublin/Steinebach 2014: 23).

claimed customary lands, lasted over several years, and were finally terminated without results when the company was sold to Wilmar in 2006.<sup>79</sup> At about the same time, in the Bungku village area, Batin Sembilan, migrant farmers, and political activists were also negotiating and quarrelling with PT AP about rights and access to lands within the concession areas. In 2003 they joined together under the name SAD 113, and claimed some 3,550 ha as their customary land.<sup>80</sup> In both cases, activists and organizations related to the national and transnational peasant movement have been actively involved in the conflicts. In the case of the SAD 113 conflict, mainly focusing on lands in the PT AP concession, the peasant union Serikat Tani Nasional (STN) was involved.<sup>81</sup> In the conflict that predominantly concerns areas within the Harapan ERC, and has considerable implications for the restoration and conservation objectives of the Harapan project, the other important peasant union Serikat Petani Indonesia (SPI) has become a major actor.<sup>82</sup>

Regarding settlements and land conflicts in the Harapan ERC, the managing company PT REKI basically distinguishes three groups of actors living inside the project territory. These are the Batin Sembilan (or SAD) as local indigenous group, local communities that have lived permanently in the area before the ERC was established, and rural migrants or 'encroachers' from outside, which came to the area after the establishment of the concession. Land claims of the Batin Sembilan, and to a lesser extent those

<sup>79</sup> See Colchester et al. 2011, IPAC 2014: 8-9, see also CAO 2012 regarding Wilmar's involvement in the SAD conflict.

<sup>80</sup> The group SAD 113 is supposed to have been established in 2003. 'SAD' refers to the Batin Sembilan or 'Suku Anak Dalam', while the figure 113 is either supposed to refer to the number of original claimants which established the group (IPAC 2014: 5), or to the size of the area they were claiming as customary lands (Steinebach 2013: 73).

<sup>81</sup> The SAD 113 conflict at the northern edge of the Harapan ERC, which has even led to the death of a SAD spokesman in March 2014 (see FPP 2014a "Conflict In The PT Asiatic Persada Concession Leads To A Casualty", accessed December 2016), by now has gained considerable national fame, and is regarded as one of the best documented land conflicts in Indonesia, even though "poorly understood and often misreported" (IPAC 2014: 5). For more elaborate reports and discussions regarding the conflict, see particularly Colchester et al. 2011, Steinebach 2013, Beckert et al. 2014, and IPAC 2014.

<sup>82</sup> There are indications that the involvement of SPI in the Harapan conflicts, at least to some degree, is also related to rivalries and different approaches of the two competing peasant unions SPI and STN within the peasant movement (see IPAC 2014: 3-4, 26).

of the established local communities, are regarded as more or less legitimate by PT REKI. Most of the land claims of the more recent migrants are considered illegitimate, and their use of areas inside of the ERC is regarded as 'encroachment' on the concession.<sup>83</sup> The actor categories that PT REKI uses are ambiguous, however, since many of the 'encroachers' have bought land from Batin Sembilan or local communities, while some Batin Sembilan are also converting forests for oil palms inside of the ERC, which PT REKI prohibits. Furthermore, most of the settlements within the ERC are ethnically diverse. Some of them are even officially recognized as sub-villages of Bungku by village and sub-district authorities that have also legitimized their land claims. District agencies have likewise promoted and legitimized agricultural activities and settlements in the area, and have even established an elementary school service.<sup>84</sup>

The main conflicts between the managing company PT REKI and people who are living inside of the ERC, or are trying to get access to land and resources inside of the Harapan ERC, predominantly focus on five different areas in the northern and eastern part of the ERC. However, there exist several other areas all along the boundaries of the ERC which are regarded as problem areas. According to data provided by PT REKI and Burung Indonesia, based on aerial and field surveys up to 2015, these areas include, in the southern part of the concession, the Hulu Badak area with some 1,100 ha of deforestation predominantly since 2014, the Sako Suban area with some 750 ha of deforestation predominantly dated 2006 and 2007, as well as the DAS Merati area with some 930 ha of old and very recent deforestation. In the northwestern part of the ERC, some 200 ha in the

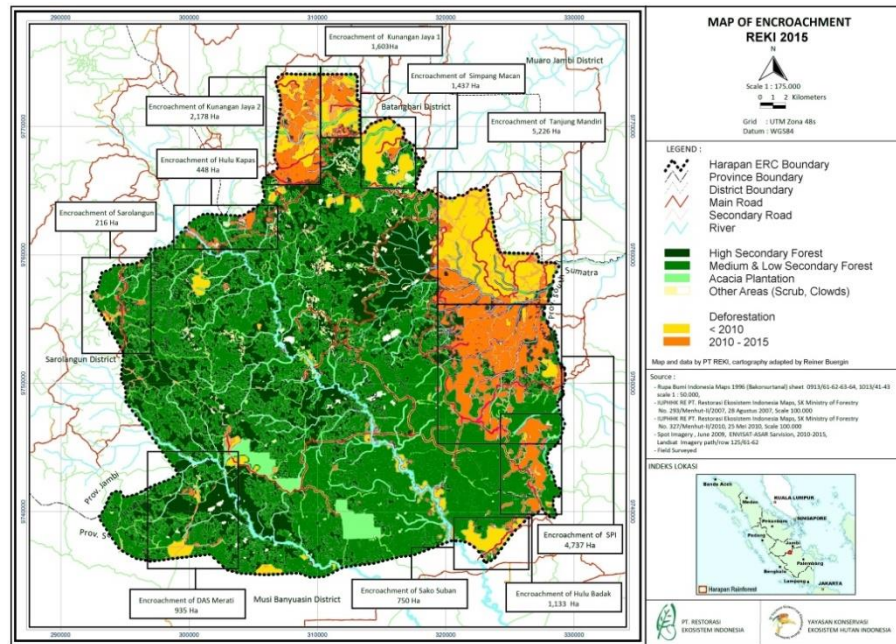
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<sup>83</sup> See REDD-Monitor 2012a "Response from Harapan Rainforest Project", accessed December 2016, and Silalahi/Desri 2015. According to PT REKI, only 1,100 ha of deforestation are recorded until 2005, indicating that no major encroachment had occurred before that time. The settlements of the Batin Sembilan inside of the concession area were not regarded as a threat to the ERC. For the period 2005-2009, referring to aerial surveys, PT REKI asserts deforestation due to encroachment of some 9,400 ha, and another 10,100 ha for the period between 2010 and 2015, predominantly in the northern and eastern part of the ERC (see REKI 2015 and Figure 6).

<sup>84</sup> Concerning the effects of changing and contradictory legal relationships, as well as conflicting land rights on forest protection and local livelihoods in the Harapan region, see particularly Hein et al. 2016, Hein 2016, Kunz 2016.



Sarolangun, and another 450 ha in the Hulu Kapas area are recorded as more recently deforested areas (see Figure 6).<sup>85</sup>



Data and map source REKI 2015, cartography adapted by Reiner Buergin.

Figure 6. Deforestation and conflict areas in the Harapan Ecosystem Restoration Concession.

The main 'encroachment areas', in the northeastern part of the concession, include the Camp Gunung area, the Transwakarsa Mandiri area, and the Simpang Macan area, which all belong administratively to Bungku village, as well as the Tanjung Mandiri area and the SPI area, including Sungai Jerad and Bukit Sinjal, all belonging to the village Tanjung Lebar. PT REKI designates all of these areas as 'encroachment areas', claiming that settlers have occupied and deforested most of these areas illegally after the

<sup>85</sup> REKI 2015, data and map provided from Burung Indonesia. Conflicts regarding settlers producing rubber in the southern part of the ERC, to date, seem to be less problematic. The ERC management works together with them to develop alternative income possibilities, with the target to prevent further deforestation and to achieve their complete relocation from the concession area (NABU 2012a: 3).

establishment of the ERC. (See Figure 6) However, the history of settlements and deforestation, the regulations and power relations, as well as interests and options of the respective actors in these areas differ considerably.

The settlement Camp Gunung<sup>86</sup> is located in the very north of the Harapan ERC, in the border area between the PT REKI conservation concession and the timber plantation concessions of PT Wanakasita Nusantara and PT Agronusa Alam Sejahtera (PT AAS). The settlement was initiated between 2002 and 2004 by a Batin Sembilan leader and a former village head of Bungku, before the ERC was established. The development project provided 5 ha parcels of land for each settler, predominantly to satisfy the demand for land of the growing number of migrants from the coastal delta region. The village issued land titles for the land, and received a payment, which was considered to be a development and infrastructure fee, not a payment for land. Forest conversion within the former PT Asialog concession was permitted by the Bungku village government, that has supported the formation of the settlement also financially and with infrastructure development. By now, some 300 households are supposed to live in this area inside of the ERC, for which PT REKI, until 2015, has recorded deforestation on some 2,200 ha of forest land. PT REKI as well as PT AAS had started to campaign against the settlers with support from the police, after they had received their concessions in 2010 and 2009 respectively. After PT REKI and the forest police had destroyed a settler camp, reportedly with no warning, members of the settler community started a protest march to the MoF in Jakarta in 2012. They were supported by the National Peasant Union (Serikat Tani Nasional, STN), and by the People's Democratic Party (Partai Rakyat Demokratik, PRD). While the conflict with PT REKI has eased in this area, the conflict with PT AAS seems to be still ongoing.<sup>87</sup>

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<sup>86</sup> Administratively, Camp Gunung is part of Kunangan Jaya II Sub-Village of Bungku Village, in the Bajubang Sub-District, Batang Hari District.

<sup>87</sup> See Hein 2016: 161-163, REKI 2015.

