



INSIDE STORIES

on climate compatible development

Climate & Development
Knowledge Network

April 2012

Key messages

- A moratorium on new licenses for logging and conversion in primary forests and peatland in Indonesia provides an opportunity for governance reforms. This includes improving licensing processes, creating better spatial data management systems, and strengthening relevant institutions to achieve low-emission development goals.
- The moratorium will need to be strictly implemented and enforced if it is to achieve its objectives. This will require continued political will and enhanced data transparency.
- Buy-in from the private sector is key to the successful implementation of the moratorium, especially in the case of Indonesia, where the private sector is highly influential in land-use decision-making.
- Coordination and cooperation between national, provincial and district governments – key actors in land-use planning and issuing of permits – are significant challenges to implementation.
- Improved land-use planning can foster simultaneous achievement of both climate and development goals. The two-year moratorium period should be used to put mechanisms in place to support these dual goals.

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A new direction in climate compatible development: Indonesia's Forest Moratorium

In late 2009, Indonesia made a voluntary commitment to reduce its greenhouse gas emissions by 26% by 2020, or by 41% with international assistance, compared to business as usual.¹ The country aims to achieve 87% of this goal by reducing emissions from deforestation and peatland conversion.² In a step towards achieving these emission reductions, and in recognition of the importance of forests to the livelihoods of forest-dependent people, a forest moratorium has been declared. On 20 May 2011, Indonesian President Susilo Bambang Yudhoyono signed an instruction putting into effect a two-year moratorium on new permits for the use of primary natural forest and peatland.

Recent analysis by the World Resources Institute (WRI) found that the moratorium covers 43.3 million hectares of primary forest and peatland, and approximately 25.3 gigatons of carbon stocks.³ Beyond protecting these forests and carbon stocks for the two year period, the moratorium reflects progress in several key areas:

Data transparency: A map of areas in which the granting of new licenses is suspended, known as the Indicative Moratorium Map (IMM), was published by the Ministry of Forestry in July 2011.⁴ By law, this map must be revised every six months and the Ministry of Forestry has extended an open invitation for review and critical analysis of the map. In November 2011, a revised

version of the IMM was published. The map makes it easier for stakeholders to carry out monitoring, and thus is a strong tool in support of enforcement. This is the first time the government has made a spatial policy on forest resources transparently and publically available in map form.

Industry buy-in: Industry associations such as the Round Table on Sustainable Palm Oil (RSPO) and the Indonesian Palm Oil Association (GAPKI) have publically supported the moratorium.⁵ Private sector support was achieved through compromises such as the exclusion of secondary forest, the exemption of existing permits from the moratorium, and the potential to extend existing permits or grant new permits

that are vital to national development. Because Indonesia does not have strong monitoring and enforcement mechanisms in place, this industry agreement is essential for ensuring widespread compliance and effective implementation.

Political support: President Susilo Bambang Yudhoyono is committed to protecting the country's forest resources and enacting legislation to further this goal. This commitment is also reflected at the sub-national level: for example, the Central Kalimantan government has strongly supported the enactment of the moratorium. Continued political will, matched by external support including a \$1 billion commitment from Norway,⁶ will be instrumental in implementing an effective moratorium.

Institutional coordination: The government recognises the importance of ministries and agencies working together nationally and locally to implement the moratorium. The presidential instruction describes the roles and responsibilities of the Ministry of Forestry, the Ministry of Home Affairs, the Ministry of the Environment, the Presidential Delivery Unit for Development Oversight (UKP4), the National Land Agency (BPN), the National Coordination Agency for Spatial Planning (BKPRN), the National Coordination Agency for Survey and Mapping (Bakosurtanal),

and the proposed agency to manage REDD+.⁷ It also defines the roles of the provincial governors and district governments. However, some essential ministries are not mentioned in the instruction, including the Ministry of Mining (responsible for mining permits both inside and outside the forest estate), the Ministry of Agriculture (responsible for the development of a map of peatlands) and the Ministry of Finance.

Extending the benefits of the moratorium beyond the two-year period

The moratorium can lead to improved management of forest resources by “pausing” business-as-usual patterns of deforestation to give the government time to take the actions needed for low-emissions development. Whether the moratorium has long-term positive impacts depends on what the Indonesian Government—with the participation of industry and civil society—achieves within the two-year moratorium period. These next steps will be critical to extending the impact of the moratorium:

Licensing and spatial planning reform: Under the moratorium, the Ministry of Forestry is instructed to suspend new licenses, make the process of issuing permits

Making the map of the moratorium publicly available is an important first step in improving data transparency. However, further data on licenses and land use will be critical to improving resource governance in the long term.

