

Capstone Paper
OBSTACLE OF INDONESIAN EFFORTS TO DEAL WITH DEFORESTATION
AND FOREST DEGRADATION

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2. ABSTRACT

Following up to the result of the United Nations Framework Convention on Climate Change (UNFCCC) in 1992 which aimed to reduce the level of carbon emission, Reducing Emission from Deforestation and Forest degradation (REDD) program was initiated since 2005. As a country possessing huge rainforest area and experiencing deforestation and forest degradation problem, Indonesia committed in this program and expanded it into the REDD+ to cover the related supporting activities such as reforestation. Activities derived from the program were started from 2009. It was expected to support Indonesian government pledge to reduce carbon emission at least 26% up to 41% by the year 2020.

However, in the aftermath of the first phase (readiness) in 2012, in fact, the degradation and deforestation problem in Indonesia remained at a high rate. This peculiar situation makes us think about the effectiveness of the REDD+ program. So, this capstone paper aims to find out the obstacle causing this long-drawn problem, despite its experience in applying the REDD+ scheme for years. The analysis will focus on the underlying causes which impacted ineffectiveness of the REDD+ implementation in Indonesia.

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3.2 List of Abbreviation/Acronym

AF	Amazon Fund
AFDL	<i>Agence francaise de developpement</i> (French Development Agency)
AOSIS	The Alliance of Small Island States is a coalition of some 43 low-lying and small island countries, most of which are members of the G-77 particularly vulnerable to sea-level rise.
APHI	<i>Asosiasi Pengusaha Hutan Indonesia</i> (Indonesia Forest Concessionaires Association)
Bappenas	<i>Badan Perencanaan Pembangunan Nasional</i> (National Development Planning Agency)
BPK	<i>Badan Pemeriksa Keuangan</i> (Supreme Audit Board)
BUMN	<i>Badan Usaha Milik Negara</i> (State-owned Companies)
CATIE	Tropical Agricultural Research and Higher Education Center
CER	Certified Emission Reductions
CERDI	<i>Centre D'études et de Recherches sur le Développement International</i>
CfRN	Coalition for Rainforest Nations includes Belize, Central Africa Republic, Costa Rica, Dominican Republic, Democratic Republic of Congo, Ecuador, Equatorial Guinea, Honduras, Ghana, Guyana, Kenya, Madagascar, Nepal, Nicaragua, Panama, Papua New Guinea, Singapore, Solomon Islands, Tanzania, Thailand, Uganda, Vanuatu, & Vietnam.
CIA	Corruption Impact Assessment
CSERGE	Centre for Social and Economic Research on The Global Environment
DNPI	<i>Dewan Nasional Perubahan Iklim</i> (National Climate Change Council)
DR	<i>Dana Reboisasi</i> (Reforestation Fund)
EDF	Environmental Defense Fund
GCCA	Global Climate Change Alliance
GN-SDA	National Movement to Save Indonesia's Natural Resources (<i>Gerakan Nasional Penyelamatan Sumber Daya Alam Indonesia</i>)
HSI	Humane Society International
HTI	<i>Hutan Tanaman Industri</i> (Industrial Forest Plantation)
ICCTF	Indonesia Climate Change Trust Fund
IDDDRI	Institute for Sustainable Development and International Relations
IFCA	Indonesian Forest Climate Alliance
IHH	<i>Iuran Hasil Hutan</i> (Forest Product Fee)
IHMB	<i>Inventarisasi Hutan Menyeluruh Berkala</i> (Concession Area Standing Stock Inventory)
IHPH	<i>Iuran Hak Pengusahaan Hutan</i> (Forest Concession Fee)
IPAM	Amazon Institute for Environmental Research
IPK	<i>Ijin Pemanfaatan Kayu</i> (Timber Use Permit)
IPPKH	<i>Izin Pinjam Pakai Kawasan Hutan</i> (Forest Estate Temporary Use Licenses)
ISA	Instituto Socioambiental
ITTO	International Tropical Timber Organization
IUPHH	<i>Iuran Izin Usaha Pemanfaatan Hutan</i> (Commercial Forest Utilization License Fee)
IUPHHBK-HT	<i>Ijin Usaha Pemanfaatan Hasil Hutan Bukan Kayu – Hutan Tanaman</i> (non-timber forest product collection permit in plantation forests)
KFCP	Kalimantan Forest and Climate Partnership
KLHK	<i>Kementerian Lingkungan Hidup dan Kehutanan</i> (Ministry of Environment and Forestry)
KPK	<i>Komisi Pemberantasan Korupsi</i> (Corruption Eradication Commission)
LHP	<i>Laporan Hasil Penebangan</i> (Logging Yield Report)
LP-KHP	<i>Laporan Produksi Kayu Hasil Pemanenan</i> (Timber Harvest Production Report)
MTH	Mixed Tropical Hardwoods
PPATK	<i>Pusat Pelaporan dan Analisis Transaksi Keuangan</i> (Financial Transaction Reports and Analysis Center)
REDD+	Reducing Emission from Deforestation and Forest Degradation and Enhancement
TCG	Terrestrial Carbon Group
TNC	The Nature Conservancy
UKP4	<i>Unit Kerja Presiden bidang Pengawasan dan Pengendalian Pembangunan</i> (Presidential Working Unit for Supervision and Control of Development)
UNCAC	United Nations Convention Against Corruption
UNCCD	United Nations Commission to Combat Deforestation
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WHRC	The Woods Hole Research Center

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4. INTRODUCTION

In this capstone paper I will explore the problem of deforestation and forest degradation in Indonesia as a case study. It has significance, since Indonesia currently possesses the third largest rainforest area of the world after Brazil and the Democratic Republic of Congo.¹ The deforestation in Indonesia causes a double impact, locally as well as globally. Locally, it causes the increasing disasters such as floods and landslides. Furthermore, the deforestation contributes to the global environmental destruction, since as an Earth's lungs, the existence of Indonesian forest area has significant portion to absorb global carbon emission. Therefore, the global attempts to reduce emission, among others, focus to save the Indonesian forest while maintaining sustainable development. The funding mechanism, furthermore, is also tantalizing enough, since it also provides opportunities to various actors to participate.

Indonesian Ministry of Forestry stated that Indonesia possesses around 131.3 million hectares of forest which contributes 68% of its total land area.² However, deforestation rates in Indonesia over the last 20 years remains at a high level.

“Between 1985 and 1997, Indonesia lost approximately 1.7 million hectares of its forest area per year, peaking at 3.51 million hectares per year between 1997 and 2000. This rate dropped to 1.08 million hectares per year in the 2000-2005 periods and subsequently rose again to 1.17 million hectares per year between 2003 and 2006.”³ (CIFOR, 2012).

Illegal logging is a major cause of deforestation besides small holder shifting cultivation, forest fires and logging to conversion of forest land to other uses such as palm oil plantations, and the illegal logging occurs in 37 of Indonesia's 41 national parks at its peak in 2001.⁴ Facing the problem, the presence of Reducing Emission from Deforestation and Forest Degradation

¹ Costenbader, J. & Conway, D. (2013). *The GLOBE Forest Legislation Study: A Review of Forest Legislation in Four Countries, Executive Summary*. London: The Global Legislators' Organisation – GLOBE, p. 1.

² Ministry of Forestry. (2012) *Statistik: Bidang Planologi Kehutanan Tahun 2011* (Statistics of Forestry Planology 2011).

³ <http://theredddesk.org/countries/indonesia/statistics> retrieved in April 8, 2016.

⁴ Ibid.

(REDD) program in Indonesia is required. In 2009, Indonesia's president Susilo Bambang Yudhoyono stated that Indonesia committed to reduce emission up to 26% by 2020 with its national budget and expected to catch up 41% with international support. This statement was strengthened in a presidential decree number 62 year 2013.⁵ It seems urgent, since for the case of Indonesia, deforestation becomes the biggest contributor of emission. Therefore, Indonesian government commits and hopes for the effectiveness of the Reducing Emission from Deforestation and Forest Degradation plus Enhancement (REDD+). However, after its implementation from 2008 to 2012, REDD+ projects in Indonesia finally stopped and ended in an uncertainty. Particularly in Indonesia, there was a project called Kalimantan Forest and Climate Partnership (KFCP) funded by the Australian Government, which was considered a failure, especially in its consultation and involvement of local communities. Research suggests that the KFCP precisely escalated agrarian conflicts and also ineffectively reducing deforestation as the spread of palm oil plantations persists. Therefore, this capstone paper aims to explain why the prior optimism to the implementation of the REDD+ project in Indonesia ended up in a failure, or at least had a limited outcome, in reducing deforestation and forest degradation.