The Transwakarsa Mandiri (TSM) settlement<sup>88</sup>, which adjoins the Camp Gunung area to the east, was founded by a Batin Sembilan leader, a Javanese teacher, and a former Bungku village head in 2004. Their stated objective was to provide land, welfare, and employment for poor and landless peasants, and to support poor Batin Sembilan households. Against the payment of a development or administrative fee, the migrant households were allowed to own a maximum of 5 ha of cropland for which village scale land titles were issued. When the District Forest Agency and the forest police intervened and tried to relocate the TSM community in 2007, the Javanese teacher was arrested for illegal logging, and convicted to a prison sentence of one year. After negotiations, the District Forest Agency accepted the presence of the settlement tentatively, demanding that the settlers should plant rubber instead of oil palms. After the license for the ERC had been issued in 2010, PT REKI, supported by the heavily armed mobile police brigade (BRIMOB) and the forest police, urged the people of the TSM community to abandon their farmsteads and plantations in the concession within two months. As in almost all settlements, community members complained that PT REKI had failed to conduct a FPIC. After the police intervention, a group of settlers (PERTAMA, *Persatuan Tani Mandiri*) supported by the NGO Yayasan CAPPa organized demonstrations in front of the Governors Palace and the provincial parliament in Jambi city, which led to the first community consultations (*socialisasi*) between the TSM community, PT REKI, and the forest authorities. In 2011, a participatory land tenure mapping was conducted, involving community representatives, the District Forest Agency of Batang Hari, the Provincial Forest Agency of Jambi, activists of Yayasan CAPPa, and staff of the conservation company PT REKI. An official mediation started in 2012, after PT REKI and representatives from Kunangan Jaya I had agreed on 20 rules as a basis for the mediation. The agreement and the participatory land tenure mapping can be considered as an unofficial conditional land tenure scheme, since it provides tenure security if peasants accept the negotiated rules. However, the community's request to exclude the settlement from the state forest was

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<sup>88</sup> TSM belongs administratively to the Kunangan Jaya I Sub-Village of Bungku Village, Bajubang Sub-District, Batang Hari District.

refused by the Provincial Forest Service.<sup>89</sup> To solve the conflict with the TSM community, the MoF suggested that the settlement remains in the conservation concession, but should be designated as a community development zone (Mitra Zone), where settlers can receive conditional land tenure rights.<sup>90</sup> For 2015, REKI has recorded some 1,600 ha of predominantly older deforestation areas for this part of the ERC.<sup>91</sup>

The Simpang Macan area<sup>92</sup> is located southeast of the TSM area and northwest of the PT REKI main camp in the ERC. For this area, PT REKI has recorded some 1,400 ha of deforestation in 2015, predominantly dated to have occurred before the year 2008.<sup>93</sup> The communities of the Simpang Macan area are dominated by Batin Sembilan, and PT REKI generally considers their land claims as more legitimate than those of other groups. Conflicts between PT REKI and Batin Sembilan tend to have a lower intensity than those with the other groups, and the Batin Sembilan dominated settlements in the Simpang Macan area have not been affected by interventions of the forest police and BRIMOB. PT REKI has negotiated conservation agreements with most of the Batin Sembilan households and communities in the Simpang Macan area, but has not yet signed any formalized conservation agreements with migrants or settler communities in this region.<sup>94</sup> Agreements with Batin Sembilan groups generally allow them the permanent cultivation of land for subsistence, harvesting of rubber trees, and the use of NTFPs within the ERC, while oil palms, slash and burn cultivation, logging for commercial purposes, and hunting, as well as land trades and forest conversion are prohibited. In addition, PT REKI provides

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<sup>89</sup> The agreement includes rules that prohibit land trade, land swap, additional forest conversion, commercial logging, new oil palm plantings, intimidations, evictions, and arrests. Furthermore, the parties agreed to stop campaigning against each other. The request to exclude the settlement from the state forest area and the ERC was rejected by the Provincial Forest Agency, arguing that the social and biophysical criteria were not met. A staff member explicitly stated that the multi-ethnic character of the settlement and the presence of non-indigenous communities was an important factor for the rejection. (Hein 2016: 205)

<sup>90</sup> See Hein 2016: 158-161, 203-206.

<sup>91</sup> See REKI 2015.

<sup>92</sup> Simpang Macan, as TSM, is part of Kunangan Jaya I Sub-Village of Bungku Village in Bajubang Sub-District, Batang Hari District.

<sup>93</sup> See REKI 2015.

<sup>94</sup> Hein 2016: 177.

healthcare and school service free of charge, wells and improved sanitation, rubber seedlings and improved marketing for NTFPs, as well as new income opportunities for some of the Batin Sembilan families in community nurseries and as workers for PT REKI. Most of the Batin Sembilan groups in the Simpang Macan area seem to be more or less content with their arrangements with PT REKI. On a small area close to the main Harapan project camp at the northeastern border of the ERC, PT REKI has established a community development zone, also called Mitra Zone, where PT REKI seeks to settle the scattered and semi-nomadic Batin Sembilan families living in the ERC.<sup>95</sup> The settlement provides improved sanitation facilities and includes a community nursery. Further economic development and provision of income opportunities for the Batin Sembilan in the Mitra Zone are planned. However, many community members were complaining about unemployment, missing compensations for giving up their swidden farming practices, and about not having received land for rubber cultivation which had been promised. Some of them also reported that they would have preferred to live scattered, following their traditional way of life, rather than in the closed settlement in the small Mitra Zone area. More recently, some of the families in a community located close to the main camp of PT REKI have rejected further negotiations with the managing company of the concession, referring to their traditional *adat* rights to lands in the ERC.<sup>96</sup>

The Tanjung Mandiri area<sup>97</sup>, located southeast of the PT REKI main camp, constitutes the largest settlement in the ERC, with some 1,500 households on an area of more than 6,300 ha. For this area, in 2015, REKI recorded deforestation of some 5,200 ha that is supposed to have occurred predominantly before the establishment of the ERC in 2010.<sup>98</sup> The Tanjung Mandiri settlement started in 2003, based on agreements between local Batin

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<sup>95</sup> Another zone called *tanaman kehidupan* zone, which according to staff members of PT REKI is planned to provide the Batin Sembilan opportunities to gather non-timber forest products and plant rubber, in 2013, had not yet been established. (Hein 2016: 176).

<sup>96</sup> See Hein 2013: 18-19, Hein/Faust 2014: 23, Wardah 2013: 20-21, 45-46, Hein 2016: 204-206. See also Wardah 2013 who rather emphasizes positive experiences and assessments of the Batin Sembilan in the Mitra Zone (Wardah 2013: 45).

<sup>97</sup> Tanjung Mandiri is a Sub-Village of Tanjung Lebar Village in the Bahar Selatan Sub-District, Muaro Jambi District.

<sup>98</sup> See REKI 2015.

Sembilan elites and the village government, including a Javanese migrant who had married into a Batin Sembilan family and was a former village head of Tanjung Lebar. Reportedly the head of the Sungai Bahar Sub-District has also been involved in this settlement project. Settlers were not allowed to own more than 3 ha of land, and land had to be cultivated right after forest conversion. Forest conversion and settlement activities intensified in 2006 with the construction of houses and the establishment of the first plantations. Today the settlement is one of five official hamlets of Tanjung Lebar, and has been de facto legalized by the Education Agency of the District of Muaro Jambi, which supports the school of Tanjung Mandiri. In 2011, the head of the Muaro Jambi district has further strengthened the status of the settlement by celebrating the traditional rice harvest festival in Tanjung Mandiri. He also promised that the settlement will be excluded from the ERC, even though a district head has no formal authority to reclassify state forest and the area is not even part of the district of Muaro Jambi. Local authorities are trying to release the settlement from the Harapan concession, but mediation with PT REKI in summer 2013 so far failed to resolve the conflict.<sup>99</sup>

The settlements established by SPI are the most recently founded, and most contested settlements in the Harapan ERC. They are located in the eastern part of the ERC, southwest of the hamlet of Mangkubangan (or Pangkalan Ranjau)<sup>100</sup>. PT REKI claims that SPI has moved into the area only after the concession was licensed in 2010, and accuses SPI for occupying the most valuable forest areas, as well as for illegal logging and the growing of oil palms. In 2015, PT REKI attributes some 4,700 ha of deforestation to the SPI settlements in the concession, supposed to have predominantly occurred

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<sup>99</sup> See Hein 2016: 163-165. The conflict is further complicated due to disputes between different Batin Sembilan groups regarding traditional rights to the area. While the northeast of the Harapan ERC, according to MoF maps, is located in the village area of Bungku, it is also part of the customary land (*wilayah adat*) belonging to the Batin Sembilan of Tanjung Lebar. Most of the settlers in the area therefore identify as being from Tanjung Lebar – not from Bungku. However, Batin Sembilan from Bungku and the village government of Bungku question the land claims of Batin Sembilan of Tanjung Lebar, and accuse them of selling land that traditionally belongs to groups from around Bungku. (Hein 2016: 165).