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more transparent and rational, and improve the management of critical lands. The revised process should include reviewing, revoking, reissuing or relocating permits that were granted illegally, are not in compliance, or are in areas that are inappropriate for development from a climate perspective. In addition, the National Coordination Agency for Spatial Planning has been instructed to accelerate the integration of the IMM into the land governance reform process already under way. These reforms open a window of opportunity to zone primary forest and peatland for conservation or sustainable management, and to develop sustainable agriculture on non-forested land. Reforming the licensing and zoning processes will have positive impacts beyond the two-year moratorium period.

Capacity building for data transparency: The publicly available map of the moratorium coverage is a landmark step towards improved data transparency and resource governance in Indonesia. However, stakeholders need additional data transparency, including recent license information and land-use maps, to determine whether instructions are being fully implemented. To achieve this, spatial analysis capacity should be strengthened so that information on

Indicative Map of Moratorium on New Permits



Source: Government of Indonesia <http://appgis.dephut.go.id/appgis/petamoratorium.html>

forests can be shared, independently reviewed, and properly archived.

Monitoring and enforcement: Research conducted by the WRI found that, during the first three months of the moratorium's implementation, 103 verified forest clearing events occurred inside the area covered by the IMM.⁸ This demonstrates the need for improved monitoring and enforcement if the potential benefits of the moratorium are to be realised. Enforcement mechanisms urgently need to be strengthened by improving communication of the moratorium boundaries and their significance to the local branches of key enforcement agencies. Since local governments are responsible for the licensing and enforcement of conversion concessions, their compliance with the moratorium is critical.

Vertical coordination with provincial and district governments: While government ministries and agencies at the national level have been working together on the development and initial implementation of the moratorium, further vertical coordination will be critical. Coordination with local governments, which are responsible for the licensing and enforcement of conversion concessions, will be critical to effective implementation. To achieve this, the Ministry of Home Affairs, which has been instructed to advise and monitor the provincial and district-level execution of the presidential instruction, will need to follow through with strong support.

Metrics of success: Some of the goals of the moratorium cannot be tracked via satellite-based monitoring. These goals include improved processes for land-use planning and permitting, and strengthened data collection and information systems. Clear criteria for success, including interim progress indicators, should be identified by the government and tracked over time.



Improved spatial and land-use planning can divert logging and conversion away from carbon-rich forests and peatlands. Photo: Moray McLeish, World Resources Institute

Lessons and implications

Indonesia faces real challenges in reconciling the competing interests of its agriculture, mining and timber industries with the country's greenhouse gas emission reduction goals, an explicit objective included in the moratorium instruction. For example, Indonesia aims to increase the production of fifteen major crops, including doubling palm oil production by 2020.⁹ Achieving these goals will require more land, even after increases in yields.

The moratorium provides the government of Indonesia with time to improve the processes for land-use planning and permitting that can support both agricultural expansion and greenhouse gas emission reduction goals.¹⁰ These improvements could include reviewing or revoking illegal permits, encouraging sustainable

agriculture expansion on degraded land, and developing incentives for existing permits on forested lands to be swapped for permits on lands with low conservation value. Such steps will enhance Indonesia's ongoing efforts to achieve both

The moratorium is not simply a tool to achieve greenhouse gas emission reduction targets in the near-term. Instead it should be seen as an opportunity to establish the enabling conditions necessary to support low-carbon development strategies over the long run.

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Many countries around the world face a similar challenge of balancing economic development with forest

conservation and greenhouse gas emission reduction goals. Moratoria like the one implemented in Indonesia can allow time for the government – with participation from industry and civil society – to put in place the

necessary systems and processes to enable sustainable land use beyond the moratorium period.

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About CDKN

The Climate and Development Knowledge Network (CDKN) aims to help decision-makers in developing countries design and deliver climate compatible development. We do this by providing demand-led research and technical assistance, and channelling the best available knowledge on climate change and development to support policy processes at the country level.

About WRI

The World Resources Institute (WRI) is a global environmental and development think tank that goes beyond research to create practical ways to protect the Earth and improve people's lives.

Front cover photo: Mark Henley/Panos Pictures
Editing, design and layout: Green Ink (www.greenink.co.uk)



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