The paper will be organized into four sections. The first section will brief the historical background of Indonesian forest situation, especially deforestation and forest degradation. In the second section, I will describe Indonesia's experience to solve those problems prior to the REDD+ scheme, especially during President Suharto era along with its critics. The third section will analyze Indonesia's decision to choose REDD+ as a renewal to the previous effort and its implementation. In the fourth section, I will provide evidence that the implementation of REDD+ program in Indonesia fails in its effort to reducing deforestation and forest degradation

⁵<http://blog.cifor.org/19055/full-text-of-president-susilo-bambang-yudhoyonos-decree-on-indonesia-redd-agency?fnl=en> retrieved at April 8, 2016.

rate, and explain its relevant obstacles.

5. BACKGROUND

In the aftermath of the Cold War, a significant shift in global politics occurred. Prominent issues of international politics were not merely emphasized on military and security matters, instead, non-conventional issues such as human rights and environment also began drawing attention. On environmental issues, there are three kinds of problem pointed out: ozone layer depletion, climate change, and menace towards biodiversity extinction, in which those three problems are connected. The phenomenon of ozone layer depletion impacted from the increasing amount of greenhouse gases, especially CO₂ (carbon dioxide) is believed to spark the global warming and climate change.

Time by time, the impact of the climate change become more and more serious, especially threatening biodiversity in the forest area. “Other problems which were once predominantly regional or local in cause and effect, such as deforestation, desertification and water scarcity, now have international dimensions”⁶ The threat to the *global commons*⁷ encourages international society to realize that environmental issues are common issues beyond any single country could keep it as a national problem. It needs collective action to address the challenge

⁶ Carter, Neil. 2007. *The Politics of the Environment: Ideas, Activism, Policy 2nd Edition*. New York: Cambridge University Press, p. 225.

⁷ According to the United Nations Environment Programme (UNEP), the term ‘Global Commons’ refers to resource domains or areas that lie outside of the political reach of any one nation State. International law identifies four global commons: the High Seas; the Atmosphere; Antarctica; and, Outer Space. These areas have historically been guided by the principle of the common heritage of humankind - the open access doctrine or the *mare liberum* (free sea for everyone) in the case of the High Seas. Despite efforts by governments or individuals to establish property rights or other forms of control over most natural resources, the Global Commons have remained an exception. See <http://www.unep.org/delc/GlobalCommons/tabid/54404/> (retrieved at 16 May 2016). See also *Our Planet*, the magazine of the UNEP, September 2011.

of the global commons, which is in this case, environmental issues, especially the climate change as a part of atmosphere's problem.

The urgency of global environmental issues is increasingly important to international society. In fact, a number of biosphere components have been worsening because of human activities, especially economic. The side impacts of human economic life, accumulatively, tends to undermine and even to degrade the human quality of life.

One point of global politics is an agreement that environmental problems are impact of various economic activities.⁸ There is an assumption of dilemma between economic need and environment sustainability. The world's rapid population growth during the second half of 20th century increases economic need. As the side impact of the need fulfillment, it increases pollution, waste, and deforestation, which overall could endanger to environment. The dilemma was expressed in the *Brundtland Report*,⁹ so that the notion of sustainable development was created. This concept offered an alternative to the old established paradigm of development. The new paradigm of development consist the main goal to achieve harmony between the recent need and environmental conservation for the future.¹⁰

The 1992 Earth Summit was also a critical point in encouraging various initiatives to actualize the concept of sustainable development. Since then, various international conventions and laws which tried to regulate utilities of natural resources were created. Initiative such as Rio Declaration and Agenda 21 were expected to be a guideline for decision making both in the

⁸ Porter, Gareth and Brown, Janet W. 1996. *Global Environmental Politics: Dilemmas in World Politics* (Col.: Westview Press), p.13.

⁹Drexhage, J., & Murphy, D. September 2010. *Sustainable Development*. Retrieved from The UN website: http://www.un.org/wcm/webdav/site/climatechange/shared/gsp/docs/GSP1-6_Background%20on%20Sustainable%20Devt.pdf retrieved at April 08, 2016.

¹⁰ "Background". 1992. *UN Conference on Environment and Development*. Retrieved from <http://www.un.org/geninfo/bp/envirp2.html> p. 2.

global and national level to harmonize between development and environmental conservation.¹¹

One answer to mitigate the climate change is reducing global emission. The high level of global emission is recognized as a cause of environmental degradation. Therefore, most efforts based on this initiative focused to reducing global emission through offering more environmental-friendly economic activities. Later, deforestation and forest degradation occurred on a massive scale and contribute directly to environmental destruction and climate change.

The consciousness to the global impact of environmental problems encouraged world leaders to create political movement to anticipate and to prevent further environmental damage.¹² Since the organization of Earth Summit in Rio de Janeiro in 1992, many other world-class meeting, to formulate environmental conventions regulating natural resources utilization, forest protection, up to biodiversity protection were organized.¹³

One important point which is covered in global environmental politics is an agreement that environmental problems are consequence of various human economic activities.¹⁴ The dilemma between economic progress and environmental conservation created the notion of “sustainable development” as a concept which offers an alternative paradigm of development to achieve a harmony between current economic need with environmental conservation for the future.¹⁵ Furthermore, the 1992 Earth Summit successfully initiated Rio Declaration and Agenda 21, a document which is expected to act as a guidance of policy making in both global and national level to harmonize development and attempts of environmental conservation.¹⁶

¹¹*Earth Summit 2: Five Years after Rio, What Next?* 1998. Retrieved from Earth Action Website: <http://www.earthaction.org>

¹² Porter & Brown, op cit., p. 2.

¹³ Gustave S. James and Peter M. Haas. 2006. *Global Environmental Governance*. Washington: Island Press, p. 39.

¹⁴ Porter & Brown, op cit., p. 13.

¹⁵ “Earth Summit: Background.” <http://www.un.org/geninfo/bp/envirp2.html> accessed in March 21, 2016.

¹⁶ Ibid.

The further initiatives based on the Earth Summit were the Kyoto Protocol, UNFCCC (United Nations Framework Convention on Climate Change), CBD (Convention on Biological Diversity) and UNCCD (United Nations Convention to Combat Desertification).¹⁷

A great challenge in efforts to mitigate global climate change is how to reduce global emission of greenhouse gases, especially carbon dioxide. The high level of the global emission is understood as a factor of environmental degradation. Therefore, most of discussions and debates in these initiatives focused on the attempts to reduce global carbon emission. It was operated through offering options of economic activities which is more environmental-friendly.

Recently, massive deforestation and forest degradation are identified as a direct contributor to the environmental damage and the global climate change. According to the estimation made by IPCC (Intergovernmental Panel on Climate Change), during 1990s, approximately 1.6 billion tons carbon was released from deforestation activities which convert at least 13 million hectares of forest area -- as large as Nicaragua -- into a non-forest area every year. This process produced, more or less, one-fifth of total global carbon emission annually.¹⁸ Consequently, the consciousness toward these facts encourages various initiatives to address the deforestation and forest degradation problem. One of the recent initiatives on this issue is the creation of Reducing Emission from Deforestation and Forest Degradation (REDD) program.

The REDD attracted attention in the 13th Conference of Parties (CoP) in Bali, Indonesia, at 2007.¹⁹ Initially, REDD was introduced in 2005 to focus on emission reduction from

¹⁷ "The Rio Conventions." http://unfccc.int/essential_background/feeling_the_heat/items/2916.php accessed in March 21, 2016.

¹⁸ Charlie Parker et al. 2009. *The Little REDD+ Book: An updated guide to governmental and non-governmental proposals for reducing emissions from deforestation and degradation*. Oxford: Global Canopy Program, p. 12.

¹⁹ *Ibid.*, p. 14.

deforestation. It means that countries which possess significant forest area were expected to decrease the deforestation rate for a compensation provided through a global mechanism which is mutually agreed upon. In brief, the basic idea of the REDD is simple:

“Countries that are willing and able to reduce emissions from deforestation should be financially compensated for doing so. Previous approaches to curb global deforestation have so far been unsuccessful, however, and REDD provides a new framework to allow deforesting countries to break this historical trend.”²⁰

As a global environmental program, basically, there are three scopes as options of activities to choose by governmental or non-governmental institutions: (1) Reducing emissions from deforestation (RED), Reducing emissions from deforestation and degradation (REDD) or Reducing emissions from deforestation and degradation and enhancement of carbon stocks (REDD+).²¹ The choice of the options could be different from one institution to the other, depending on their own considerations. The following table illustrates the different choice of both governmental and non-governmental organizations in the world dealing with the program.

Table 1. The List of REDD Scope of Activities

No	Choice	Governmental	Non Governmental
1	RED (Deforestation)	-	IDDRI & CERDI
2	REDD (Deforestation and Forest Degradation)	Brazil, Canada, Central Africa, Malaysia, New Zealand, Panama	Joanneum Research, JRC, IIASA, Greenpeace, HSI, EDF & IPAM & ISA, CATIE, CCAP
3	REDD+ (Deforestation and Forest Degradation plus Enhancement)	AOSIS, Australia, CfrN, China, Colombia, European Union, India, Indonesia , Japan, Mexico, Norway, Tuvalu, USA.	WHRC, TNC, TCG, CSERGE

Source: edited from Charlie Parker et al., *The Little REDD+ Book*, pp. 36-70. To see the complete name abbreviated in the NGO column, see the List of Abbreviation.

