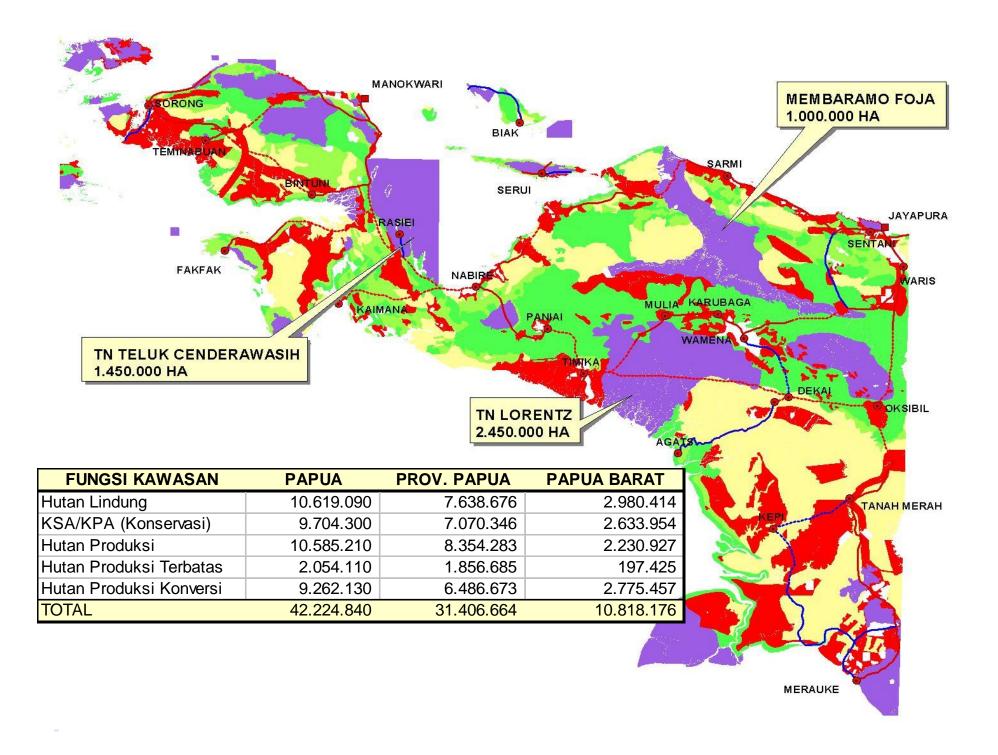
Recognition of customary rights in Papua