<sup>100</sup> Mangkubangan is a Sub-Village of Tanjung Lebar Village in the Bahar Selatan Sub-District of Muaro Jambi District.

after the establishment of the ERC in 2010.<sup>101</sup> In 2013, the area claimed by SPI encompassed more than 2,500 ha inside of the Harapan ERC, including 18 settlements with up to 40 households, of which Sungai Jerad and Bukit Sinyal are the most important. According to SPI activists, SPI has been present in this area since the late 1990s, and the formation of the SPI settlements started in 2007.<sup>102</sup> SPI asserts that Batin Sembilan and members of the village government of Tanjung Lebar have approved their settlements and land conversion activities. To use land in this area, controlled by the SPI with a complex institutional structure, smallholders are supposed to have a residence permit issued by the village government of Tanjung Lebar, to be a member of the SPI, and to be poor and landless. With the payment of a 'measurement fee', which partly goes to local Batin Sembilan elites, a maximum of 6 – 10 ha land is permitted for each household, depending on its size. SPI leaders claim to have banned oil palm cultivation in the settlements, in accordance with state forest law and PT REKI conservation regulations, as well as in line with the environmental standards of La Via Campesina, which supports SPI on the transnational level.<sup>103</sup> However, SPI openly challenges the hegemony of the MoF, and the conflict between SPI and PT REKI as well as different state institutions is supposed to be the most intense conservation conflict in Jambi. The conflict started in 2008, and intensified in 2010 when, according to SPI members, the forest police and staff of PT REKI started to patrol in the settlements, and announced that the land is now part of the Harapan ERC. SPI leaders argue that the conservation company has not conducted a FPIC process, and complain that SPI members are wrongfully denounced as encroachers and illegal loggers. PT REKI, on the other side, contends that SPI was not willing to participate in any consultations. In 2012 the conflict escalated involving kidnappings and the destruction of property on both sides (see below). Even though the conflict calmed down in 2013, it has not been solved, and accusations from both

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<sup>101</sup> REKI 2015, other sources have stated an area of 17,000 ha being occupied (see Lang/ICI 2012).

<sup>102</sup> Hein 2016: 166. While SPI claims that the settlement was supported by the head of the sub-village Mangkubangan, some members of the village government complain that SPI started the settlement project without having formally asked the village head.

<sup>103</sup> For an account of the situation and organization of the SPI settlements in the Harapan ERC based on field research, see particularly Hein 2016: 166-168, 195-201.

sides continue. While PT REKI emphasizes legal right to the land and its duty as concession holder to protect and restore the area, SPI members, in order to legitimize their occupation and management of the land, refer to the approval of their settlements by local authorities and Indonesia's Basic Agrarian Law (BAL) emphasizing a social function of land. To justify their land claims, SPI furthermore points to national and transnational discourses which disapprove of coercive conservation, question REDD+ activities, and demand social justice.<sup>104</sup>

The conflicts about the Camp Gunung, Transwakarsa Mandiri, and Tanjung Mandiri areas show various similarities. All of these settlement projects have been initiated by coalitions of village elites and customary leaders on the local level. They were framing these projects as development projects, supposed to provide benefits for migrant settlers as well as for the indigenous Batin Sembilan. Referring to national narratives of development and the modernization of indigenous groups as well as to transmigration programs and decentralization policies, these projects have been able to gain support and legitimation from leaders and authorities at the district level. Such alliances between village and district level authorities seem to be less important for the conflicts regarding the Simpang Macan area, where Batin Sembilan indigenous groups predominate. Their claims to lands and forest resources are basically accepted by PT REKI, not least due to the company's formal subjection to international forest regimes, including regulations on the rights of local communities and indigenous people. PT REKI's position towards the claims of the Batin Sembilan is quite probably also due to the company's dependence on transnational conservation organizations, who generally have committed themselves to respect indigenous and human rights, and which are subject to greater public attention.

So far, the conflicts regarding the Simpang Macan area have received the least attention and show a lower intensity compared to the other major conflict areas in the ERC. The conflict situation of the SPI settlement differs from all the other conflict areas insofar, as SPI has established its own administrative structures, and is less legitimized by local or district level

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<sup>104</sup> See Hein 2013: 18-19, Hein/Faust 2014: 23-25, Silalahi/Desri 2015, Hein et al. 2016, Hein 2016: 198-199.



authorities. Furthermore, they deliberately challenge administrative regulations and institutions, and are pursuing a multi-scalar strategy based on networking, campaigning, and support from movements and organizations on the regional, national, international, and transnational level. In terms of complexity and intensity, the conflict regarding the SPI settlements in the Harapan area is particularly problematic and intensive. This is also related to the fact that this conflict is fought not only at the local level, but also discursively on a global scale.

### **TRANSNATIONAL DISPUTES AND INTERNATIONAL COMMITMENTS REGARDING THE HARAPAN RAINFOREST**

The public disputes surrounding the Harapan project started soon after the establishment of the ERC. During his visit to the Harapan ERC, in March 2008, the Prince of Wales fully supported the project, highlighting the benefits it was supposed to provide for the local villagers.<sup>105</sup> However, in December 2008, at the COP 14 UN climate negotiations in Poznan, representatives from the SPI, as part of the delegation of the transnational peasant organization Via Campesina, accused the managing company of the ERC and the conservation organizations involved in the project, of having wrongfully intimidated, evicted, and jailed farmers and indigenous people, who are living in the Harapan area.<sup>106</sup> The controversy was aired on the internet by the REDD-Monitor forum, which followed up the conflict over the years inviting stakeholders and observers for comments, and thereby became an actor in the conflict itself.<sup>107</sup>

In February 2012, the public dispute on Harapan was fueled again, by an interview with representatives from Via Campesina and SPI, on which the management of the Harapan ERC responded in a mail to the REDD-Monitor

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<sup>105</sup> See e.g., Daily Mail 2008 “Prince Charles shows it is easy being green as he visits forest dwellers in need of a helping hand”, accessed December 2016.

<sup>106</sup> See REDD-Monitor 2008 “Via Campesina and an Indonesian farmer denounce the Harapan Rainforest project in Indonesia”, and REDD-Monitor 2009 “Harapan Rainforest project in Indonesia “exposes cracks in UN climate plans”,” accessed December 2016.

<sup>107</sup> See REDD-Monitor 2016 “Harapan”, accessed December 2016.

in April 2012. In this interview, SPI claimed that the farmers they supported stay along the border of the ERC, grow paddy fields and rubber trees, and as farmers, who came in the course of a transmigration program, had the right to stay there. They blamed the Harapan project to be a REDD+ project,<sup>108</sup> and complained about missing compensations, the clearing of crops and the destruction of houses of the farmers. For SPI it didn't make sense to protect animals and trees, but not to care about people living in the area. In response to reproaches of illegal logging activities, they emphasized the limited capacities of farmers to cut down forests, in comparison with the large impacts of mining or plantation companies that were blamed to be the real culprits of forest destruction.<sup>109</sup>

PT REKI, in their response to the REDD-Monitor interview, tried to prove with aerial surveys that, contrary to the SPI spokesman's statement, the SPI settlement was located deep inside of the Harapan ERC, and large enough to threaten the ecological integrity of the forest. PT REKI also indicated a link between large-scale, organized illegal logging, and subsequent settlement on the deforested area by SPI members. The ERC management also referred to a visit of the vice chair of the national SPI Council to the encroachment area, in June 2011, where he had expressed his belief that the encroached areas should be reforested, and the settlers removed. PR REKI furthermore emphasized differences between indigenous Batin Sembilan groups and established smallholder farmers on the one side, and on the other side new migrant farmers and land speculators from outside, who were supposed to be predominantly interested in making profit, and didn't care about the conservation of forests. According to PT REKI, the

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<sup>108</sup> In the public disputes, the issue of being a REDD project is particularly controversial and ambiguous (see e.g., REDD-Monitor 2012d "On-going land conflicts at Harapan Rainforest Project - Comments", accessed December 2016). In this context, PT REKI is at pains to reject allegations to be a REDD project, while the BMUB/ICI highlights the importance of the project for carbon sequestration as well as for the development of a REDD+ strategy for Indonesia and other rainforest areas around the world (see BMUB 2016b "International Climate Initiative: Harapan Rainforest", accessed December 2016). A cost-benefit analysis of ERCs in Indonesia supports doubts whether ERCs without a REDD component may be economically viable at all (see Rahmawati 2013).

<sup>109</sup> See REDD-Monitor 2012b "Interview with Tejo Pramono, La Via Campesina, and Elisha Kartini, SPI", accessed December 2016.

latter not only destroyed the forests, but also the livelihoods of the local indigenous groups that were supported from the Harapan project.<sup>110</sup>

Throughout 2012 the conflicts heated up,<sup>111</sup> and finally hit the German government as a major donor for the project. In the context of a parliamentary request regarding Germany's involvement in REDD+ projects, and after a KfW mission had visited the Harapan project in August 2012, the German government, in September 2012, stated with regard to the Harapan conflict: "In the project good relations based on partnership exist with the indigenous people living there, whereby mistakes and inaccuracies were detected in the media coverage. The complaints are thus not from the local population, but by new settlers who exploit the partially unclear legal situation and partly promoting illegal logging and land grabbing in protected areas under the cover of advocacy for the rights of small farmers. A clarification process with Indonesian (government) institutions has been initiated."<sup>112</sup>

In the context of this clarification process, Indonesia's Minister of Forestry visited the Harapan ERC in November 2012, and requested that squatters have to be removed from the forest. His order was executed in December 2012 by some 150 members of the Forest Police Rapid Response Force (SPORC), the Indonesian National Police special operations unit BRIMOB, and Indonesian Army forces, which evicted villagers affiliated to SPI living inside of the ERC. There was a quarrel between the farmers and the authorities, and houses of the settlers were burned. In January 2013, the National Commission on Human Rights (Komnas HAM) indicated that severe human rights violations had been involved in these evictions.<sup>113</sup>

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<sup>110</sup> See REDD-Monitor 2012a "Response from Harapan Rainforest Project", accessed December 2016, see also Burung Indonesia 2013.

<sup>111</sup> A film on the Harapan project, sponsored by the ICI and produced by the Deutsche Welle in April 2012, had referred to severe intimidations of Harapan staff and police by illegal loggers and illegal settlers. Film documents, which were posted in August 2012, are supposed to show how local people are excluded from the concession, and how their livelihoods are threatened by the project. See also Wardah 2013: 46-47.

<sup>112</sup> See Lang/ICI 2012 and REDD-Monitor 2012c "Response from Germany's International Climate Initiative", accessed December 2016. See also Burung Indonesia 2013.

<sup>113</sup> See REDD-Monitor 2013a "Two contrasting views of the Harapan Rainforest Project, Sumatra, Indonesia", accessed December 2016, and Hein 2013: 18.