²⁰ Ibid.

²¹ Ibid., p. 20.

Therefore, REDD involves various activities, includes forest conservation, sustainable forest management, and enhancement of forest carbon stock. Sustainable forest management refers to some projects which attempt to reduce emission and even enhancing forest carbon stock through changing of forest management strategy. This management includes implementation of forest timber logging to minimize deforestation in surrounding area, extending the cycle of the logging to make possible to increase the carbon stock. The enhancement of the carbon stock could cover forest restoration, reforestation, and aforestation. These additional activities add the REDD program into what so called the REDD+ (plus) scheme.

Based on those notions, REDD+ could be seen as a policy scheme which aims to create economic value for the preserved forest area. So far, both government and the people get economic values just through the logging activities and selling forest products. REDD+ tries to change this economic incentive in order to encourage the stakeholders to preserve the existence of the forest. This mechanism aims to stabilize carbon dioxide in the atmosphere through providing financial incentives for the reduction or secession of deforestation. REDD+ is recognized as a positive intervention towards development process in developing countries which tends to be destructive to environment qualities. With REDD+ scheme, it is possible for the developing countries to maintain the rate of its development while they remain able to preserve its environment.

Methodologically, this paper is an explanatory research. Its purpose is to explain why the rate of deforestation and forest degradation in Indonesia remains at a high rate even though Indonesia has been implementing REDD+ program. In the first step, this paper aims to draw inferences from the outcomes of some evaluation studies over the practice of REDD+ in Indonesia to reveal that the result of the practice has no significant impact in reducing deforestation and forest degradation. Subsequently, this paper will point out the causes which

have significant contribution to the failure of REDD+ implementation through examining the relevant sources with process tracing procedure. This is a research procedure which could be used to analyze a case and explain how a preliminary condition could produce particular output in a certain historical context.²²

6. THEORETICAL/CONCEPTUAL PERSPECTIVE

The notion of REDD is quite new in discourse of international relations, especially in the realm of global environment politics. In *The Context of REDD+ in Brazil: Drivers, Agents, and Institutions*,²³ there was a lesson learned from implementation of the REDD+ in Brazil. In the publication, stated that Brazil was successful in creating domestic structure which was needed to support the implementation of REDD+ scheme. Even though in 1997, initially Brazil's federal government opposed forest conservation initiative and inclusive deforestation reduction in the Kyoto Protocol.²⁴ After 2003, Brazilian environmental activists initiated a mechanism that so called "Compensated Reduction" connecting to international carbon market.

The creation of domestic structure and its behavior to fit with the international regime as implied from such Brazil case, remind us to the theory of international regime which basically tells about how international institution – includes international regime – could drive a sovereign state's behavior, and also non-state organization, to obey some international rules

²² Venesson in Della Porta and Keating. 2008. *Approaches and Methodologies in the Social Sciences: A Pluralist Perspective*. Cambridge: Cambridge University Press, p. 224.

²³ P.H. May, B. Millikan, and M.F. Gebara. 2011. *The Context of REDD+ in Brazil: Drivers, Agents, and Institutions* CIFOR Occasional Paper no. 55. Bogor: CIFOR.

²⁴ Adopted in Kyoto, Japan, on 11 December 1997, the Kyoto Protocol is an international agreement linked to the United Nations Framework Convention on Climate Change, which **commits** its Parties by setting internationally binding emission reduction targets. Recognizing that developed countries are principally responsible for the current high levels of GHG emissions in the atmosphere as a result of more than 150 years of industrial activity, the Protocol places a heavier burden on developed nations under the principle of "common but differentiated responsibilities." The protocol entered into force on 16 February 2005. The detailed rules for the implementation of the Protocol were adopted at COP 7 in Marrakesh, Morocco, in 2001, and are referred to as the "Marrakesh Accords." Its first commitment period started in 2008 and ended in 2012. See:

http://unfccc.int/kyoto_protocol/items/2830.php (retrieved at 10 May 2016)

and regulations.²⁵ Tracing back to the history of international regime theory, the first consensus among International Relations scholars stated that international regime is:

“...implicit or explicit principles, norms, rules, and decision-making procedures around which actors' expectations converge in a given area of international relations. Principles are beliefs of fact, causation, and rectitude. Norms are standards of behavior defined in terms of rights and obligations. Rules are specific prescriptions or proscriptions for action. Decision-making procedures are prevailing practices for making and implementing collective choice.”²⁶

This first notion was criticized since the definition just simply described the elements of international regime. The further definition tried to see the regime in a cognitive approach:

“International regimes are commonly defined as social institutions around which expectations converge in international issue-areas. The emphasis on convergent expectations as the constitutive basis of regimes gives regimes an inescapable inter-subjective quality. It follows that we *know* regimes by their principled and shared understandings of desirable and acceptable forms of social behavior. Hence, the ontology of regimes rests upon a strong element of inter-subjectivity.”²⁷

However, Keohane contended that such of cognitive approach faced a very difficult, even ultimately impossible, to determine what “principled and shared understandings.” So, he argued that regime is:²⁸

“...*agreements* in purely formal terms (explicit rules agreed upon by more than one state) and... [considering] *regimes* as arising when states recognize these agreements as having continuing validity. . . . [A] set of rules need not be ‘effective’ to qualify as a regime, but it must be recognized as continuing to exist. Using this definition, regimes can be identified by the existence of explicit rules those are referred to in an affirmative manner by governments, even if they are not necessarily scrupulously observed.”

I consider using the last definition made by Keohane in which the international regime could be clearly shaped from the flow of the prior process involving common interest and cooperation. There was a consciousness of some international actors to define their common

²⁵ Hasenclever, Andreas, Peter Mayer and Volker Rittberger. 1997. *Theory of International Regime*. Cambridge: Cambridge University Press, p. 1.

²⁶ Krasner, Stephen D. 1983c, “Structural Causes and Regime Consequences: Regimes as Intervening Variables,” in Krasner (ed.), 1983a, *International Regimes*. Ithaca: Cornell University Press, pp. 1-21.

²⁷ Kratochwil, Friedrich V, and Ruggie, John Gerard. 1986. “International Organization: A State of the Art on an Art of the State,” *International Organization* 40, pp. 753-75.

²⁸ Keohane, Robert O. 1993a, “The Analysis of International Regimes: Towards a European-American Research Programmes,” in Rittberger (ed.) 1993a. *Regime Theory and International Relations*. Oxford: Clarendon Press p. 28.

interest, beyond their own vested-interests, and also recognition that such common interest could not be realized except with a kind of cooperation, "...the states that are active in the issue-area concerned must share common interests which they can realize only through cooperation."²⁹ It is described in the simple illustration below:

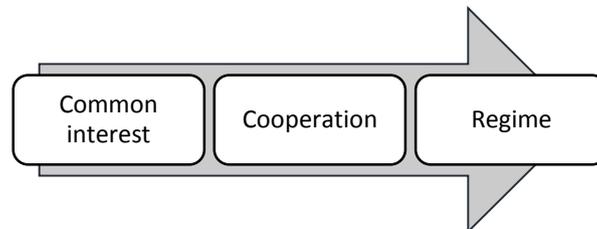


Figure 1. The theoretical process of regime creation (Hasenclever et al., 1997:30)

In this case, the “common interest” is to anticipate the impact of climate change through reducing deforestation and forest degradation which are considered as the significant causes. The common interest could be realized in form of a cooperation. In this case, cooperation was constructed between advanced industrial countries and the developing ones, includes many non-state actors. The advanced industrial countries which could not unilaterally reduce their carbon emission, commit providing financial compensation to the other countries, based on at least two requirements. First, it possesses significant forest area and declare its commitment to reduce the rate of deforestation and forest degradation in the given country. In turn, the process comes into negotiation, and as the result, a regime, REDD+, was created to “facilitate the making of substantive agreements by providing a framework of rules, norms, principles, and procedures for negotiation...”³⁰ In short, REDD is an international regime which aims to be a scheme for reducing global emission through providing financial compensation to certain countries which are willing to reduce their emission through reducing rate of deforestation and

²⁹ Hasenclever, op cit., p. 30.

³⁰ Keohane, Robert O. 1983, “The Demand for International Regimes,” in Krasner (ed.) 1983a, *International Regimes*. Ithaca: Cornell University Press, p. 153.

forest degradation. REDD was expected to be a middle-way to achieve collective efforts to maintain environmental sustainability while remain recognizing state sovereignty voluntarily.

