

## Governance and implementation challenges to the “Reduced Emissions from Deforestation and Forest Degradation (REDD)”: The case of the demonstration activity of Ulu Masen, Aceh, Indonesia

Enrique Ibarra Gené

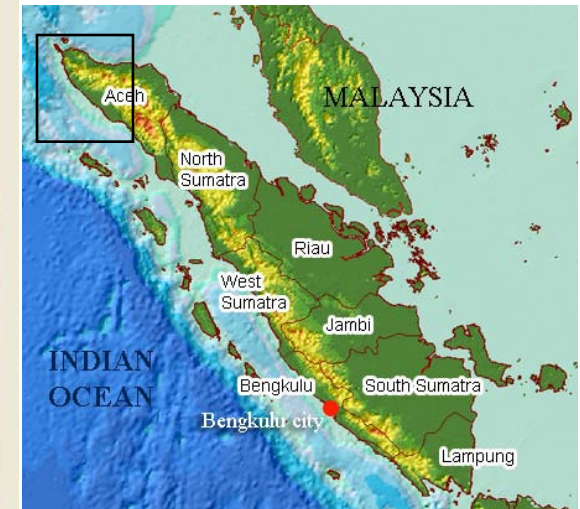
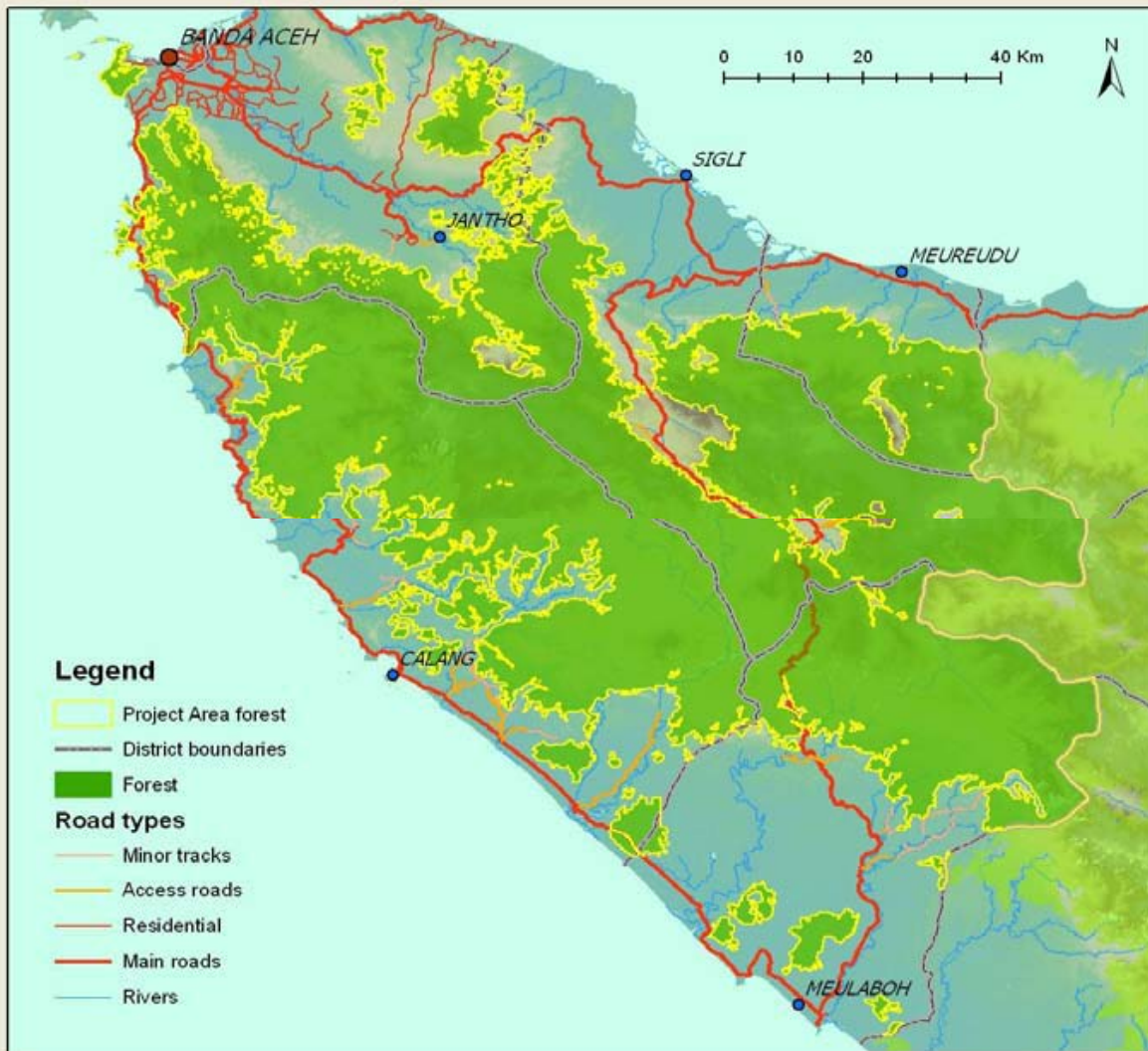
Researcher, Forest Conservation, Livelihoods and Rights Project