Creating the basis for poverty reduction and growth in the forest sector

INDONESIA

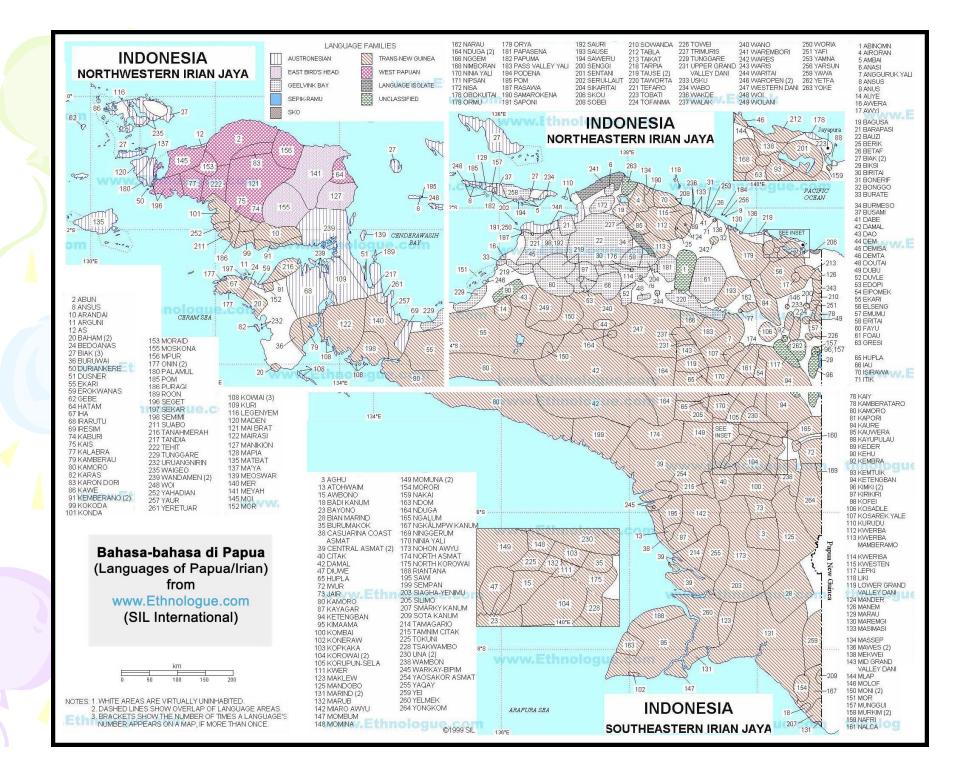


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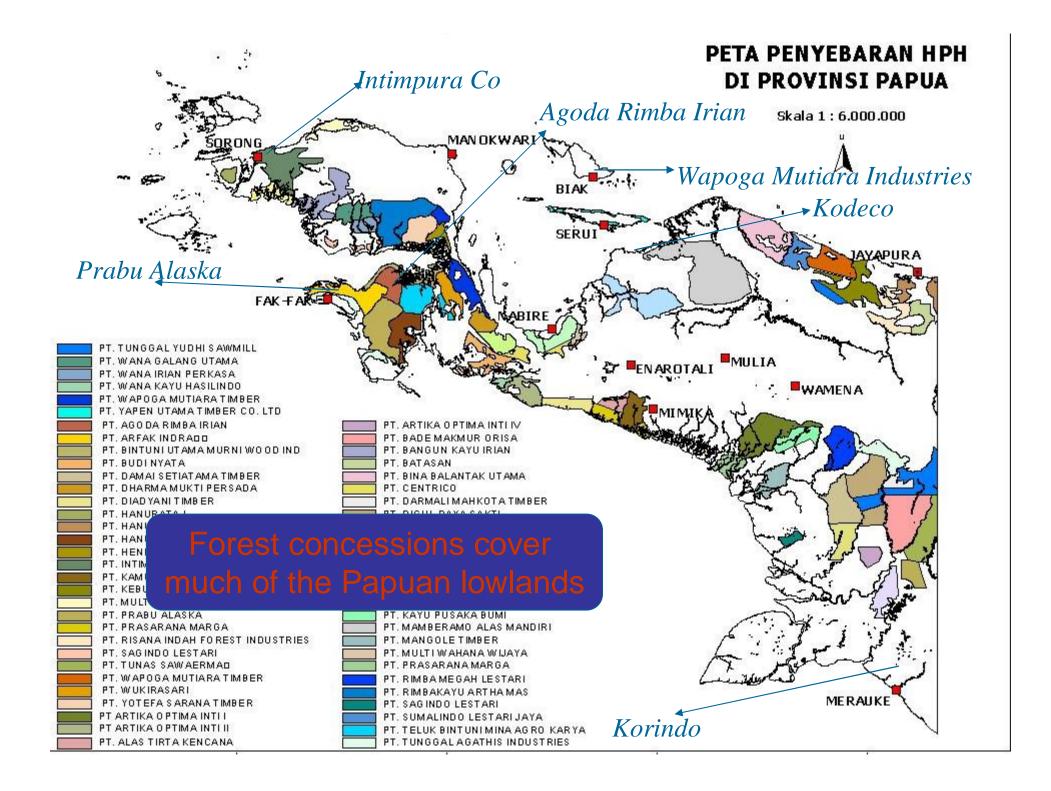
Forests exploitation and customary peoples in Papua

