

Comments and Recommendations on the Forestry Investment Program/Plan Document

Submitted by
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We are a network of civil society organizations with concerns over natural resources justice issues in Indonesia and environmental conservation. Based on our experiences in working with various communities whose livelihoods are dependent on the natural resources passed on by their ancestors; we are aware of the many agrarian and natural resources problems that have been experienced by these communities. We have also observed an abundance of problems in the management of natural resources by the government. Based on these observations and experiences we know that it is a necessary step to examine every plan related to natural resources management in the nation, including in the forestry sector.

The *Forest Investment Programme/Plan* (FIP) is one of the plans which we consider to have great potential to give serious influence to communities at the site and to support the management of forest resources by the government in the present and future. The reference document we analyzed and later used to provide several recommendations is the document in Bahasa Indonesia entitled “PROGRAM INVESTASI KEHUTANAN RENCANA INVESTASI KEHUTANAN INDONESIA” or “THE FORESTRY INVESTMENT PROGRAM - INDONESIA’S FORESTRY INVESTMENT PLAN” from March 2012. The document was downloaded from the Republic of Indonesia’s Ministry of Forestry website (http://www.dephut.go.id/files/Draft%20FIP%20Plan%20Bahasa%20Indonesia-2012_0.pdf).

We have also sent a letter with general notes on this document on March 16, 2012. We urged that these substantive inputs can be considerations in recomposing the FIP document; not only for us, but for millions of Indonesian people whose lives are depended on the forests.

General Commentary

1) FIP refers to problematic legal foundations

Most of the legal references in the FIP document are to The Forestry Law. The characteristic of this law has made it one of the most problematic policies in

Indonesia, especially for communities living in and around the forest areas. One of the most serious problems is that there is no recognition of the rights of indigenous people over the forests as a part of forest under rights;; as their communal rights to the land are not fully acknowledged (Article 1 point 4). This article is further supported by the language criminalizing people who live in the forest areas. Article 50, for example, states that

“Everyone is forbidden to cut trees or harvest or collect the forest results from inside the forest without having any right or license from the authorized official. Furthermore the same article also forbids people to carry tools which are commonly used to fell, cut, or divide trees inside the forest area without authorization from preferred official.”

setiap orang dilarang menebang pohon atau memanen atau memungut hasil hutan di dalam hutan tanpa memiliki hak atau izin dari pejabat yang berwenang. Selanjutnya pasal yang sama juga melarang orang membawa alat-alat yang lazim digunakan untuk menebang, memotong, atau membelah pohon di dalam kawasan hutan tanpa izin pejabat yang berwenang.

Violators of these prohibitions can face cumulative sentences of 3-5 years in prison, and a 1-5 billion Rupiah fine (Article 78). The various regulations above do not consider the fact that there are more than 30,000 villages located within or on the borders of forest areas that have been there for generations; or that most of these communities are not familiar with the concept of receiving licenses from the authorities. Currently, most of their territories are considered as “forest areas” – areas considered to be government land – which by law makes them illegal dwellers in the forest areas. Therefore, this law has consciously turned the members of thousands of communities into forestry crime suspects. The FIP references this law is without any reservation, clearly agreeing with this political framework that criminalizes forest use, and ignoring the rights of millions of Indonesians who live in and around forest areas. At the same time, it also continues the “business as usual” scenario, which should have been broken through by FIP as an advocate for REDD+ and climate change mitigation.

Recommendation:

- FIP will have to support forestry policy changes, including by openly urging for changes in The Forestry Law that fully acknowledge the rights of indigenous people and local communities and to revise elements of the law that criminalize forest-dependent communities . This document should refer substantially to TAP IX/MPR/2001, as a basis for encouraging the review of all natural resources policies, including The Forestry Law.
- To make the Constitutional Court Ruling No. 45/PUU-IX/2011¹ a legal reference to be used to resolve the problems of uncertain official boundaries of forest areas.
- To make the FIP program a basis for the attempts to resolve the issue of delineating and legally defining forest areas and for establishing tenurial/ownership certainty for communities within and around forest areas, as well as the exact status of the forest area itself.

¹Refer to http://www.mahkamahkonstitusi.go.id/Risalah/risalah_sidang_Putusan%20Perkara%20No.%2045.PUU-IX.2011,%2078.PUU-VIII.2010,%20tgl.%2021%20Feb%202012.pdf

- To refer to The Anti-Money Laundering Law as well as The Tax Law for eradicating acts of illegal logging. This is important since forestry problems will not be resolved if illegal logging practices continue.