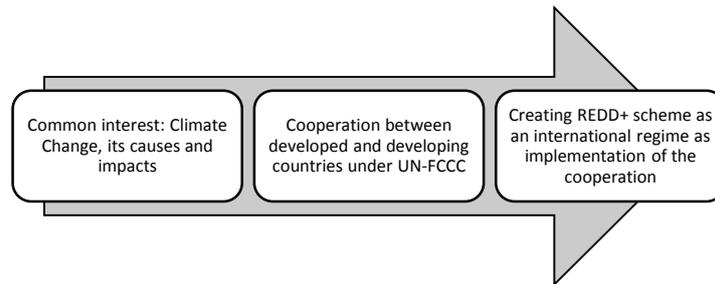


Figure 2. The application of the theory of international regime in REDD+ case

Subsequently, I will describe possible factors which could involve in the failure of deforestation and forest degradation in Indonesia, even though the REDD+ has been implemented. Those possible factors were considered correlated to the phenomena of deforestation and degradation.

To analyze the causes of deforestation and forest degradation in Indonesia, we must consider these following two kinds of causes:³¹

- (1) immediate or direct causes; and,
- (2) underlying causes.

The immediate or direct causes is factors which are technically obvious in surface, those are natural causes such as (natural) fires, floods, hurricanes, and pests; agents, such as traditional nomad tribes who slash and burn forest for their temporary settlement, agribusiness needs, cattle ranchers, miners of oil, gas and other minerals, small scale loggers, and other non-timber companies such as need to build infrastructures like dams or roads. These immediate factors, however, usually cleanse just a very small forest area so it cause a very little impact to the function of the forest. Even though, these activities sometimes pave the way to the other kind

³¹ Contreras-Hermosilla, Arnaldo. 2000. *The Underlying Causes of Forest Decline*. Occasional Paper No. 30 Bogor: CIFOR, p. 5.

of causal factor of deforestation and forest degradation. For example, the opening of forest and build roads on it could make a forest which was previously untouchable becomes easier to access.

In a study conducted by Arnolando Contreras-Hermosilla in year 2000 as presented in an occasional paper published by CIFOR entitled *The Underlying Causes of Forest Decline*,³² exposed that there are some underlying causes of deforestation:³³

- (1) Market failures of underpriced forest goods and services and the monopolies forces;
- (2) Mistaken policy interventions, mainly on transportation policies, subsidy policies, policies that led to unmanageable international debt, structural adjustment policies, and log export bans;
- (3) Institutional factors, such as governance incapacibilities, weak or non-existent ownership and land tenure arrangements, policies that favor concentration of ownership, land tenure policies, and illegal activities and corruption;
- (4) Broader socio-economic underlying causes, such as the pressure from population growth and density, economic growth, as well as social and political conflict.

Surprisingly, the study concludes that among all other underlying causes, “Available evidence shows convincingly that illegal and corrupt activities constitute a major underlying cause of forest decline.”³⁴

According to World Bank, the term “corruption” has connotation to do with officials in public service that is “the abuse of public office or entrusted power for private gain”³⁵ (World Bank 1997, Lambsdorff 2007). In Indonesia’s system of law, however, the definition of is made wider beyond government officials and offices, as “an unlawful act for private gain that results in losses to the state.” The later definition stresses to the “violation of the law” and “state

³² Contreras-Hermosilla, Arnolando. 2000. *The Underlying Causes of Forest Decline*. Occasional Paper No. 30 Bogor: CIFOR.

³³ Ibid, pp. 7-19.

³⁴ Ibid, p. 22.

³⁵ See <http://www1.worldbank.org/publicsector/anticorrupt/corruptn/cor02.htm> (accessed 1 May 2016)

losses” imply that anyone who violates law and causes state losses, regardless government official or private entity or individual, can be convicted of corruption (Law No. 31/1999).³⁶ Kinds of corruption include bribery, theft, political and bureaucratic corruption, isolated and systemic corruption, and corruption in private sector.³⁷

In Indonesia, corruption in forestry, particularly on its policy and management level, has been empirically studied for many times. Furthermore, it has been empirically proven with evidence of law enforcement action. Several studies describe that corruption occurs in various lines of forestry business.³⁸ In every step of the forestry management, corruption occurs in many possible forms include inefficiency, discrimination, cronyism, power abuse, all at once with the weakness and law uncertainty of forestry management.

The underlying causes comprised the moral hazard of political, military, and economic elites. This immoral attitude tends to encourage corruption and power abuse which caused immediate causes such as inappropriate forest land use and allocation decisions, unclear legal status of forest land, and weak and inconsistent enforcement of forestry laws. Furthermore, the perverse incentives and pricing policies of timber, official indifference to traditional forest land and resources rights and poor quality data on forest type, condition and location. Those three factors cause excess timber processing capacity, conflicts over forest lands and resources, and rural poverty and landlessness.³⁹

³⁶ See

<http://www.flevin.com/id/lgs0/translations/Laws/Law%20No.%2031%20of%201999%20on%20Corruption%20Eradication.pdf> (accessed 1 May 2016).

³⁷ Ibid.

³⁸ See Søreide, 2007 in <http://www.cmi.no/publications/2818-forest-concessions-and-corruption> (accessed 1 May 2016); and also Khisor dan Damania, 2007 in <http://siteresources.worldbank.org/EXTFORESTS/Resources/985784-1217874560960/Eden.pdf> (accessed 1 May 2016); and also Indonesia’s Corruption Eradication Commission (KPK), 2014. *Preventing State Losses in Indonesia’s Forestry Sector: An Analysis of Non-tax Forest Revenue Collection and Timber Production Administration* (Jakarta: Directorate of Research and Development Deputy for Prevention Corruption Eradication Commission (KPK) Republic of Indonesia, 2015) .

³⁹ Ibid.

All of such underlying and immediate causes were held by a number of agent which involve a wide range of actors, includes transmigrants,⁴⁰ concession holders employing poor logging practices, illegal loggers, plantation developers, forest fire setters, small scale farmers, infrastructure developer, and poachers of flora and fauna. In turn, all of the process ended up to continuing deforestation and forest degradation.⁴¹ It's obvious that the main reason behind the deforestation and forest degradation was mainly economic, even though, due to the wide variety of the actors composed the complexity of the problems to resolve. So, it is not surprised when several researcher judge that corruption is the very root of all forestry problems. Again, according to Contreras-Hermosilla's studies, corruption in forestry sectors is a key cause of deforestation and forest degradation.⁴²

Therefore, some key concepts involved in this study due with its definition, its relations to each other, guided by certain theoretical approach. The concepts are:

- (1) Problem of Deforestation and Forest Degradation as an initial condition before the implementation of the REDD+ which will be measured by the rate of deforestation and forest degradation (in hectares per year) according to the definition and method used by environmental watch NGOs;
- (2) REDD+ implementation as an environmental policy becomes the independent variable through which the reduction of deforestation and forest degradation rate was expected;
- (3) Corruption, from which three variables generated: (2.1) the potential corrupted spots along the process of REDD+ program; (2.2) the evidence from actual forestry-related corruption verdicts; and, (3) the huge loss of potential state's revenue from forestry management. All of the three variables will be analyzed as the intervening variables which are hypothetically the obstacles causing of the REDD+ failure.

⁴⁰ In Bahasa Indonesia (Indonesian language), "transmigrasi" means the resettlement policy in which poor people from high density places (mainly Java and Bali) systematically were moved into the inland of the other Indonesian main islands such as Sumatra, Kalimantan (Borneo), and Sulawesi. Typically, the "transmigration" program involved deforestation to provide an open area for the "transmigrants" to cultivate for agriculture and particular plantation such as rubber and/or palm oil.

⁴¹ FWI/GFW, loc. cit.

⁴² Hermosilla, loc. cit.

(4) Failure of REDD+ as the dependent variable. It which will be measured through the rate of deforestation and forest degradation (with the same measurement method) after the implementation of the REDD+ first phase (readiness) compared to the rate of deforestation and forest degradation before the implementation of the REDD+;

The conceptualization and its operational variables could be seen in following illustration:

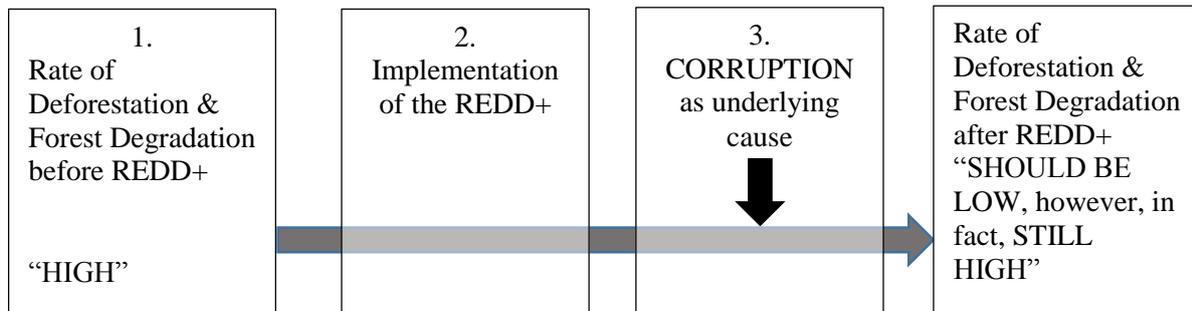


Figure 3. The variables of this study

Emphasizing on corruption doesn't mean to side aside the other possible underlying causes. It is simply because corruption has significant causal relationship compared to the other causes.