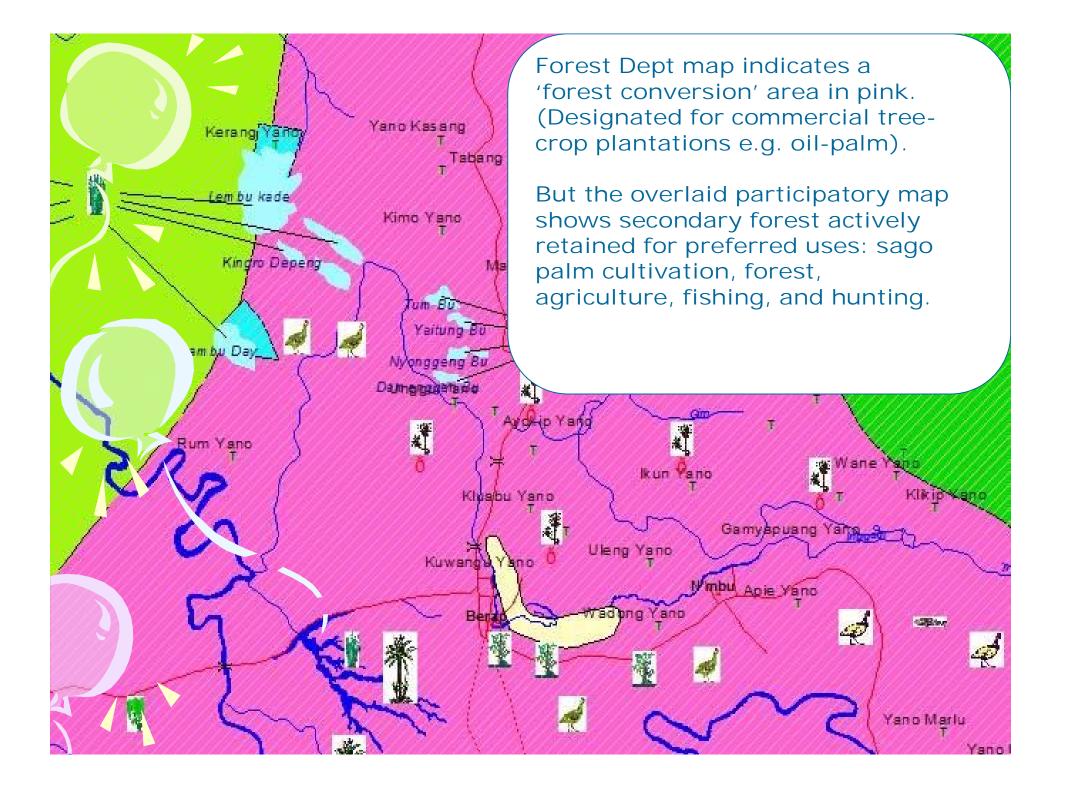
- De facto, almost the whole of Papua is regulated by customary law communities, spanning approximately 262 language groups.
- Customary ownership consists of clearly defined territorial units, held in common by community institutional structures with their own management systems.
- Customary peoples remain highly dependent on forest resources. Fieldwork by the Provincial Forest Office shows that around 40% of cash and 30% of subsistence needs are met by forests.



Forests exploitation and customary peoples in Papua

- 70% (or ~39 million hectares) of Papua is classified as National Forest Estate.
- However, forest law and policy does not recognise the existence of or work with customary peoples as *de facto* owners of the forest resource.
- Customary rights have been overridden in the allocation of land for commercial concessions, conservation areas as well as conversion.





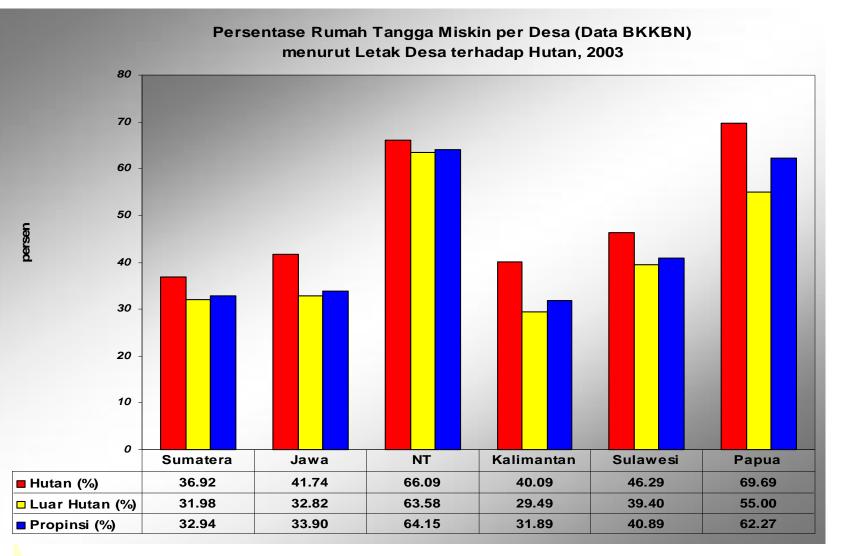
Inequitable benefit-sharing

- Weak transparency with respect to forest sector revenues mean that few of the profits from the timber industry feed back to communities on the ground.
- Timber concessions are required to provide mandatory compensation (per m3) and community development (PMDH). But weak monitoring means that only a few people benefit and many communities are left disappointed.

