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Preliminary Observations on the Indonesian Ministry of Forestry Decree SK.7416/Menhut-VII/IPSDH/2011: The first revision of the Indicative Maps Concerning the Suspension of New Licenses for Forest and Peatland Utilisation

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Summary

- New decree and revised maps represent a further positive step in enhanced transparency and process, but have implications for achieving overall emissions reductions targets of at least 26% by 2020.
- Revisions are primarily the result of inclusion of pre-existing licenses not accounted for previously in the original map, resulting in a further 3.6 million hectares exempted from the moratorium, with the majority of this on peat lands and licensed for oil palm.
- Further reduction in moratorium area is expected in future 6-monthly revisions as increasing numbers of pre-existing licenses are registered.
- Future revisions based on ecological characteristics (i.e. primary and/or peat land) rests on field evaluations to be carried out by Provincial and Regency level forestry officers, academicians and agricultural agencies.
- While commendable in many ways, the revision process highlights an inability for the moratorium decree to achieve national emission reduction targets in isolation, and without expanded support in the form of (a) incentive mechanisms to encourage private sector to avoid high-carbon stock forests, (b) incentives and technical assistance to encourage alternative, low carbon planning decisions by Provincial governments and Regencies, (c) facilitation of the Ecosystem Restoration license model, and (d) strengthened community-based forest management models aligned towards strengthening REDD safeguards and equitable benefit sharing.

Background

Presidential Instruction (PI) No. 10 2011, regarding the Suspension of Granting New Licences and Improvement of Natural Primary Forest and Peatland Governance, was enacted in May 2011. This PI (known popularly as “*the Moratorium*”) forms part of the implementation of the Government of Indonesia’s voluntary commitment to reduce the national carbon footprint by 26%, whilst achieving 7% economic growth. The PI is also in partial fulfilment of obligations under a Letter of Intent with the Government of Norway supporting reduced emissions from deforestation and degradation (REDD).

The PI was released with an accompanying indicative map showing primary forest and peatlands covered by the moratorium published at a scale of 1:19,000,000¹. As part of the mandate given to the Ministry of Forestry (MoF) within the PI, and to enable operational implementation of the moratorium, in June 2011 the MoF published a series of maps at a scale of 1:250,000 known as the Indicative Map for the Moratorium on the Issuance New Licenses for the whole of Indonesia, along with a Ministerial Decree (SK 323/Menhut-II/2011) intended to elaborate its purpose and the process by which it shall be revised in the future. Part of the process is to update the Indicative Map every six months.

On the 9th December 2011 the first revision of the Indicative Map was published by the MoF along with a new ministerial decree (SK 7416/Menhut-VII/IPSDH/2011)². This report outlines a preliminary set of observations pertaining to the revised maps and the associated Ministerial decree, and recommendations related to achieving Indonesia’s national emission reduction targets.

Observations

1. According to MoF, the extent of areas covered by the moratorium has been reduced by 3.6 Mha³ (million ha). We detail this net change as a reduction of 4.8 Mha classified as peatlands and 119,000 classified as Protected Forest, against an increase of 1.2 Mha in areas classified as primary forest and 109,000 ha classified as Conservation Areas (where licenses cannot be issued).
2. By inspection of the map, and comparison with previous versions and other available data, we draw the following provisional conclusions:
 - 2.1. Reduction in extent of the moratorium as presented by the MoF is primarily a result of more fully accounting for (i.e. exempting) licences that had been issued prior to Presidential Instruction No. 10 2011, dated 20th May 2011, but were not previously exempted from the original MoF map. This

¹ An analysis and English translation of the PI No. 10 2011 by Daemeter Consulting can be found at <http://www.daemeter.org/news/daemeter-provides-analysis-of-presidential-instruction-no-102011/>

² <http://appgis.dephut.go.id/appgis/petamoratorium2.html> accessed 09/12/2011

³ http://www.dephut.go.id/files/penetapanPIPIB_revisi1.pdf accessed 09/12/2011

includes some forestry licenses previously highlighted by Daemeter as ‘unaccounted for’ in an earlier Brief⁴, but the majority appears to be on lands allocated for agricultural or other purposes (APL) that fall outside the Forest Area (*Kawasan Hutan*). Much of this is on peatlands and licensed for oil palm.

There are limited areas in Papua and Kalimantan newly classified as primary forest or peatlands that were not included in the original version of the moratorium map. This area is small, however, and by inspection of the new map appears to be considerably less than the 1.2 Mha of “new primary forest”.