In the case of Indonesia, a report based on researches done by Environmental Investigation Agency and Telapak, a NGO, explicitly asserts, “Forests are being destroyed because Indonesia is one of the most corrupt countries in the world.” In an earlier report on illegal logging of Ramin timber in Indonesia, the Environmental Investigation Agency (EIA) and Telapak (2001) find that formal rules are in place to protect the endangered tree species and enforcement is relatively easy. The study finds that collusion between enforcement agencies and the “timber barons” is so strong that implementation is unattainable and the police follows the orders of the smugglers, rather than enforcing the law. EIA and Telapak conclude, “at the core of the issue of illegal logging is corruption”.⁴³

⁴³ Currey, D. et al. (2003). *Above the Law: Corruption, Collusion, Nepotism, and the Fate of Indonesia's Forest*. London: EIA and Telapak Indonesia.

7. MAIN BODY

As an archipelagic country located in equatorial area, Indonesia possesses unique rainforest and peat lands which are separated in several major islands and other more than 13,000 minor islands and islets.⁴⁴ The heritage of forest-rich area, however, for so long is assumed as a ready-for-use natural resources for the sake of the wealth. Unfortunately, Indonesia experiences the highest rates of tropical rainforest loss in the world.⁴⁵

Until 1950, Indonesia's land area, particularly out of Java was still covered densely with forest area. Its major forest types range from evergreen rainforests in Sumatra and Kalimantan to seasonal monsoon forests and savanna grasslands in Lesser Sunda island as well as lowland forests and alpine areas in Papua. More than 4 million mangrove forest also covered Indonesia's coastal areas.

However, during the next 50 years, 40% of the forest has cleared. It's estimated that the forest cover fell from around 162 million hectares to 98 million hectares. Unfortunately,

“...the rate of forest loss is accelerating. On average, about 1 million ha per year were cleared in the 1980s, rising to about 1.7 million ha per year in the first part of the 1990s. Since 1996, deforestation appears to have increased to an average of 2 million ha per year... Indonesia's lowland tropical forests, the richest in timber resources and biodiversity, are most at risk.”⁴⁶

The worse situations in Indonesia's forest condition encourage the Consultative Group on Indonesia (CGI), in its interim meeting at October 2000, insisted to Indonesia's government to construct a strategic planning concerning forest and forest policy. As a response, in the year 2000, Indonesia's Ministry of Forestry made commitment consists of three groups: (1) to

⁴⁴ Ellicott, Karen and Susan B. Gall (eds.) (2003) *Junior Worldmark Encyclopedia of Physical Geography Volume 3 Indonesia to Mongolia*. Farmington Hills, MI: Gale Group Inc., pp. 1-6.

⁴⁵ FWI/GFW, *The State of the Forest: Indonesia*. (Bogor, Indonesia: Forest Watch Indonesia, and Washington DC: Global Forest Watch, 2002), p. xi.

⁴⁶ Ibid.

establish interdepartmental coordination; (2) constructing National Forest Program; and (3) preparing immediate action to address pressing issues which are raised by the CGI.⁴⁷

The actions are listed below:⁴⁸

1. Invite cooperation and coordination of other Ministries to impose strong measures against illegal loggers, especially those operating within national parks, and to close illegal sawmills.
2. Speed up forest resource assessment as a basis for National Forest Program (NFP) formulation.
3. Evaluate the policy in conversion forest and place a moratorium on all natural forest conversion until the NFP is agreed upon.
4. Downsize and restructure the wood-based industry to balance supply and demand of raw material and increase its competitiveness.
5. Close heavily indebted wood industries under control of the Indonesia Bank Restructuring Agency (IBRA) and link proposed debt writeoffs to capacity reduction.
6. Connect the reforestation program with the existing forest industries and those under construction.
7. Recalculate the real value of timber.
8. Use decentralization processes as a tool to enhance sustainable forest management.
9. Prevent and control forest fires.
10. Formulate the National Forest Program.
11. Resolve tenurial issues on forest lands.
12. Improve the forest management system.

To formulate such commitment may be easier than the implementation. In fact, until 2001, when the interim meeting of the CGI just about being held, Indonesia's Minister of Forestry, Marzuki Usman, said that Indonesia had not fulfill the commitment points in forestry.

⁴⁷ Ibid. p. 67.

⁴⁸ Commitments 1-8: "Indonesia: Environment and Natural Resource Management in a Time of Transition." (Washington D.C. World Bank, 2001). Commitments 9-12: "Rencana Aksi Komitmen Pemerintah Bidang Kehutanan" [Action Plans for Government Commitments in the Forestry Sector]. Jakarta, Indonesia: Ministry of Forestry, November 2000.

Furthermore, the fulfillment is one of requirements to get foreign loan from the CGI.⁴⁹ The CGI interim meeting at April 21 to 24, 2001 would discuss the progress of the achievement based on such Indonesia's will.

The implementation of REDD program in developing countries is an international cooperation to subside global emission through providing financial compensation to a country which has a commitment to decrease the rate of its deforestation and forest degradation. As stated in the 13th CoP, REDD aims to be a holistic approach to mitigate global environmental problem, includes:

“Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.”⁵⁰

Prior to the REDD, mechanism which was available in the UNFCCC and also Kyoto Protocol was limited to the Aforestation/Reforestation Clean Development Mechanism (A/R CDM). It was the activities related to absorption and storage of carbon through planting process. This initiative was proposed by Costa Rica, Papua New Guinea (PNG) and the Coalition for Rainforest Nations in the 11th CoP in Montreal Canada at 2005.⁵¹

In the REDD scheme, basically, there are three levels of scope to determine how far the action plan could meet the need, whether it is just deforestation (RED), or deforestation and forest degradation (REDD), or REDD plus enhancement (REDD+).⁵² The decision to choose one of the scope determines the subsequent three elements: “**reference level** (how are emissions reductions calculated? Using what period?); **financing** (Where does the money come from? Are there multiple mechanisms?); and, **distribution** (Where does the money go to? Is there an

⁴⁹ “Liputan 6,” an Indonesia's private television news SCTV, April 16, 2001

⁵⁰ Parker et al., p. 14.

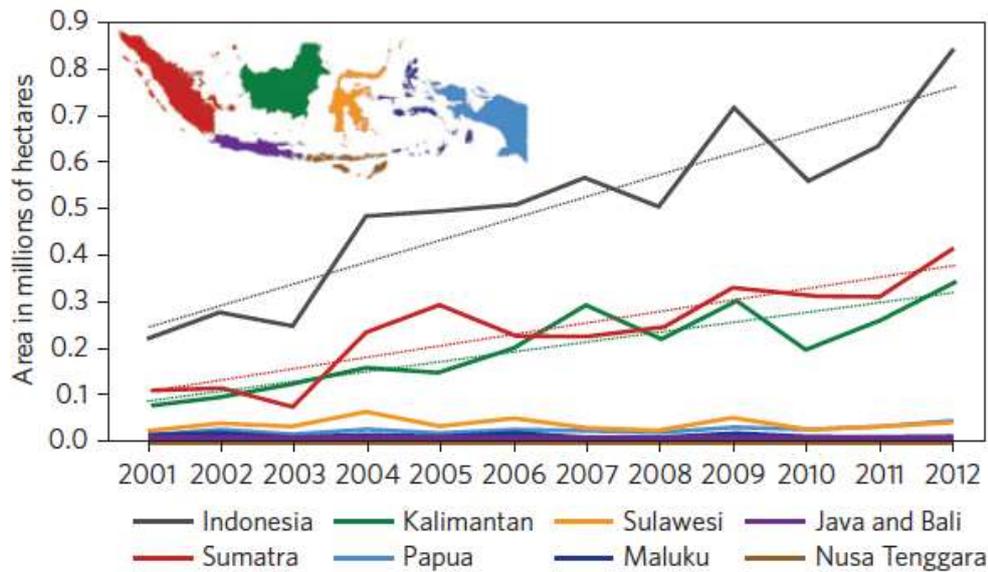
⁵¹ Ibid.

⁵² Ibid. p. 20.

additional mechanism to reward carbon stocks?)”⁵³

As a matter of fact, evidence shows that is the remaining high rate of forest loss in Indonesia, even after the implementation of the REDD+ scheme.