Institute for Global Environmental Strategies (IGES)

# Outline

- Project description
- Land use planning and local concerns
- Forest governance at the province level
- Implementation challenges
  - Timber market
  - Project's implementation strategy
- Final remarks
  - Institutional reform
  - Implementation strategy: market issues

# Project description: Location of Ulu Masen




# Project description

- Project area (Ulu Masen): 750,000 ha
- Proposed by the Provincial Government of Aceh, Fauna & Flora International and Carbon Conservation Pty. Ltd
  - Time frame: 30 years
  - Main goal: reduction of logging (legal and illegal) by 85%
  - Estimated annual rate of deforestation in Aceh; 21,000 ha (with project 3,150 ha)
  - Targets four districts (61 villages)
- Proposed actions
  - Process of land use planning and land reclassification
  - Increased forest monitoring and law enforcement
  - Promote alternative livelihoods: reforestation, landscape restoration, sustainable community forest management (SCFM), orchards, fruit farms
- Revenues from carbon finance (selling of carbon credits)
  - Sustainable timber production fund (logging concessionaires)
  - Financial support to individuals and groups (reforestation and assisted natural regeneration)
  - Revolving loan fund for small scale enterprise development
  - Monitoring and law enforcement

# Land use planning and local concerns

- Land reclassification and land use planning participatory approach. Consultations with
  - Provincial Government
  - District Government
  - Villages
- Village level: understand of the need to protect the forest
  - Local understanding about REDD needs to be improved
    - Effect of land reclassification on local livelihoods unknown
    - Rights and responsibilities of communities' rights and responsibilities towards the project are not fully understood
- Concern about the recognition of traditional community rights over natural forests



# Forest governance in Aceh

- Province government:
  - Different governmental organizations have overlapping mandates over forest resources
  - Competition between these organizations
  - Lack of transparency and accountability: enables illegal logging
- Illegal logging:
  - Two purposes: subsistence, rent-seeking (third actors)
  - Village level: traditional source of income for some 2000-3000 farmers around Ulu Masen (low impact, non-mechanized)
  - Logging entrepreneurs sponsor illegal logging
  - Logging entrepreneurs act together with local authorities
- Challenge for the process of land planning and land reclassification to distinguish between
  - Illegal logging for subsistence: foster transition to CSFM
  - Illegal rent-seeking-logging: curtail mechanisms that enable illegal logging
- There is a declared intention of the provincial government to review and restructure the institutions
- High revenues produced by illegal logging reduce the political will to achieve good forest governance

# Implementation challenges: Timber market

- Main goal: reduce logging by 85%
- Demand for timber in Aceh for reconstruction soared after the tsunami
  - Maximum allowable cut for concessions
    - 2005: 47,000 m<sup>3</sup>
    - 2006: 500,000 m<sup>3</sup>
  - Estimate of annual timber volume to attend reconstruction needs: 700,000 m<sup>3</sup>
- Main short-term effect of the project:
  - Reduce timber supply → increase local prices of timber, making logging an attractive endeavour

# Implementation challenges: Implementation strategy

- Project proponents assume:
  - Reduction of timber supply can be neutralized through
    - Supply from timber from accelerated tree planting and community forest management
    - Increasing the supply of other goods: orchards, fruit farms
- Source of uncertainty
  - It is not clear how it account for the time gap that arises between the reduction of timber supply and the time it will take for forest plantations and timber from landscape restoration to supply timber of the same quality (hard woods, high value)
  - Whereas it may be possible to convince villagers not to engage in illegal logging, it is not clear how it will be dealt with end-dealers (source timber elsewhere = leakage)
  - Increasing the production of other goods (e.g. orchards, etc.) that do not affect the timber market will not affect the timber market: market viability of alternative products is not known
- Measures to reduce the actual demand for timber are necessary
  - Provision of substitute goods in the short term
  - Consumer education
  - Simulate the use of other sorts of timber



# Final remarks

- Provincial government faces the challenge of undertaking institutional and organizational reform to
  - Promote transparency and accountability in the management of natural forests
  - Break the networks that enable corruption and facilitate illegal logging
- Project proponents need to envisage a strategy to effectively address the demand for timber
- There is a need to scope the market capacity of absorbing increased supply of products other than timber. Without this information, it will be difficult to enable alternative livelihoods

Thank you