- 2.2. Though further analysis is necessary, the 1.2 Mha of primary forest “added” to the moratorium according to MoF appears mainly to represent a reclassification of areas initially classified as either primary forest on peat or protected areas on peat, which are now classified as ‘primary forest’ in the new map. Such “additions” (more accurately, a transfer) are offset by a corresponding reduction of areas classified previously as peatlands, with zero net effect on moratorium extent overall.
 - 2.3. From this first analysis, the reduction of peatlands covered by the moratorium, due to accounting for exemption of licences issued prior to the Presidential Instruction, is approximately 3.6 Mha.
 - 2.4. Further, more detailed analysis of the map is problematical, as the maps currently presented do not show explicitly (i.e. separate) the total extent of (i) primary forest, (ii) peatlands, or (iii) the areas that have been exempted due to prior legal issuance of licenses.
 - 2.5. The moratorium still does not take into account the National Spatial Plan (RTRWN) set out in Government Regulation No.26 2008 (*PP No. 26/2008*), which delineates Protected Areas (*Kawasan Lindung*) across the country. As a result some areas that are protected under the National Spatial Plan are excluded from the revised indicative map, with no clear explanation of why given that a firm legal basis for their inclusion exists.
 - 2.6. According to the new decree, revisions to the indicative map have been made based on, among other factors, developments in spatial planning (“*pengembangan tata ruang*”). The new decree specifically states that the indicative moratorium map is not applicable in the case of future changes to Provincial Spatial Plans (RTRWP), which is relevant to 18 of the 33 provinces, where RTRWP revision is still in process and agreement on the forest lands (*Kawasan Hutan*) is not yet complete⁵.
3. The new ministerial decree SK.7416/Menhut-VII/IPSDH/2011 replaces the older one SK.323/Menhut-II/2011. Overall the new decree brings greater clarity to

⁴http://www.daemeter.org/download/Daemeter_Moratorium_Analysis_-_MoF_Indicative_Maps_SK_323_2011_20110708_Final.pdf

⁵<http://www.penataanruang.net/> accessed 11/12/2011

the revision process, and roles and responsibilities of parties involved in future revisions to the map; this is a positive development. An important addition to the new decree is that MoF requires companies that possess license or land title within areas covered by the moratorium to report this for further evaluation so that, if found to be legal, it can then be used as a basis for future revisions to the map (i.e. will be exempted).

4. Related to the future revision process, the new decree assigns authority to Provincial and Regency level officers to conduct field evaluations, together with Ministry of Agriculture and academicians, to make case-by-case judgments on requests to modify the map (i.e. include or exclude areas) on the basis of presence of primary forest or peat. However, the decree still provides no definition of what is and is not peatland.
5. Overall the revised moratorium maps enacted by MoF provide a clearer representation of the area over which new licenses may not be granted (i.e. total area covered by the moratorium due to occurrence of primary forest and peat minus areas exempted due to licenses). However, preliminary analysis suggests that, in this latest revision, 3.6 Mha have been excised from the moratorium due to incorporation of pre-existing licenses, the majority of which is on peatlands. Further reductions in the extent of the moratorium are expected in the next six monthly revision.

Recommendations

The new decree and revised indicative maps represent a further improvement in transparency, accountability and process that should be commended. The ongoing moratorium revision process, however, highlights weaknesses that may undermine Indonesia's ability to achieve emission reduction targets in the absence of expanded support and a wider suite of actions and initiatives. In particular, within the context of the current moratorium map and PI, a workable REDD+ mechanism is needed to incentivise real change in government planning (both national and regional), in the way forestry and agricultural sectors currently do business, and in the promotion of community-based forestry models. Related to that, we offer the following recommendations:

1. Irrespective of limited progress on a globally binding treaty at COP 17, Indonesia should continue its readiness for REDD+ by establishing the REDD+ Agency and mechanisms to monitor, report and verify above and below ground carbon stocks against forest reference levels at national and sub-national scales. As a framework against which mitigation actions can be quantified and valued, this keeps options open for securing multilateral, bilateral and international, market-based financial support or, if all else fails, provides a foundation for domestic incentive schemes and a local carbon exchange in the future.
2. Efforts should be intensified to develop incentive mechanisms for local governments to maintain high carbon stock areas through modification of spatial plans.

3. Concrete support should be provided for the Ministry of Forestry, Ministry of Agriculture and private sector to facilitate and fund transactions to re-allocate industrial timber concessions and plantations away from high-carbon stock areas (especially peatlands) to low-carbon, degraded areas.
4. Support should be provided for the MoF to promote and streamline licensing for Ecosystem Restoration forestry models that provide multiple social and environmental benefits, either through private investment or community forestry schemes.
5. Oil palm and forestry companies with legal plantations on peatlands must be engaged to develop financial incentives for alternative, low-emission outcomes, including: halting further development, instituting current best practices to minimise emissions, or rehabilitate drained peat areas where feasible.
6. Promote community-based forest management models as an integral part of REDD+ programs, a precondition of which is recognition of local tenure and custodial rights over forest where they exist, followed by greater clarity and enforcement of rights and responsibilities of local communities granted authority to manage forest and land resources of critical national significance to Indonesia.

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