Figure 4. Annual old-growth forest loss for Indonesia from 2000-2012. (Island by island, and for Indonesia as a whole). Image credit: Margono et al., 2014.



The chart above shows that after the REDD+ readiness phase began at 2009, the trend of deforestation decreased. However, it just one year after, the forest loss was back to the increasing trend, especially in Kalimantan and Sulawesi. And in the next year after, Sumatra follows the trend. Meanwhile, in the period from 2009 to 2012 was the implementation of readiness phase of the REDD+. Therefore, it is obvious that in general, there was no serious support in policy level to prepare the readiness for further implementation of the REDD+.

Another different data shows that the correlation between REDD+ and the rate of deforestation is positive in which prior to the implementation of the phase 1 (readiness), the rate of deforestation and forest degradation in Indonesia was high, and after implementation, the trend is decreasing significantly. See table 2 as follows.

⁵³ Ibid. p. 19.

Table 2. Correlation between REDD+ and the rate of deforestation in Indonesia

Period	DR	Note
1997-2000	3.50	Before REDD+
2001-2003	1.08	Before REDD+
2003-2004	3.80	Before REDD+
2004-2006	1.70	Before REDD+
2007-2009	0.83	After REDD+
2009-2011	0.50	After REDD+

DR = Deforestation rate (in million hectare per year)

Source: <http://indoprogress.com/2014/02/ironi-redd-di-indonesia-cerita-dari-kalimantan-tengah/>

The drastic decrease of deforestation rate is in the last period in the table that is from 2009 to 2011. Just in two years respectively, it decreased from 1.7 million dropped into 0.83 million and then to 0.5 million hectare per year. The trend looks better. Nevertheless, the data is debatable because according to the previous table, the rate of deforestation remains high, 0.84 million hectare per year. It is argued that the different definition on what the forest is the source of this optimistic illustration. If we compare it with the data shown in Figure 4 above, we can see the difference.

The government defines that forest in administrative term. It based primarily upon the legal standing of a particular area, and it is not necessary always have relationship to the actual vegetation growing on the land so an area that is legally designated as a forest is defined as a forest even there is no trees are growing on it. Therefore, even is a natural rainforest which has been slashed out and then covert into a productive monoculture plantation such as palm oil, rubber, eucalyptus, accasia, or cocoa trees are still designated as forest. Meanwhile, environmentalists use a strict definition of forest as a complex naturally-growing ecosystem consists of many species of trees and plants that also inhabited by many kinds of wild animal

species. With the latter definition, therefore, once a natural forest is slashed down, it means deforestation, regardless the attempt to cover it back with any kind of plantation.

7.1 The Potential Corruption in REDD+ Program

REDD+ will take shape in 3 principal phases: (1) readiness; (2) implementation; and (3) payment. During the readiness phase, tropical countries build the institutional and policy framework. During the implementation phase, national strategies and measures are put into effect. In the third phase, performance-based payments are made for any carbon emission reductions achieved.

The first analysis will emphasize on the underlying uncertainty, bad governance in bureaucracy, and the structured inequalities of the benefit sharing from forest management. There are debate over the different dataset between researchers and Ministry of Forestry, for example, the deforestation rate (0.84 million hectares/year in Margono et al. and 0.45 million hectares according to the ministry). There is also the status establishment of forest area in which until 2013 has just 16.18% of total 120 million hectares (So, there is 105.8 million hectares in uncertainty). Meanwhile, the bureaucratic process of forestry administration is also vulnerable of squeezing or bribery such as in permission, non-tax revenues, monitoring, and inspection of forest production. The corruption potential in this spot could be ranged from 22.6 billion rupiah (USD 1.6 million) up to 688 billion rupiah (USD 52 million).⁵⁴ Furthermore, there is also inequality in utilization of forest management. It reflects a big-business interest behind the screen so that the small enterprises just get 3.18 percent allocation. As consequence, the most people cannot enjoy its benefit.

⁵⁴ Currency assumption 1 USD = 13,000 Indonesian rupiah.

On 20 May 2011, President Susilo Bambang Yudhoyono released a moratorium of issuance the new licenses of the utilization of primary natural forest and peat land.⁵⁵ The postponement policy is a result of cooperation between Indonesia and the Kingdom of Norway, following to the Letter of Intent signed by the two governments on 26 May 2010.⁵⁶

Nevertheless, the moratorium could not be expected too much. Indeed, it was a top executive political will be based on which the more operational policy would be actualized. However, when we look inside, there are a lot of exceptions as follows:⁵⁷

1. applications for permits that have received in-principle approval from the Minister of Forestry;
2. implementation of national development that is considered vital, such as geothermal, oil and gas, electricity, land for rice and sugarcane;
3. extension of existing permits; and,
4. permits for ecosystem restoration concessions.

In my opinion, the moratorium was sound good but not too promising. It is more political rather than a serious effort to solve the problem of deforestation and forest degradation. Particularly for point (1) and (3), there was nothing new in the practice of the moratorium policy. Furthermore, the moratorium was just for two years term. So, after two years, all everything took place as business as usual. It implied that there were some “holes” through which deforestation and forest degradation persist.

The most infamous example of the failure of the REDD+ project in Indonesia is Kalimantan Forest and Climate Partnership (KFCP). KFCP which was funded by the Australian Government, has demonstrated the failure of REDD+ projects in the consultation and involvement of local communities. Failure is the neglect of public knowledge about the

⁵⁵ Presidential Instruction No. 10/2011.

⁵⁶ Howell, Signe & Elna Bastiansen. 2015. *REDD+ in Indonesia 2010-2015: Report of a Collaborative Anthropological Research Programme*. Oslo: University of Oslo, p. 5.

⁵⁷ Dermawan et al., op cit., p. 4.

rehabilitation of peat and fire control. Research suggests that it is precisely exacerbate KFCP agrarian conflicts. In addition, deforestation and the spread of palm oil plantations persists. It should not necessary happen if there is no corruption in the project. Because of corruption, the people were neglected and even the concession permit for commercial plantation remained took place as business as usual.⁵⁸

7.2 Potential Huge Loss of State's Revenue

Another study led by Indonesia's KPK implies that after 2012 the total number of deforestation and forest degradation remain high.

Figure 5. Low estimation of comparison between actual and reported timber production in Indonesia (2003-2014). (Source: KPK, 2015)

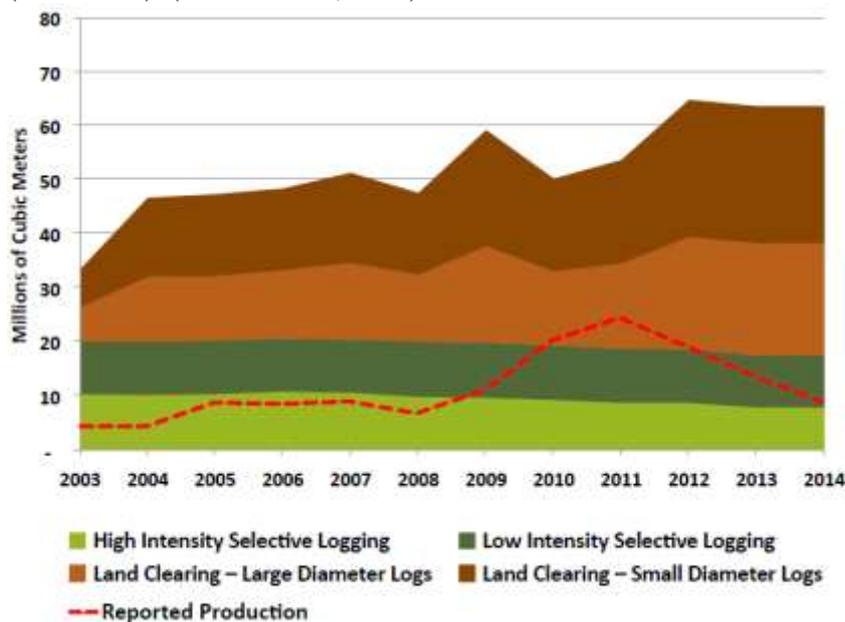
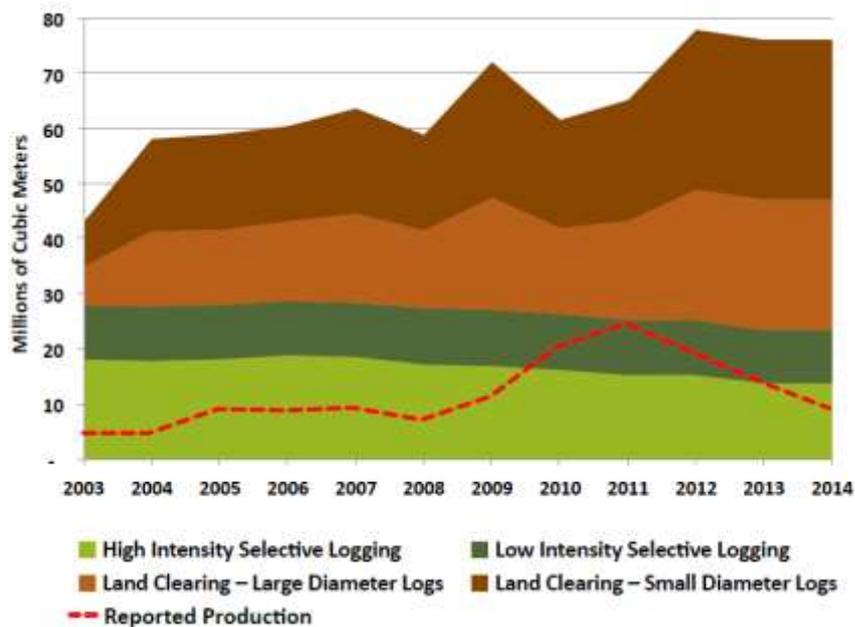