In an interview with the REDD-Monitor in March 2013, the chairman of SPI Jambi accused PT REKI of not being serious about negotiations and a non-violent approach, as long as they only insist on their legal rights, and refuse to negotiate with SPI on equal terms. He also stated that SPI had never backed up or supported any illegal loggers or land speculators, but rather indicated that SPI was able to prove that PT REKI staff collaborates with the illegal loggers.<sup>114</sup> In response to the SPI accusations, the PT REKI management emphasized the legal basis under Indonesian law for its operations, and their obligation to protect the concession area in accordance with the license agreement they have with the Government of Indonesia, as well as their continuing willingness for mediation and negotiation. They rejected SPI's accusations regarding violence and illegal activities against villagers, and demanded the REDD-Monitor to provide for PT REKI an equivalent opportunity for an interview, in reply to the SPI chairman.<sup>115</sup>

While the negotiations between PT REKI and SPI seemed to be largely deadlocked, representatives from Batin Sembilan groups from the village Simpang Macan Luar in the Simpang Macan area had also started to voice their concerns in the transnational public dispute. In December 2012, some fifty Batin Sembilan supported by local NGOs, met with PT REKI staff and Burung Indonesia to discuss and resolve problems regarding their settlements in the concession. The meeting was followed by discontent and ongoing irritation regarding agreements of the meeting, and in February 2013, Batin Sembilan sent and published a letter to PT REKI in which they expressed their concerns and interests publicly.<sup>116</sup> Referring to the negotiations in December 2012, as well as to PT REKI's commitments to

<sup>114</sup> REDD-Monitor 2013b "Interview with Sarwadi Sukiman, Chairman of Serikat Petani Indonesia (SPI) Jambi", accessed December 2016.

<sup>115</sup> See REDD-Monitor 2013b "Interview with Sarwadi Sukiman, Chairman of Serikat Petani Indonesia (SPI) Jambi", as well as "comments" by Kim Worm Sorensen 2013, accessed December 2016.

<sup>116</sup> The meeting was organized by Burung Indonesia and took place in Simpang Macan Luar, a sub-village of Bungku. The four NGOs which were supporting the Batin Sembilan have been CAPPA, SETARA, Perkumpulan Hijau, and AGRA (all based in Jambi). They have also raised concerns of their own towards PT REKI regarding obstructions of their support activities. See REDD-Monitor 2013c "Indigenous rights and the Harapan Rainforest Project", accessed December 2016, and Warhadi 2013: 48-49.

respect indigenous peoples in the implementation of donor policies by the company, the Batin Sembilan requested the implementation of agreed compensations for poisoned oil palms, and shrubs planted by PT REKI staff. They also expressed their hopes of not being furthermore intimidated due to their critical position toward the Harapan project, and requested appropriate and easy to understand information, as well as cooperation from the management regarding conflict resolution.

In March 2013, PT REKI, in their response to the Batin Sembilan letter, denied that the Harapan Rainforest management had been involved in poisoning oil palm trees. They offered to help the affected family by providing other plants instead of the palm oil trees not allowable in the ERC. While some of the problems addressed in the Batin Sembilan letter, from PT REKI's point of view, already had been conjointly solved, the company on its part deplored clearing activities in forested areas as a violation of collective agreements, and expressed concerns about support for increasing encroachment activities on a larger scale. The reply concluded emphasizing the continuing willingness of PT REKI to work with all groups of indigenous communities, and with assertions, not to intimidate or violate them.<sup>117</sup>

A few days after receiving the responding letter from PT REKI, the Batin Sembilan, in March 2013, sent another letter to the KfW and the BMUB/ICI. In the letter they reaffirmed their concerns about being intimidated and insufficiently informed by the ERC management. Referring to customary rights to the lands now constituting the ERC, and deploring that this land had been given to the company without their free and prior informed consent, they emphasized their right not to cooperate with the company as other Batin Sembilan groups have done. They also expressed their will to defend their customary rights to the land, and to struggle for their rights to their sources of livelihood inside of the concession area, without having to work for the company. They requested that the KfW and BMUB/ICI, as main funders of the Harapan project, should remind the managing company PT REKI to respect these rights, and not to intimidate

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<sup>117</sup> See REDD-Monitor 2013c "Indigenous rights and the Harapan Rainforest Project", accessed December 2016.

and violate Batin Sembilan, or prevent them from asking for help from NGOs. They furthermore demanded an evaluation of the project regarding its information and participation policies towards concerned Batin Sembilan groups.<sup>118</sup>

In April 2013, the Program Office of the ICI at the BMUB responded to the Batin Sembilan letter, assuring to take their concerns and requests seriously. The letter referred to common goals of all project partners regarding the protection of globally important wildlife, climate change mitigation, as well as respect for customary rights of indigenous people. The BMUB also emphasized regular visits and monitoring of the project by KfW, in close contact with the ERC management, as well as the benefits provided for indigenous communities, such as free schooling, sanitation, healthcare, and job opportunities. With regard to different interests of different Batin Sembilan groups, they acknowledged the need for further discussion and negotiation, and pointed to their will to support peaceful conflict resolution, as well as to an ongoing mediation process supposed to meet both national human rights laws and international best practice. However, in their response, the BMUB defined the conflict as an “encroachment” conflict, which crucially contradicts the perspective expressed by the Batin Sembilan.<sup>119</sup>

The various meetings between representatives from affected communities, PT REKI, the provincial government, and NGOs did not lead to a successful mediation process. Thus, the Forest Peoples Programme (FPP)<sup>120</sup> and the regional NGO Scale Up offered to assist in mediating the negotiations, if all sides agree. They are concerned about deficiencies regarding ready access of the communities to legal advice and support from parties of their choice, as well as about missing transparency of the negotiations, which does not conform to the right of the communities to free and prior informed consent. They propose an assessment of the conflict

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<sup>118</sup> See REDD-Monitor 2013d “A letter from members of the Batin Sembilan to KfW and Germany’s International Climate Initiative”, accessed December 2016.

<sup>119</sup> See REDD-Monitor 2013e “A response from Germany’s International Climate Initiative”, accessed December 2016.

<sup>120</sup> FPP together with AMAN has already been involved in a mediation process in 2011 regarding the SAD 113 conflict with PT AP in Bungku, see above and Colchester et al. 2011.

following the approach set out in the Whakatane Mechanism, developed by the IUCN to assess and resolve conflicts regarding indigenous peoples in protected areas.<sup>121</sup> This was the latest act of the public dispute about the Harapan project on the REDD-Monitor forum so far, which has not been resumed since the FPP letter has been published in June 2013.

### **LOCAL DIVERSITY, GLOBAL ACTOR NETWORKS, AND DISCURSIVE BATTLEFIELDS**

This short review of the conflicts and disputes involving local communities and the managing company of the Harapan concession shows that these conflicts are manifold, long lasting, highly complex, and intricately linked to broader social controversies. A rough classification of different communities and stakeholders living inside and close to the ERC includes indigenous Batin Sembilan, settlers from transmigration projects, established and new migrant settlers, as well as political activists. All of these different local actors, in one way or another are depending on forest lands and resources, whether for wage labor and cash income, oil palm plantation and cash crop cultivation, or NTFPs and swidden cultivation. Some small groups of Batin Sembilan even subsist on a semi-nomadic way of life in the remote forest areas until today.

The chances and strategies of these diverse actors, to access local resources, are likewise diverse. They include legal titles from national, regional or local authorities (sometimes in contradiction with each other and sometimes acquired illegally), customary and indigenous rights claims, patronage through local and regional authorities, support from political movements and NGOs, bargaining and bribery, as well as squatting, encroachment, and illegal activities. Most of the communities involved in the conflicts with the Harapan ERC do not fit neatly into categories of ethnicity, origin, or livelihood. They frequently constitute conglomerates of

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<sup>121</sup> See Scale Up/FPP 2013, REDD-Monitor 2013f “A letter from Scale Up and Forest Peoples Programme”, accessed December 2016, and Whakatane Mechanism 2016 “Whakatane Mechanism”, accessed December 2016.

different interests and livelihoods, and even ethnic identities and boundaries are highly blurred and permeable.

In contrast to this diversity of actors and interests involved, the two camps of the opponents in the conflict between SPI and PT REKI are comparatively clearly demarcated, and in their opposed assessment of the conflict largely unanimous. Locally, in the Harapan area, the strength of SPI predominantly depends on the commitment of its members and its effective organization. The local Batin Sembilan groups, which are predominantly not directly involved in the SPI conflict, have initially been cooperative towards the SPI settlers, but the rapid expansion of the SPI settlements is increasingly regarded as a problem. Administrative authorities and local elites at the village, sub-district, and district level predominantly do not support the SPI settlements actively, in contrast to the settlement projects in Camp Gunung, Transwakarsa Mandiri and Tanjung Mandiri. The SPI settlers are backed up primarily by a strong peasant movement and peasant unions on the regional and national level, with dedicated groups which are active in many parts of the country, including Jambi province. They are also supported by NGOs working to secure human rights and land rights for local communities. In the Harapan area these are particularly the peasant alliance AGRA (*Aliansi Gerakan Reforma Agraria*), which intends to map the territorial claims of the local Batin Sembilan and promotes an agrarian reform on the national level, as well as the NGOs CAPP (Community Alliance for Pulp & Paper Advocacy) which supports migrants and Batin Sembilan in land conflicts in Bungku, and SETARA which is particularly concerned with palm oil plantation conflicts in Jambi Province. CAPP as well as SETARA for their part have been supported by the German church-based relief organization Misereor. On the transnational level SPI is closely related to the international peasant movement La Via Campesina, which facilitates scale jumping for SPI, for example by organizing a side event at the UN climate change conference 2008 in Poznan to depict SPI's position in the Harapan conflict.