Poverty in the midst of wealth...

- The forestry sector is Papua's second biggest revenue earner at 5.24% of total export values (or 59,43% of export values without the Freeport mine).
- Yet forest areas in Papua are characterised by the highest per capita rates of poverty in Indonesia
- 90% of villages in forest areas can be categorised as poor in terms of village infrastructure (health, education etc), compared to 76% of villages outside forest areas) (BPS 2003)

69.69% of households inside forest areas are estimated to be poor compared to 55% outside (BKKBN, 2003)



Growing forest-sector conflict

- Customary peoples remain marginalised from forest-sector development; fuelling escalating and (often violent) conflict.
- Partly as a result of conflict, of 68 concessions in 1984, only 23 are now active.
- Without recognition of *adat* rights, support for community empowerment and monitoring of benefit-sharing, companies and communities are finding it hard to reach agreement.
- The ultimate victims are local communities, due to environmental degradation and loss of long-term income-generating opportunities.

The need to recognise customary (adat) rights

- The mechanisms for negotiating land-use allocation with *de facto* customary owners are not yet in place.
- The Basic Agrarian Law (1960) and Resolution of the Indonesian Upper House TAP MPR IX/1999 provide for *communal titling* of customary lands. This has never been implemented.
- Law 41/1999 on Forests considers customary (*adat*) forest as just one part of the National Forest Estate. It only recognises private forests as those with *private individual title*.
- Art 67 of Law 41/1999 mandates a regulation on adat forests to be passed. Again, this has never been implemented.

Opportunities presented by Special Autonomy

- Special Autonomy granted to Papua in 2001
- Articles 38 and 42 of Law 21/2001 on Special Autonomy mandates the protection and economic empowerment of customary law communities.
- It also requires natural resource mangaement to to be regulated through the issuance of Provincial Special Legislation (*Perdasus*)
- Implementation had been delayed by political foot-dragging. The Papua People's Council (necessary to approve *Perdasus* legislation) was only established in December 2004.

Attempts to recognise adat rights - IPKMA

- In 2002, the Provincial Government of Papua used its Special Autonomy powers to begin issuing 1000ha annual community logging licenses (IPKMA)
- Its intentions were good: (i) tackle growing conflict; (ii) allow communities to transact directly with the private sector – a position which they had never enjoyed before.
- However, IPKMA was designed without proper legal analysis and an enabling *Perdasus*, and without adequate social and environmental safeguards.
- Failed to provide a long-term solution. 1000ha annual licenses were beyond the capacity of many communities to manage.
- IPKMA were licenses were easily 'captured' by external timber syndicates, leaving customary communities as passive by-standers.

'Operasi Hutan Lestari'

- The Environmental Investigation Agency exposed massive abuse of IPKMA licenses by illegal logging syndicates ('The Last Frontier', 2005).
- In March 2005, IPKMAs were declared illegal by the Ministry of Forests in Jakarta.
- A massive law enforcement crackdown 'Operasi Hutan Lestari' targeted both illegal logging syndicates as well as local communities with valid IPKMA licenses.
- The Ministry of Forest did not provide customary communities with a viable alternative, and once again exist in a legal vacuum without access to legal timber markets.
- Where dependency on forest resources is high this has serious implications for poverty reduction.

New solutions

- Following the withdrawal IPKMA in March 2005, the Provincial Government of Papua has been working actively to seek new solutions under Special Autonomy for recognition of customary rights to manage forest resources.
- The Provincial Government is now developing a Special Provincial Law (*Perdasus*) on *Sustainable Forest Management with Papuan Customary Law Communities*.
- This provides a more secure, sustainable basis for community-based forest management.