Figure 6. High estimation of comparison between actual and reported timber production in Indonesia (2003-2014). (Source: KPK, 2015)

⁵⁸ <http://www.reuters.com/article/us-indonesia-carbon-idUSTRE77F0IK20110816> (retrieved at 10 May 2016)



Within both low and high estimation, all shows the widen gap between reported and unreported timber production, especially since 2011 until 2014. The enormous spread between the reported production and the estimated number of logging is too big to unrecognized by both supervisory and law enforcement officers. Khisor and Damania argue that “forest products are bulky so that illegal lumber could be easily intercepted by official. Hence the connivance and corruption by a range of officials – customs, police, local politicians, and transport authorities – is needed for the industry to survive.”⁵⁹

In terms of REDD, the money may be abused to subsidize business-as-usual approaches, including a huge expansion of processing capacity for palm oil and pulp and paper, which could increase pressure on remaining forest areas. He noted that the low-carbon growth strategy for East Kalimantan aims to reduce carbon emissions while also expanding capacity of the province’s pulp industry four-fold.⁶⁰

⁵⁹ Khisor and Damania, op cit., p. 6.

⁶⁰ See: http://e360.yale.edu/feature/indonesias_corruption_legacy_clouds_a_forest_protection_plan/2353/ (retrieved at 10 May 2016)

7.3 The Actual Cases of Forestry-related Corruption Verdicts

Table 3. The infamous forestry-related corruption cases in Indonesia (2009-2015)

No	Name of Suspect	Position	Offence	Year	Verdict
1	Amran Batalipu	District Head of Buol, Central Sulawesi	Bribery in PT Hardaya Inti Plantation HGU recommendation	2013	7 years 6 months in prison
2	Siti Hartati Murdaya	Businessperson	Bribery in PT Hardaya Inti Plantation HGU Recommendation	2013	2 years 8 months in prison
3	Gondo Sudjono	Businessperson	Bribery in PT Hardaya Inti Plantation HGU Recommendation	2013	1 year 6 months in prison
4	Yani Ansori	Businessperson	Bribery in PT Hardaya Inti Plantation HGU Recommendation	2013	1 year 6 months in prison
5	Wandojo Siswanto	Head of Forestry Department Planning and Finance Bureau	Bribery in Integrated Radio Communications System project procurement	2011	3 years in prison
6	Al Amin Nasution	Member of Parliament (DPR) Commission IV	Bribery linked to changing land use of Pulau Bintan protection forest	2009	8 years in prison
7	Azirwan	Bintan District Secretary	Bribery linked to changing land use of Pulau Bintan protection forest	2009	2 years 6 months in prison
8	Sarjan Taher	Member of DPR Commission IV	Bribery linked to changing land use of Banyuasin mangrove forest	2009	4 years 6 months in prison
9	Yusuf Erwin Faisal	Member of DPR Commission IV	Bribery linked to changing land use of Banyuasin mangrove forest	2009	4 years 6 months in prison
10	Azwar Chesputra	Member of DPR Commission IV	Bribery linked to changing land use of Banyuasin mangrove forest	2009	4 years in prison
11	Fahri Andi Laluasa	Member of DPR Commission IV	Bribery linked to changing land use of Banyuasin mangrove forest	2009	4 years in prison
12	Hilman Indra	Member of DPR Commission IV	Bribery linked to changing land use of Banyuasin mangrove forest	2009	4 years in prison
13	Chandra Antoni Tan	Businessperson	Bribery linked to changing land use of Banyuasin mangrove forest	2009	3 years in prison
14	Syahrial Oesman	Governor of South Sumatra	Bribery linked to changing land use of Banyuasin mangrove forest	2009	1 year in prison
15	Rusli Zainal	Governor of Riau, Sumatera	BKT UPHHK issue bribes	2012	14 years in prison
16	Burhanuddin Husin	District Head of Kampar, Kalimantan	Illegal issue of IUPHHK-HT	2012	2 years 6 months in prison
17	Syuhada Tasman	Head of Riau Forestry Office, Sumatra	Illegal Issue of IUPHHK-HT	2012	5 years in prison
18	Arwin AS	District Head of Siak, Sumatra	Illegal Issue of IUPHHK-HT	2011	4 years in prison
19	Asral Rachman	Head of Riau Forestry Office, Sumatra	Illegal Issue of IUPHHK-HT	2010	5 years in prison
20	Tengku Azmun Jaafar	District Head of Pelalawan, Kalimantan	Illegal Issue of IUPHHK-HT	2009	11 years in prison
21	Suwarna Abdul Fatah	Governor of East Kalimantan	Illegal Issue of IPK	2009	4 years in prison
22	Labora Sitorus	Low Rank Policemen	Smuggling, Illegal Logging and Money Laundering	2014	15 years in prison
23	Hambit Bintih	The Regent of Gunung Mas, Central Kalimantan	Bribery to the Chief of Constitution Court	2014	4 years in prison
24	Akil Mokhtar	Chief of Judge in Constitution Court	Bribery and Money Laundering	2014	Life sentence
24	Annas Maamun	Governor of Riau	Bribery for forest estate allocation change linked to PT Duta Palma	2015	6 years in prison
25	Gulat Manurung	College Lecturer	Bribery for forest estate allocation change linked to PT Duta Palma	2015	3 years in prison

Source: KPK, 2015

To elaborate how deep is the corruption persists in forestry, I take three examples here. The case of Akil Mochtar, Labora Sitorus, and Wandojo Siswanto.

Akil Mochtar, who was Chief Justice of Indonesia's Constitutional Court between 2010 and 2013, has been found guilty of accepting bribes in exchange for a favorable rulings in regional election disputes. One of cases in which he was involved is in the Gunung Mas district election dispute in Central Kalimantan where, in the regional election, Hambit Bintih and Arton S. Dohong were re-elected as district heads of Gunung Mas. After there had been found signs that this election outcome had been influenced by fraud, the case came in the Constitutional Court, presided by Akil Mochtar, who accepted money to rule in Bintih's favor.⁶¹ The money for bribery which was received from Hambit Bintih was closely related to his abuse of power to make a new concession of oil palm plantation in Gunung Mas district. Therefore, even though Akil Mochtar did not directly involve in corrupting forest product, but the source of the bribery money was from the forestry-related corruption.

Meanwhile, Labora Sitorus is a mid-ranking police officer who was arrested for allegedly running a \$150 million illegal logging ring in the remote, eastern Papua region — seen as Indonesia's last bastion of vast untouched rainforest. Sitorus was caught after state financial auditors linked him to 115 containers of illegally-logged timber in Surabaya on Java island, a hub for hand-made furniture exports.⁶² He was arrested after the investigation of PPATK (Indonesia's Financial Transaction Reports and Analysis Center) found a suspicious huge amount of money in his account, even though he was just a mid-ranking policeman with

⁶¹ See <http://www.indonesia-investments.com/id/news/todays-headlines/corruption-in-indonesia-constitutional-court-chief-akil-mochtar-found-guilty/item2162> (retrieved at 10 May 2016)

⁶² See <http://jakartaglobe.beritasatu.com/news/indonesia-struggles-to-clean-up-corrupt-forestry-sector/> (retrieved at 10 May 2016)

monthly salary just around 10 million rupiah (USD 780).

Corruption has even touched the team that negotiated the REDD deal with Norway. In October, Wandojo Siswanto, a top negotiator at last year's climate talks in Copenhagen, was arrested in Indonesia and charged with taking a bribe of about \$10,000 in exchange for arranging a favorable contract in the Ministry of Forestry for a telecommunications company. Siswanto had been named in two earlier corruption probes, including a 2008 incident in which he admitted to accepting a \$4,600 kickback from a lawmaker.⁶³

Based on Indonesia's Constitution of 1945,⁶⁴ especially Article 33, Indonesia's government has a responsibility to manage Indonesia's natural resources for prosperity of the greater people. In terms of forestry, the government has authority to manage forest area to produce commercial logging, to collect various kinds of royalty, retribution, and contribution based on timber production report. When the production is not reported or not recorded, or the royalties are not being paid, then the economic values of the forest is considered to be robbed, and as consequence, reducing the government's capacity to support Indonesian people's welfare. Therefore, the corruption have biased Indonesian constitutional spirit in favor of particular persons who have power and access to the forest-business.