The main supporters on the side of PT REKI, on the local ground, include the MoF and the forest police, as well as the military and informal armed forces. The company's relation to the various Batin Sembilan groups



is often determined by opposed interests, and is frequently problematic. Conflicts of interest are also often involved in PT REKI's relations to local elites and administrative agencies. These relations are predominantly rather businesslike than supportive from conviction, even if the company's claims on the concession area are legitimized and legally secured by state authorities. In addition to the support provided by government authorities, PT REKI is essentially supported by conservation NGOs, and particularly from Burung Indonesia, RSPB, and Birdlife International, the shareholders of the company.<sup>122</sup> The project is furthermore supported financially and ideologically by many conservation NGOs worldwide, including the German Naturschutzbund NABU and WWF, as well as Conservation International, the British Birdfair, and the Italian Nando Peretti Foundation. Foreign governmental organizations like the German BMUB and KfW, Denmark's development cooperation DANIDA, the UK Government's Darwin Initiative, and EuropeAid of the European Union provide the major share for the funding of the project, generally as official development assistance. They also actively promote the new concept of Ecosystem Restoration Concessions with public relations activities. Business companies in Japan, Singapore, and the UK are also supporting PT REKI with considerable funds to highlight their engagement for nature conservation and climate mitigation.

The complexities and ambiguities of local actors, interests, and strategies involved in the various conflicts regarding land and forest resources in the Harapan ERC are largely disregarded in the national and transnational disputes addressing the Harapan conflict. The major players in these public disputes are NGOs, government agencies, and private enterprises. Only recently, have local communities and actors also attempted to access this arena. To do so, however, they are still depending on intermediaries and supporters, which usually also pursue their own interests and agendas. For the NGOs the public discourse is the major battlefield and instrument of

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<sup>122</sup> The conservation organizations involved in the Harapan conflicts, however, take different positions regarding relocations and strategies of conflict resolution, which also reflect discourses and positions on a global scale. While RSPB seems to prefer a strict fortress conservation approach, aiming at relocating all settlers living in the concession, Burung Indonesia is more in favor of a mediation based solution to the conflicts (see Silalahi/Erwin 2013, Hein 2016: 201).

power and influence, while governments and enterprises tend to be more reluctant to enter this public battleground.

On the Harapan discursive battleground, two struggles are fought more or less simultaneously, one of them focusing on 'nature conservation', the other one on 'social justice'. Compared to the social justice battle, the nature conservation battle seems to be more easily picked up and visible in the transnational disputes on the Harapan conflicts. The major combatants in this battle are, on the one side, NGOs, associations, and governmental organizations which are interested predominantly in nature conservation, on the other side, NGOs and social movements particularly focusing on social justice and people's rights issues. The social justice battle appears to be more important and urgent in the disputes on the national level. The primary opponents in this battle are people-oriented NGOs and movements versus private enterprises and government institutions.<sup>123</sup> With regard to both battles, there seems to be considerable common ground among state institutions, private enterprises, and conservation NGOs, while the social justice camp appears to be more isolated. Even though actors and real conflicts are frequently related to both issues, the two battles seem to be kept largely separate on the discursive battleground.

On both battlegrounds, "local communities" are a crucial element of legitimation and justification for all actors, even though requiring particular framings, ascriptions, and stereotyping depending on the different combatants and battles fought. In contrast to the actual conflicts on the local ground, the boundaries between different actors and communities, in the discursive struggles, tend to be much more clearly defined, and are frequently referring to demarcations between good and bad, friend and enemy. In the nature conservation battle, a crucial divide runs between, on the one side, indigenous and local communities which are interested in sustainable forest use and conservation, on the other side illegal encroachers as well as profit-oriented speculators and companies, for which forests are

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<sup>123</sup> See e.g., IPAC 2014, FPP 2014b "IFC Ombudsman strongly criticises palm oil giant Wilmar for selling off PT Asiatic Persada in mid-mediation", accessed December 2016, Rettet den Regenwald 2014, as well as the comments in the disputes on the Harapan ERC on the forum REDD-Monitor 2016 "Harapan", accessed December 2016.

primarily a resource to make profits. In the social justice battle, the dividing line is drawn between marginalized landless peasants demanding their equal share in a developing modern society on the one side, and companies and elite groups appropriating natural resources, labor, and the benefits of economic development for their own profit on the other side.

The two objectives nature conservation and social justice are addressed in both battles. Both objectives have well-established strongholds in the civil society, and almost all combatants claim to pursue both targets at the same time. However, the major front lines in these discursive battles are marked by different priorities regarding the two targets, as well as with regard to competing ideological framings of the conflicts and possible solutions. The decisive questions in these discourses are: which target should be preferred if there is no win-win-solution or conjoint agreement for a conflict, and whether 'capitalism' is the reason or the solution for the conflicts. While these different positions mark the line between 'friends' and 'enemies' in the discursive battles, they can hardly capture the complexity and ambivalences of the real conflicts. With regard to solutions for these conflicts such battle lines may be even counterproductive.

### **ERCs AS A CHALLENGING INSTRUMENT OF GERMAN DEVELOPMENT COOPERATION**

The instrument of Ecosystem Restoration Concessions is used by different actors and for different purposes. For Indonesian government institutions, ERCs are a means to procure revenues, and to restore degraded logging concession areas. National and transnational conservation organizations conceive of ERCs primarily as an instrument to protect wildlife, forests, and biodiversity, as well as for the restoration of endangered ecosystems. Business companies are interested in ERCs as a business model, which provides new opportunities to generate profits from forestlands and forest resources. For international and governmental

development organizations, ERCs are a new promising instrument to efficiently distribute increasing amounts of development assistance, provided to support sustainable forest management, climate mitigation, and economic development.

Despite the different purposes and interests that the different actors pursue with ERCs, the conceptualization as well as the implementation of ERCs is extensively embedded in international policy frameworks, legal regimes, and moral obligations. These frameworks and commitments have been developed in the context of the negotiation and mitigation of a global environmental and developmental crisis since the 1970s. Far from being coherent, well integrated, undisputed, or easily enforceable, this framework of standards and commitments, by now, is rather unambiguous and widely accepted with regard to the rights of indigenous and forest-dependent communities to free and prior informed consent, as well as participation in the establishment of conservation areas and development projects which concern their living areas and local resources. Against this background, the Harapan project is burdened with considerable deficiencies. The need to amend earlier neglects, particularly regarding rights and interests of local communities and stakeholders, are a heavy burden and challenge for the project.

The example of the Harapan project indicates that the ERC instrument needs improved provisions to better warrant a comprehensive information and participative involvement of local communities affected by ERCs. It also requires the empowerment of such communities, to participate in these processes as self-determined communal partners. The difficulties to establish such prerequisites for a free and informed prior consent of communities are frequently related to cultural differences and asymmetric power structures. Cultural differences, and associated communication problems, are often specifically complex and precarious if ethnic minority groups are involved in forest related development cooperation. In these cases, particular efforts are required to avoid misunderstandings, and to warrant cooperation between development actors and local communities on an equal, inclusive, and informed basis. It seems to be generally difficult to integrate these

requirements into conventional development projects, and, with regard to the projects explored for this study, they have not been achieved convincingly.

Besides such problems of intercultural communication and cooperation, problems related to power structures and fractions, within and between communities, pose another more general difficulty for development cooperation, particularly regarding a more inclusive participation of local communities in development projects. External development actors from foreign development organizations, as well as development workers from the host country or the communities targeted by development cooperation, more or less necessarily, will establish different relations to different actors and groups involved in the projects. The information, involvement, and consent of all fractions and stakeholders which is a prerequisite for an informed and inclusive participation of the whole community in development cooperation, is a particularly challenging task for development actors. For the establishment and management of ERCs, and particularly with regard to the forest-dependent communities living in concession areas, these problems are highly relevant, but so far have not been satisfactorily addressed in development cooperation.

To ensure compliance with generally approved environmental and social standards – including FPIC principles and the beneficial participation of indigenous and forest-dependent communities – safeguards can provide powerful instruments to claim and assert interests of forest-dependent communities in the context of development projects.<sup>124</sup> They are relevant for the Harapan ERC too, particularly regarding the involvement of international development assistance, as well as commitments of transnational conservation organizations to social safeguards. However, the effectiveness of this instrument depends on manifold circumstances. Their impacts can be ambiguous and difficult to determine, while compliance with safeguards may be disputed between parties. Furthermore, safeguards don't provide easy solutions for difficulties related to intercultural discrepancies, as well as regarding problems due to uneven access to resources and power structures

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<sup>124</sup> See e.g., Ituarte-Lima et al. 2014.

within local communities, that are highly relevant for the conflicts and problems reviewed.