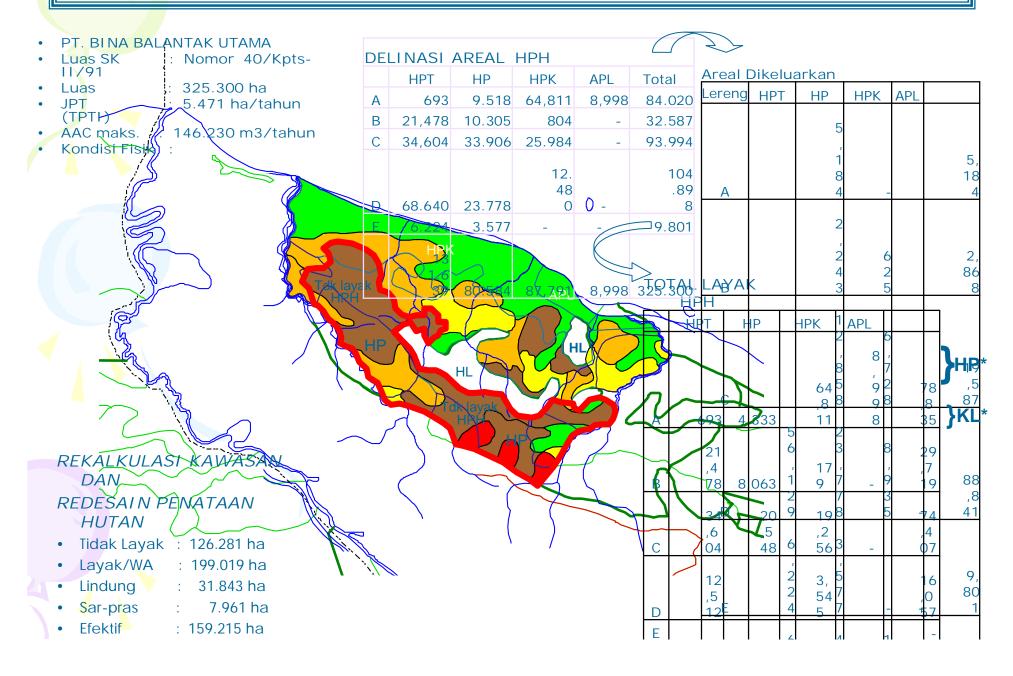
The Special Provincial Law (Perdasus) on 'Sustainable Forest Management with Papua Customary Law Communities'

- Adapts the national legal framework on forests (Forest Law 41/1999 and Regulation PP6/2007) to the requirements of Special Autonomy.
- Mandates the recognition of customary land rights as the basis for long-term investment security and a fairer share of benefits for customary peoples.
- Regards customary peoples as long-term forest managers, with rights and responsibilities to plan, implement and monitor forest management.

Important aspects regulated by the Perdasus on Forests

- 1. Participatory mapping as a tool for determining ownership and land-use negotiation
- 2. Community forestry management units (KPH-HKM), managed using the *'ecoforestry' approach* developed in PNG as an alternative to IPKMA
- 3. Re-designation of commercial concessions (HPH) in line with customary land-use and forest potential to tackle long-term conflict
- 4. Development of home industries (increasing value-added for customary forest managers)
- 5. Public control mechanisms (access to information ombudsman, third-party auditors, involvement of customary communities in monitoring, a Papuan Forestry Council including customary representatives)

Example REDESIGN OF PT. BINA BALANTAK UTAMA CONCESSION (Areas outlines in red are not suitable and should be excised)



Mitigating the effects of biofuels development

- In light of previous experience with illegal logging, the timber sector is seen as high risk
- Investors are shifting their interests to biofuels, with planned large-scale land conversion for biofuels (over 1 million ha for oil palm, sago and cassava).
- The Perdasus on Forests will play a key role in mitigating its effects by providing a basis for:
 - Recognition of customary land rights.
 - Negotiation of land allocation and use with customary owners.
 - > Enhanced social and environmental due diligence.

Conclusion

- There is an urgent need to begin piloting implementation of the *Perdasus;* five key sites have been identified, including those affected by biofuels development.
- Its success depends on the support of both Central Government and the international donor community.
- If there is no genuine political will to implement Special Autonomy for Papua, customary communities will remain poor and marginalised.