Since the main purpose of the REDD+ program is to reduce deforestation and forest degradation, the effectiveness of the REDD+ implementation can be examined through a debate over whether or not the rates of deforestation and forest degradation in Indonesia has

⁶³ See http://e360.yale.edu/feature/indonesias_corruption_legacy_clouds_a_forest_protection_plan/2353/ (retrieved at 10 May 2016)

⁶⁴ Indonesia gained independence at 17 August 1945 and established its Constitution one day after, at 18 August. Nevertheless, the declaration of independence was not recognized by the Dutch as its former colonial, until a series of military clash from 1945 and gained peak at 1947-1948, and accomplished in a truce and agreement between Indonesia and the Ditch in 27 December 1949. The Constitution itself has experienced various replacement, reuse, and then amended for several times until 2002. See Steven Drakeley, *The History of Indonesia*, op cit., pp. 72-81.

really decreased. Therefore, the fact that the rate of deforestation and forest degradation remain high is the indication that REDD+ program is ineffective.

8. MAIN FINDINGS

In a serial research from 2010 to 2015 which involve 29 master students from Indonesia and Norway,⁶⁵ it is found that the REDD+ in Indonesia still has many obstacle to say it works well. In the ground it is found that the progress of the REDD+ readiness phase has so far been very limited and it takes time to achieve the target of REDD+ readiness phase. In cultural and anthropological sense, it relates to the consciousness of the people and especially local leader to see that REDD+ is a strategic and comprehensive approach to accommodate all stakeholders as well as to regard environmental sustainability. However, it is difficult to change the habit that by selling the forest product, either legally or illegally, they can earn quick income, to the long term and must wait for years in uncertainty and the worries that in turn the money would not be real because of lot of corruption done by the local leaders.

Thereafter, once REDD+ was implemented, the issue shifted from the concern of reducing emission from deforestation and forest degradation into the rights of local people to acquire and utilize the land and the tenure (property) rights. With the foreign involvement of REDD+, to the local and indigenous people, it looks like a window time to express their aspiration, that a space has been opened for debate over the rights of indigenous people, because it is historically suppressed in for decades, especially under authoritarian regime of Suharto. The corruption in form of abuse of power and the denial of the rights of local and indigenous people who live in or surrounding of the rainforest area, result inequalities and it is obviously become obstacle to any REDD+ implementation. "In fact, there are only a handful of operative concrete

⁶⁵ Howell & Bastiansen, op cit.

REDD+ projects, so the main focus of REDD+ on the ground in Indonesia today, on the contrary, must turn back to solve the underlying problem of the rights of the people living in and around those forests.”⁶⁶ And from USD 1 billion of Norway government’s commitment to support REDD+ in Indonesia is canceled. Consider to the huge amount of the support fund, “the local people even getting confused and ambivalent about REDD+”⁶⁷ because there are also overlapping interest with agro-industry development as well as mining and oil palm companies from which the local people can earn quick income rather than spending long time to enjoy the benefit from REDD+. Besides, the corruptive practice remains strong since “public and private stakeholders are often in conflict over selection of sites for the sake of their own interest.”⁶⁸ Consequently, “by the beginning of 2015, the first two ‘readiness’ phases of the Indonesia-Norway partnership were almost completed, but due to little progress only a small proportion of the total 1 billion dollars had been spent.”⁶⁹ It has to be noted that with the existence of REDD+ in Indonesia the local NGOs have become empowered – but, surprisingly not necessarily local communities. This elitist characteristics make REDD+ cannot effectively down-to-earth to touch the people’s interest.

9. POLICY RECOMMENDATION

It is obvious that the corruption on forestry sector in Indonesia has a significant impact to be the obstacle in reducing deforestation and forest degradation. In this section I will mention a number of policy recommendations which is relevant to the above analysis. It worth to consider by the decision makers and all stakeholders of the REDD+ to guide the future step and to enhance its effectiveness. Most of the points are sourced from the research conducted by

⁶⁶ Ibid., p.5.

⁶⁷ Ibid., p.3.

⁶⁸ Ibid.

⁶⁹ Ibid., p.5

KPK.⁷⁰ It shows that the weaker the governance, the more possible the corruption, and the more the corruption, the dimmer the hope to fight against deforestation and forest degradation. It means that to increase the effectiveness of REDD+ in Indonesia, the priority should be put on the comprehensive corruption eradication efforts involving three domains: situation definition, prevention and law enforcement.

9.1 Situation definition. The most important starting point in fighting against corruption in forestry sector depends on the quality of governance, through:

- a. Enhancing coordination of governmental agencies, especially among Commission of Corruption Eradication (KPK), the Ministry of Environment and Forestry (KLHK), Ministry of Finance, and Financial Audit Board (BPK) to formulate the same outlook on the given problem, particularly in reviewing the “structure and rates of royalty fees to determine how the Government will increase collection efficiency and capture full economic rent on timber production.”⁷¹
- b. Providing comprehensive data which is needed to formulate prevention of corruption. The rate of unreported timber logging, especially of natural rainforest, correlates with the rate of corruption within this business. Therefore, the coordinated audit conducted by KPK and BPK in which “KPK will coordinate with BPK to determine the scope, methodology, and timetable for this audit”⁷² provides necessary data to formulate the more effective prevention of corruption in forestry sector. The outcome of this audit will prevent both private and political interests which biases its pragmatic purposes into political interference.

9.2 Prevention efforts.

- a. Enhancing public opinion and social control through publicly open the data based on the above mentioned research and audit. Therefore, it needs an information system which could cover “all timber production from state-administered forests reported on

⁷⁰ Indonesia’s Corruption Eradication Commission (KPK), 2015. *Preventing State Losses in Indonesia’s Forestry Sector: An Analysis of Non-tax Forest Revenue Collection and Timber Production Administration* (Jakarta: Directorate of Research and Development Deputy for Prevention Corruption Eradication Commission (KPK) Republic of Indonesia, 2015)

⁷¹ Ibid p. 105 esp. point 12.5 and 12.6.

⁷² Ibid p. 104 esp. point 12.1.

KLHK's online and publicly-accessible SI-PUHH system, including official inventory, planning, production, non-tax revenue payment, and mill timber consumption reports".⁷³

- b. Use the satellite-based monitoring system over the forest area to control the report from the ground monitoring procedure. The gap between satellite-based surveillance and the ground monitoring report could reveal the possibility of corruption which needs further handling.⁷⁴

9.3 Law Enforcement:

Enhancing law enforcement includes the use of Laws against Money Laundering (No. 8/2010) against all the perpetrators were known to report improper timber production and / or avoid payment of forestry royalties.⁷⁵ So far, the corruption cases rarely use anti-corruption law and money laundering law concurrently, even though, the corruption money usually hide away through money laundering.

However, all of abovementioned recommendation needs a strong, clean, and coordinative national leadership and effective social and political control to local government (Governors and Regents). It is because the adversaries who take benefit from deforestation and forest degradation are also powerful and well-coordinated. They frequently conduct like *mafia* who act out of law and play the game of corruption for the sake of their own interests regardless the loss of natural forest area along with its impacts on environment, social, and economic conditions.

10. CONCLUSION

In general, the REDD+ implementation in Indonesia involves a complex relationship between related actors, issues, and the institution. In this case, however, in context of corruption as a

⁷³ Ibid p. 104 esp. point 12.2.

⁷⁴ Ibid p. 105 esp. point 12.3.

⁷⁵ Ibid p. 105 esp. point 12.4.

cancer virus which undermines the total value of global concern to the climate change and its impacts.

During the readiness phase, from 2009 to 2010, Indonesia has failed, or at least, less effective in terms of consistency, transparency, and punctuation in building the institutional and policy framework of the REDD+ program. Of course, that the REDD framework must provide incentives for all rainforest countries, but it is not until they can achieve – if any significant group of countries is left out, then deforestation will move to those jurisdictions, and we will have failed to avoid greenhouse gas emissions from deforestation and forest degradation.

Besides financial losses, the other negative impacts from corruption on forestry, in terms of deforestation, can be the violation of public goods. Therefore, the rate of deforestation and forest degradation could be minimized when the rampant corruption eradicated.

In conclusion, forestry-related corruption in Indonesia has been impairing both public institutions and its officials. Furthermore, facing limited number of personnel compared to the very vast and diverse area of forest throughout Indonesian archipelago, combine with such corruption and abuse of power, obviously undermine the expectation of the better future in decreasing deforestation and forest degradation.

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