Safeguards neither can prevent intercultural misunderstandings and hegemonic interrelations between development actors, conservation organizations, and local communities, nor do they warrant equal benefits and participation for all groups and stakeholders within communities. Furthermore, the usefulness of safeguards for these communities crucially depends on easy access to information and legal instruments, which in the case of forest-dependent communities is anything else but a matter of course. In cases where external advocates and mediators provide such information and access, they generally also pursue agendas of their own that may lead to complications of conflicts, or may be even counterproductive regarding interests of local communities and the resolution of conflicts. To use market-oriented instruments like ERCs according to international environmental and social standards, safeguard policies need to go hand in hand with the improvement of the accountability of such projects. Furthermore, these projects have to include provisions to establish, by default, easily accessible facilities that provide information and legal advice, independent organizations authorized to record and track complaints, and institutions to carry out mediation processes.<sup>125</sup>

Due to their significant role for the funding and promotion of ERCs, international development institutions and organizations have particular responsibilities and obligations that cannot be easily delegated to the private companies that manage the ERCs. In view of the frequently reported deficiencies regarding the information and knowledge of stakeholders and concerned people, it is absolutely necessary to put more efforts into activities to inform and educate the involved people. This information has to refer to the projects and measures of development cooperation, the context of these projects in national and international development policies, as well as the obligations, impacts, and options they provide for the people affected. To support an inclusive participation of all stakeholders, as well as the sustainability of the projects and their impacts, it is furthermore important not only to inform and educate key persons and project facilitators, but to

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<sup>125</sup> See Buergin 2014b: 80-84.

establish procedures and institutions that facilitate an inclusive and sustained participation of different groups and fractions within communities. In this context it is also necessary to reconsider conceptualizations of forest-dependent communities and indigenous peoples as stewards of forest protection toward a more rights based approach. This approach should rather focus on supporting forest-dependent communities to become inclusive communities which are able to communally decide with regard to lands and forest resources, and to act as competent partners in development cooperation.<sup>126</sup>

Given the high potential for conflict, as well as the diverse actual controversies regarding forest-related projects of development cooperation in Indonesia, it is necessary to develop and establish specific procedures and institutions to facilitate the mediation and resolution of conflicts. Such mechanisms have to be systematically integrated into the planning and implementation of forest-related development projects. They should also include easily accessible facilities to raise complaints by stakeholders and affected people. These instruments could also be an important component in support of desirable improvements in accountability of development cooperation, as well as for needed improvements of the transparency and information policies of development cooperation, which are often far from being satisfactory.

## **ERCs AND COMPLEMENTARY APPROACHES IN FOREST RELATED GERMAN DEVELOPMENT COOPERATION**

Transparency and information policies with regard to forest-related projects of development cooperation are not only important due to the public money involved, but also because these projects are subject to controversial public discourses and political disputes, in both the donor and receiving countries. Assessments of forest-related development projects are

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<sup>126</sup> For a more comprehensive elaboration of this argument, see Buergin 2016b.

significantly dependent on different positions in national and transnational discourses, as well as on varying expectations of different stakeholders in both the donor and receiving countries. These projects are furthermore deeply embedded in political disputes that crucially determine their effectiveness and impacts, as well as actual conflicts and their possible solutions. This is particularly relevant with regard to the conflicts on ERCs in Indonesia. To be able to deliberately decide about the implementation of projects and measures, as well as to support reasonable conflict resolutions, accountable development cooperation requires a comprehensive understanding and assessment of such disputes and conflicts in the context of underlying mindsets and different approaches of development cooperation.<sup>127</sup>

ERCs belong to a category of instruments – together with Payments for Environmental Services, REDD+ projects, certification systems, the commodification of local produce and NTFPs, as well as tourism and ecotourism development – that are predominantly applied in the context of what may be labeled 'economization approach' in forest-related development cooperation. This approach is based on the belief that the regulative power of free markets, along with benefits for the common welfare that derive from competitive behavior, is the best way to warrant development and efficient resource allocation. This, at the same time, is supposed to ensure the profitable management and protection of forests most efficiently. In this mindset, the best strategy to achieve the forest policy objectives is to promote the deregulation of markets and competition regarding forest utilization, to support the privatization and commodification of forest goods and services, as well as to boost economic development of forest-dependent communities.

This economization approach, with its particular mindset and strategy, has increasingly gained strength in international discourses and policies regarding environment and development issues since the 1990s. However, in Indonesia the most important approach of forest-related German development cooperation is probably what may be called a 'global

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<sup>127</sup> A more detailed analysis and argument regarding this problematic is provided in Buergin 2016b.



governance approach'. The mindset that shapes this approach assumes that only an effective control of forest actors and forest resources through administrative authorities, in the context of the sustainable development paradigm, can ensure the implementation of forest policy objectives. In this mindset, the most reasonable strategy to achieve these objectives is to strengthen administrative agencies and their competences, as well as to enlarge their capacities to educate and supervise forest actors and to control forest resources.

Besides the global governance and the economization approach, an alternative approach, which may be labeled 'local empowerment approach', has evolved as another distinct way to conceptualize and solve problems regarding the protection and use of forests. This approach mainly relies on civil society actors and local communities, emphasizes the diversity and particularity of these communities, and points to their interests and rights in land and local resources as basis for forest protection. In this mindset, local communities that depend on forests for their livelihoods and identity are particularly interested in the protection and sustainable use of their forests. The most appropriate strategy to protect and use forests, in this perspective, is to increase communal rights and the ability of the communities for self-determination, as well as to improve local livelihoods and the capacities of forest-dependent communities for sustainable forest use.

The different mindsets and strategies of the governance and the economization approach reflect, at least in part, long-lasting antagonisms between 'capitalism' and 'socialism', 'state' and 'market', as well as the conflicts between the respective political ideologies and socioeconomic systems. The empowerment approach developed, above all, as a reaction to the failure of both approaches, to ensure economic growth and environmental protection in the global environmental and development crisis since the 1970s. Since the 1990s, the empowerment approach has gained strength as a counter-movement to neoliberalism and 'market triumphalism'. With regard to the history of environment and development discourses, the governance mindset is strongly rooted in nature conservation discourses, and is close to the objective of forest protection and the ecological dimension of sustainable development. The economization mindset, on the other hand, is

more strongly embedded in the development discourse, and shows closer relations to the objective of forest management and the economic dimension of the sustainable development concept. The empowerment mindset, in contrast, is rooted primarily in the discourses about social justice, and has closer affinities to the objective of improving the living conditions of forest-dependent local communities, as well as to the social dimension of the sustainable development concept.<sup>128</sup>

In the context of this study, it is not possible to explore the pros and cons of these different, sometimes conflicting approaches with regard to stated objectives and assumed impacts on forests, or even to assess the 'truth' of their assumptions and ideological framings. Instead, the study proposes a different look at these approaches. Historically, they have evolved predominantly as competing approaches and ideologies, and are still highly effective as controversial discursive positions and opposing mindsets. But they can also be conceived as complementary approaches, each of them with particular strengths and capabilities, more or less suited to pursue particular objectives, but which are all together needed to approach forest related problems and to solve a global environmental and development crisis. From such a perspective, the challenge is less, to decide which approach is the universal remedy, but rather to deliberately consider which approach is most appropriate for particular problems, and how to integrate the different approaches in a balanced way most effectively. However, frequently these different approaches seem to shape forest policy and activities in development cooperation rather unknowingly or ideologically biased. Therefore it is important to estimate their influence on forest policies at least roughly.

With regard to forest-related German development cooperation in Indonesia, the governance approach (GA) is probably the most important of the three approaches in terms of resources and activities, even though it is not possible to determine a precise proportion in comparison with the other approaches. The economization approach (EA) engrosses another major

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<sup>128</sup> For a review of the discourse history and the development of these approaches in the context of the conceptualization of a global environmental and development crisis, see e.g., Buergin 2013: 3-17.

share of the total forest-related ODA for Indonesia, already due to the considerable grants provided for ERCs, which are perceived as an important and promising instrument for this approach. If the share of funding provided to develop and implement the institutional, instrumental, and personnel administrative facilities which are required for the implementation of future REDD+ projects is also assigned to the economization approach, the economization approach is probably even more important than the governance approach, at least in terms of available funds. The following table refers to an analysis of forest related German development projects in Indonesia aiming to assess the relative significance of the different approaches. It is based on a rough classification of the programs according to whether a particular approach was a major approach in a program (3), whether indications were found that the approach was at least relevant for the program (2), or whether no indications could be found that a particular approach was relevant for a program (1)<sup>129</sup> (See Table 7).

Table 7. Significance of different approaches in forest related German development programs in Indonesia

	1 (no indication)	2 (approach relevant)	3 (major approach)	<i>All</i>
GA	17.5 (9) 12.6%	24.6 (2) 17.7%	96.8 (9) 69.7%	<i>138.9 (20) 100%</i>
EA	0.6 (3) 0.4%	97.1 (11) 69.9%	41.2 (6) 29.7%	<i>138.9 (20) 100%</i>
LE	137.1 (13) 98.7%	0.7 (1) 0.5%	1.1 (6) 0.8%	<i>138.9 (20) 100%</i>

First figure funding in million EUR (number of projects), % of relevant funding amounts.

The local empowerment approach (LE), in terms of allocated funds, is far less important in forest related German development cooperation in Indonesia compared to the economization and governance approaches. Although almost all of the programs refer to livelihood issues of forest-dependent communities in their conception and stated objectives, the improvement of local livelihoods is in none of the larger projects a main

<sup>129</sup> See Buergin 2014a: 31-44, and 2016b for an analysis of the relative significance of the different approaches and mindsets with regard to forest related German development cooperation. A similar pattern of the relative significance of the different approaches has been found with regard to Cameroon and the Democratic Republic of the Congo, which were also explored in the context of this study.

objective nor even a major focus. The empowerment of local communities is an explicit objective in only a few small projects implemented by NGOs. Even measures supposed to improve livelihoods and income opportunities - which are rather based on an economization approach than on an empowerment approach - have been predominantly restricted to relatively few projects and places, and show frequently furthermore ambivalent and not always convincing results.<sup>130</sup>

An assessment of the effectiveness and impacts of the economization approach is particularly difficult for several reasons. ERCs and REDD+ projects, which are regarded as the most promising instruments for this approach in Indonesia, both are new instruments. Accordingly there exist only a few if any experiences with regard to their impacts on forests and local livelihoods, while expected future impacts are disputed controversially. The success of development assistance in terms of new income opportunities created or increased household incomes may be measurable rather easily. However, these effects may be confined to particular actors and groups in communities, and may go along with stratification processes within and between communities. In situations involving pronounced cultural differences, uneven access to resources and power structures, as well as strong external interests, the chances and benefits provided by economic development based on the marketization and privatization of forest resources and services will probably be easily seized by local actors which have a particular affinity to such an economization approach. At the same time, these processes, very likely, will also have impacts on communal resources, increase socioeconomic differences and conflicts within and between communities, and may even impair the livelihoods and wellbeing of many people in the community.

Such complex interrelations make it very difficult to generally assess effects and benefits of the economization approach in development cooperation. Even if improvements of livelihoods and economic development should be adequately measurable, it will be very difficult to directly correlate these results to impacts on forest resources. Such a positive

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<sup>130</sup> See Buergin 2014b: 77-87.

correlation between economic development and the protection of forest resource, quite probably, is frequently more assumed or hoped for, than it is empirically substantiated. Economic development may reduce dependencies on forest resources and can enlarge options to protect forests and the environment, but does not warrant that these new options are really used in an environmentally sustainable way. It is far from clear, and highly disputed, whether efforts to support economic development based on the economization of forest resources and services will lead to the protection and sustainable use of forests. From the interviews with relevant actors in Indonesia it was furthermore obvious, that objectives and expectations regarding this approach differ considerably between different actors, not all of them prioritizing the protection of forests and biodiversity.<sup>131</sup>

Ecosystem Restoration Concessions are a prominent instrument of the economization approach in Indonesia. However, the achievement of objectives aiming at the support for local livelihoods, the participation of stakeholders, the empowerment of affected communities, as well as compliance with community and indigenous rights, is particularly problematic with regard to this instrument. These deficiencies urgently have to be addressed in the environment and development policies of the donor countries that support this instrument. This requires improvements regarding the transparency and information policies of these projects, the establishment of impartial facilities for mediation and conflict resolution, as well as easily accessible ombudsmen. Furthermore, the development and implementation of community rights in international policy frameworks and legal regimes would be a crucial approach to strengthen local communities and civil society, in accordance with stated objectives of German and international environment and development policies.<sup>132</sup> Such efforts could also essentially contribute to strengthen the empowerment approach, so far rather neglected in German development cooperation.

The forest sector policy of the German Ministry for Economic Cooperation and Development (BMZ), as it has been stated in the forest

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<sup>131</sup> See Buergin 2014b: 80-83.

<sup>132</sup> For a more elaborate argument regarding the significance of communal rights, see Buergin 2015.

sector concept of 2002, has been mainly conceptualized in the context of a global governance approach. The Ministry's presentation of objectives and strategies of forest related development cooperation on its website is more biased towards an economization approach. To be able to decide rationally and deliberately about strategies and instruments in forest-related development cooperation, it seems necessary to explore and reconsider such framings or 'default settings' in policies. This also applies to the necessarily ideological and political dimensions of different approaches, including the particular mindsets and strategies involved. In this context, a new assessment on the role and significance of the local empowerment approach is particularly important, as well as further in-depth analysis of actual impacts of the economization approach on forests and livelihoods.

## CONCLUSION

The policy instrument and business model Ecosystem Restoration Concession has a very high impact on forest-dependent communities, and is inextricably linked to enduring and highly complex social conflicts on the local, regional, and national level in Indonesia. At the same time, the concept is disputed in national and transnational discourses, regarding rights of forest-dependent and indigenous communities, problems of landlessness and social justice, as well as the appropriateness of competing approaches to biodiversity conservation and sustainable development. Furthermore, long-term ecological impacts of ERCs, as well as their economic viability, are still largely uncertain. The conceptualization and implementation of ERCs, however, is embedded in an international policy framework of standards and commitments, which include the right of indigenous and forest-dependent communities to free, prior and informed consent, as well as to beneficially participate in conservation and development projects which concern their livelihoods. Against this background, the implementation of the Harapan ERC shows considerable shortcomings and problems, which are a challenge for the project.

The example of the Harapan project indicates that the instrument Ecosystem Restoration Concession generally needs improved provisions to better warrant comprehensive information and participative involvement of local communities and stakeholders. It is necessary to enable affected communities to actively participate in these projects, and to benefit from the establishment of ERCs as self-determined communal partners. International and governmental development institutions and organizations, due to their significant role for the funding and promotion of ERCs, have particular responsibilities and obligations, which cannot simply be delegated to the private company that manages the ERC. These public organizations have to ensure the continuous information of all stakeholders about projects, measures, and expected impacts of development cooperation. To support an inclusive participation of the affected communities, it is furthermore important not only to inform and train key persons and project facilitators, but to also address and involve all fractions and interest groups in communities, and to develop procedures which facilitate their continuous participation.

Safeguards can be powerful instruments to enforce interests and claims of forest-dependent communities in the context of development projects. The effectiveness of safeguards, however, largely depends on the particular circumstances of a forest conflict, their impacts are often ambivalent and difficult to determine, while compliance with the safeguards may be disputed between the parties involved. To use market-oriented instruments like ERCs in accordance with international environmental and social standards, safeguard policies need to go hand in hand with the improvement of the accountability of such projects. The high potential for conflict regarding forest-related development cooperation, not least in Indonesia, requires instruments for the mediation and resolution of conflicts, which have to be systematically integrated into the planning and implementation of forest-related development projects. These instruments have to be easily accessible and should include facilities to provide information and legal advice, to record and verify complaints, as well as ombudsman and mediation facilities. These instruments could also be an important component for the needed enhancement of the accountability of

development cooperation, which has to go along with improvements of the transparency and information policies of development cooperation, that are often far from being satisfactory.

Despite frequent pledges and various efforts of German government organizations to improve the transparency and information policies regarding development cooperation, it has been difficult to obtain reliable and meaningful information on programs and measures of forest related development cooperation, and particularly information on the German involvement in ERCs. Meaningful evaluation reports regarding these projects and measures have not been accessible at all. This was explained with a general policy not to disclose so called 'internal documents', but is hardly justifiable with regard to the use of public money in development cooperation. The problem of accessibility and dissemination of information is particularly relevant regarding projects implemented by the KfW group. The BMZ decision to provide data for the IATI is an important step to establish basic standards, and to improve transparency and information policies of the ministry. However, these efforts have to be broadened to include all programs and projects of development cooperation, as well as all government institutions and involved organizations. To further advance citizen-friendly information policies with regard to development cooperation, mandatory standards for the public dissemination of information regarding the planning, implementation, development, and evaluation of all programs and projects should be established.

Such improvements of information policies are also important because these projects, in donor as well as in receiver countries of development assistance, are subject to controversial public discourses and political disputes. These disputes are significantly shaped by competing mindsets and approaches regarding the solution of global environmental and developmental problems. In the context of this study, three approaches and underlying mindsets have been differentiated, and have been labelled as 'governance', 'economization', and 'empowerment' approach. With regard to forest related development cooperation, the governance approach focuses on the instruction of the forest related actors and the effective control of forest resources through administrative agencies, while the economization



approach primarily aims at the establishment of markets and the development of competitive economic actors. In contrast, the empowerment approach predominantly relies on civil society actors and local communities, as well as their interests and rights in land and local forest resources, to ensure the conservation and sustainable use of forests.

For the forest-related German development cooperation in Indonesia, the governance approach is probably the most important of the three approaches, in terms of allocated resources as well as with regard to direct impacts hitherto. The economization approach engrosses another major share of forest-related ODA to Indonesia. If the funding for the establishment of administrative prerequisites for the implementation of the REDD+ mechanism is also assigned to the economization approach, it is arguably even more important than the governance approach. Compared to the governance and economization approaches, the empowerment approach plays only a marginal role. It is predominantly limited to smaller NGO projects, and, in terms of funding amounts, is almost negligible. To be able to appropriately address the objectives determined in reference to the social dimension of sustainable development, it is necessary to considerably enlarge the significance of the empowerment approach in development cooperation. In this context the development and promotion of community rights in international policy frameworks and legal regimes could also be a crucial approach to strengthen local communities and civil society, in accordance with stated objectives of German and international environment and development policies.

The concept of different approaches and underlying mindsets has been helpful in analyzing the complex field of environment and development policies as well as impacts of controversial discursive positions and political strategies on practical development cooperation. This conceptual frame could also broaden the perspectives and discourses regarding this policy field, as well as support the shaping of programs and strategies in development cooperation. The further development of such a 'mindset concept', and an empirical testing of the relevance of such mindsets in the context of an interdisciplinary research approach, seems to be promising. Scientific research only played a marginal role in forest related German

development cooperation with Indonesia. A closer cooperation with academic institutions, and a systematic integration of research components into the planning, implementation, and supervision of programs and projects, could improve the effectiveness and impacts of development cooperation.

Programs and projects of forest related German development cooperation are supposed to equally advance the ecological, economic, and social dimension of sustainable development. Besides the two objectives of forest conservation and sustainable forest use, forest related programs are particularly supposed to contribute to the improvement of the livelihoods of forest-dependent people. The conceptualization and implementation of ERCs is essentially based on an economization approach, albeit with a particular emphasis on forest conservation objectives. The improvement of the livelihoods of local communities, the education of forest-dependent people and their participation in conservation and development projects, the empowerment of affected communities, as well as compliance with rights of local and indigenous communities are not in the focus of this kind of projects. Looking at the performance of existing ERC projects so far, these objectives, referring to the social dimension of sustainable development, have not been appropriately addressed in such projects. The German development organizations that support this instrument have to reconsider and mend these deficiencies regarding stated objectives of German development cooperation urgently. In this context, it seems particularly important to reassess the significance of the empowerment approach, and to explore the implications of the economization approach with regard to the objectives of forest conservation, the improvement of local livelihoods, and rights of forest-dependent communities more systematically. In order to rationally determine objectives and strategies in development cooperation, it is necessary to discuss and reconsider such deficiencies and unbalanced resource allocations, as well as the ideological and political dimensions of different approaches with their particular mindsets and strategies. This is also required to effectively implement projects and measures, and to develop constructive conflict resolutions regarding forest-related controversies.

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## ANNEXES

### Abbreviations

AGRA	Alliance for Agrarian Reform Movement ( <i>Aliansi Gerakan Reforma Agraria</i> )
AIPP	Asia Indigenous Peoples' Pact
AMAN	Indigenous Peoples Alliance of the Archipelago ( <i>Aliansi Masyarakat Adat Nusantara</i> )
APL	Non Forest Area ( <i>Areal Penggunaan Lain</i> )
APP	Asia Pulp & Paper
ASEAN	Association of Southeast Asian Nations
BAL	Basic Agrarian Law
BMUB	German Federal Ministry for the Environment, Nature Conservation, Building & Nuclear Safety
BMZ	German Federal Ministry for Economic Cooperation and Development
BRIMOB	Mobile Brigade Corps ( <i>Korps Brigade Mobil</i> )
CAO	Compliance Advisor Ombudsman
CAPPA	Community Alliance for Pulp & Paper Advocacy
CBD	Convention on Biological Diversity
CIFOR	Center for International Forestry Research
COP	Conference of the Parties to the CBD
CRS	Creditor Reporting System (of the OECD)
DAC	Development Assistance Committee (of the OECD)
DFG	Deutsche Forschungsgemeinschaft (German Research Foundation)
DKF	Deutsche Klimafinanzierung (German Climate Finance)
ERC	Ecosystem Restoration Concession
EU	European Union
EUR	Euro
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FeMi	German Federal Ministries unspecified

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FPIC	Free, Prior and Informed Consent
FPP	Forest Peoples Programme
FZS	Frankfurt Zoological Society
GeDo	German Doctors e.V.
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GNI	Gross National Income
HA	Natural Forest ( <i>Hutan Alam</i> )
HD	Village Forest ( <i>Hutan Desa</i> )
HK	Conservation Forest ( <i>Kawasan Hutan Konservasi</i> )
HKM	Community Forest ( <i>Hutan Kemasyarakatan</i> )
HL	Protection Forest ( <i>Kawasan Hutan Lindung</i> )
HP	Permanent Production Forest ( <i>Hutan Produksi Tetap</i> )
HPK	Convertible Production Forest ( <i>Hutan Produksi Konversi</i> )
HPT	Limited Production Forest ( <i>Hutan Produksi Terbatas</i> )
HTI	Industrial Forest Plantation ( <i>Hutan Tanaman Industri</i> )
HTR	Community Forest Plantation ( <i>Hutan Tanaman Rakyat</i> )
IATI	International Aid Transparency Initiative
ICI	International Climate Initiative
IFF	Intergovernmental Forum on Forests
IPF	Intergovernmental Panel on Forests
IPAC	Institute for Policy Analysis of Conflict
IPPKH	Forest Area for Temporary Utilization Concession ( <i>Izin Pinjam Pakai Kawasan Hutan</i> )
IUCN	International Union for Conservation of Nature
IUPHHK	Forest Timber Product Exploitation Permit ( <i>Izin Usaha Pemanfaatan Hasil Hutan Kayu</i> )
IWGIA	International Work Group for Indigenous Affairs
KfW	Kreditanstalt für Wiederaufbau
KZE	Katholische Zentralstelle für Entwicklungshilfe
MoF	Indonesian Ministry of Forestry
MoEF	Indonesian Ministry of Environment and Forestry
NABU	Naturschutzbund Deutschland
NGO	Nongovernmental Organization
NTFP	Non-timber Forest Product

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ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PERTAMA	Association of Tani Mandiri ( <i>Persatuan Tani Mandiri</i> )
PT	Limited Company ( <i>Perseroan Terbatas</i> )
PT AP	Perseroan Terbatas Asiatic Persada
PT REKI	Perseroan Terbatas Restorasi Ekosistem Indonesia
REDD+	<b>R</b> educing <b>E</b> missions from <b>D</b> eforestation and Forest <b>D</b> egradation by means of sustainable management of forests and enhancement of forest carbon stocks in developing countries
RSPB	British Royal Society for the Protection of Birds
SAD	Suku Anak Dalam ( <i>Batin Sembilan</i> )
SETARA	<i>Semangat Dunia Remaja (Social issues NGO in Jambi Province)</i>
SPI	Serikat Petani Indonesia (Indonesian Peasant Union)
STN	Serikat Tani Nasional (National Peasant Union)
TSM	Transwakarsa Mandiri
UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forum on Forests
UPHHK	Areas allocated for IUPHHK ( <i>Usaha Pemanfaatan Hasil Hutan Kayu</i> )
USD	United States Dollar
WARSI	Conservation Community Indonesia Warsi ( <i>Komunitas Konservasi Indonesia Warung Informasi</i> )
WWF	World Wide Fund for Nature
YKEHI	Yayasan Konservasi Ekosistem Hutan Indonesia



### Forest Related German Development Projects in Indonesia 2002 – 2020 (reference year 2013)

Table 8. Ongoing forest related German development projects in Indonesia

'Ongoing projects' (reference year 2013)	Period	Organization	EUR
Forests and Climate Change (FORCLIME I)	2007-2013	GIZ	9,966,913
Forestry Programme I (Support for the Ministry of Forestry)	2007-2014	KfW	20,000,000
Policy Advice on Environment and Climate Change (PAKLIM I)	2008-2014	GIZ	8,617,987
Networking on sust. forestry & resource management in defence of land rights	2009-??	KZE	230,000
Harapan Ecosystem Restoration Concessions	2009-2013	KfW	7,575,000
Securing Natural Carbon Sinks and Habitats in the 'Heart of Borneo'	2009-2013	KfW/WWF	870,055
Climate Community Sovereignty	2010-??	KZE	160,000
Water, sanitation, reforestation, and credit programme, South-East-Sulawesi	2010-??	GeDo	694,824
Climate justice and sustainable livelihoods in Indonesia	2011-??	KZE	88,000
Sustainable and climate-sensitive forest Management, Jambi	2011-??	KZE	140,000
Community initiative to protect small-scale food production area from large-scale oil palm expansion in Sumatra	2011-??	KZE	270,000
Securing the rights of indigenous peoples in planned oil palm plantation expansion areas Westpapua and Central Sulawesi	2011-??	KZE	250,000
Forestry Programme II (REDD+)	2011-2013	KfW	23,000,000
Forests and Climate Change (FORCLIME II)	2012-2016	GIZ	14,811,500
Forestry Programme III (Sulawesi)	2012-2017	KfW	13,500,000
Ecosystem Restoration Concessions to protect tropical rainforest in Indonesia	2012-2019	KfW	8,100,000
Biodiversity and Climate Change	2013-2016	GIZ	3,800,000
Policy Advice on Environment and Climate Change (PAKLIM II)	2013-2016	GIZ	13,747,000
Green Economy & locally approp. Mitigation Actions in Indonesia (GE-LAMA-1)	2013-2017	GIZ	4,551,500
Climate Change Mitigation & Species Conservation in Leuser Ecosystem Sumatra	2013-2019	KfW	8,500,000

Table 8. (Continued)

<b>Regional funding including Indonesia</b>	<b>Period</b>	<b>Organization</b>	<b>EUR</b>
Biodiversity & Climate Change Project & ACB	2010-2015	GIZ	5,200,000
Adaption and Mitigation Strategies in Support of AFCC (GAP-CC)	2010-2015	GIZ	3,667,000
ASEAN Centre for Biodiversity - Small Grants Programme	2011-??	KfW	10,000,000
Building resiliency of indigenous communities on climate change adaptation	2012-??	KZE	340,000
Forest & landscape restoration in key countries	2013-2017	IUCN/WRI	2,998,593
Forestry and Climate Change (FOR-CC)	2014-2017	GIZ	4,800,000

Table 9. Completed forest related German development projects in Indonesia

<b>Completed projects since 2002</b>	<b>Period</b>	<b>Organization</b>	<b>EUR</b>
Integrated Forest Fire Management	2002-2004	GIZ/KfW	1,610,000
Afforestation	2002-2006	GIZ	130,000
Sustainable Forest Management	2003-2004	GIZ	36,000
Integrated Experts Forestry and Environmental Management	2004-2006	BMZ	245,000
Biodiversity Conservation	2005	FeMi	664,000
Forestry policy and administrative management	2005-2011	BMZ	1,957,000
Rural development and Biodiversity Protection in West-Kalimantan	2006-2007	BMZ	65,000
Kayan Mentarang National Park Management	2006-2011	GIZ	1,170,000
Park- and wildlife-management	2007-2010	BMZ	274,000
Bukit Tigapuluh Management Plan	2008	BMZ	101,000
Biodiversity conservation through prep. meas. for REDD+ in Merang Peat Forests	2008-2012	GIZ	1,406,875
Banda Aceh Environmental Administration	2009	BMZ	3,000
Sustainable use of natural resources through training programmes	2009-2010	BMZ	137,000
Bukit Tigapuluh Environmental Education	2009-2010	FeMi	51,000
Forest Management Financed through Emission Certificates in UNESCO World Heritage Site 'Tropical Rainforest Heritage of Sumatra'	2009-2011	UNESCO	527,000
Knowledge Management for REDD Pilot Project in the Merang Peat Forest Area	2009-2012	GIZ	625,787
Local initiative to fight the expansion of biofuel in Sumatra	2009-2012	BMZ	188,000
Forestry education & training	2010-2011	BMZ	108,000

Table 9. (Continued)

<b>Completed projects since 2002</b>	<b>Period</b>	<b>Organization</b>	<b>EUR</b>
Partnerships with indigenous Communities in the Highlands of Borneo	2010-2011	BMZ	390,000
Sustainable BioProduction	2011	FeMi	267,000
Conservation & Sustainable Development in Borneo / Peat Swamp Restoration	2011-2012	FeMi	433,000
Forest Anti-corruption Solutions and Advocacy (Indonesia, Papua New Guinea)	2012	BMZ	325,000