2) FIP does not answer the inequality of forest control

Injustice in the control of forest resources in Indonesia has been a serious problem ever since the country adopted the colonial-era concept of state claim to the forests. Today, more than 60% of forest areas are under the control of the Ministry of Forestry. Meanwhile, more than 60 million people living within and around the forest areas do not have legal ownership over or proper control of the forest. The solutions offered by the government under the Public Forestry Scheme, Village Forest and other social schemes are still far from meeting expectations. Presently, the total area covered under all of these schemes is less than 1 million hectares, while forest resources distributed to the private sector reaches over 30 million hectares. FIP was not created from a reflection of these facts related to injustice in the control of forest resources, so it is unclear what concrete achievements can be driven by FIP in terms of increasing community rights through redistribution of control over forest resources.

Recommendation:

- FIP must possess a clear target related to the number of communities whose control over forest resources will be recognized by state law under the FIP program. This target should be aimed in particular to communities who currently have the least control over forest resources.
- FIP should contribute to promoting changes in the schemes to solve problems of tenure/ownership, which is currently on hold due to the complexity of the procedures. FIP must be the project which encourages the simplification of the procedure to determine and acknowledge community rights, especially for those who are marginalized.

3) FIP is not powerful enough in answering gender injustice issues

In various communities, women are a part of a vulnerable group that needs to be specially protected. At the same time, women are also often placed in positions as holders of fundamental knowledge related to environmental management, in general and at the family level. The FIP document that exists at present only mention the term “gender sensitive” in the context of a mainstream approach. However there has not yet been any commitment to actions specifically designed to address discrimination of women’s rights, particularly in the form of affirmative action that is real and measurable.

An investment approach that is solely based on the concept of “gender sensitivity” can lead to the trap of business as usual, relying on the same gender mainstreaming efforts that have been tried and implemented for the last 20 years. Though normatively women’s rights are acknowledged as equal, the policies and practices applied to the forestry sector still negate the existence of women, due to the construction of a socio-cultural gender bias

which is affirmed by the state's formal policy. The long record of injustice began with a gender-biased perspective. For example, only men were recognized as land owners or heads of households, despite the fact that many women work as land managers and even act as the head of the family. As long as these facts are ignored and formally unrecognized, then the marginalization and exclusion of women in the forest development - including access and knowledge - will continue.

Recommendation:

- Recognition and protection of marginalized groups such as women, children, the elderly and the those with disabilities should be mentioned specifically in the FIP plan's documents, with an affirmative action approach that identifies forms and patterns of vulnerability of marginalized groups.

4) FIP failed to portray deforestation drivers in detail

There are several factors that FIP failed to recognize as causes of deforestation. In these cases, the actors involved were not recorded by this forestry investment plan. It should be recognized that one of these actors in the past was the International Financial Institution itself. The International Financial Institution took part in encouraging transmigration, land occupation, and other investments that promoted deforestation. Aside from these facts, FIP also failed to address deforestation caused by the mining and palm oil plantation sectors. Both of these sectors were supported by the International Financial Institution as well.

Recommendation:

- To identify the International Financial Institution as having been involved in project loans related to deforestation, and identify and acknowledge their deforestation-friendly policies as one of the drivers or causes of deforestation.
- Other affiliated sectors such as mining and palm oil plantations, which also contribute heavily in encouraging deforestation, should also be acknowledged as one of the drivers or causes of deforestation.

5) FIP overlooked the licensing business phenomenon in the decentralization era

Since Indonesia entered the decentralization era in 2000, most of the licenses related to forestry were issued by the local governors or regents. The spirit that accompanied the licensing was the belief that each region should manage itself, which in the end was expected to help communities in the region prosper. However, the facts acquired did not support this assumption. HuMa's Research (2011) shows an increase in the rate of deforestation after

the year 2000, especially prior to the gubernatorial elections (Pilkada). Aside from the environmental damage, the rising rate of deforestation also caused conflicts in the forestry sector. This phenomenon shows the obvious relationship between deforestation and the economic and political interests in the region-level.

FIP should not ignore these region-level dynamics, nor the relationship between the central and regional governments which encouraged the rate of deforestation mentioned above. The regional economic and political dynamics that encourage deforestation were mentioned in the fish-bone chart, but they were not reflected in the investment program planning which is based solely on the managerial functions of KPH, while the massive role of regional government's on licensing authority - in the context of central and regional relations - was not reviewed nor encouraged to change. This particular section will be elaborated further in the specific comments below.

Recommendation:

- FIP should acknowledge the regional economic and political dynamics which encourage deforestation, as well as try to find systematic solutions through efforts that encourage and give incentives to those managing reform at the regional level, including clarifying the licensing process and its terms, and developing safeguards that ensure the protection of (potential) victims in mismanagement of licensing procedures.

6) FIP is potentially leading to a market pitfall

Currently, a solid and comprehensive concept of investment in the market-based forestry sector is not yet available at the national level, including the carbon market. The current market is designed for the sale and production of tangible forestry products, including woods and carbon, for which social issues are not a factor. This failure to address social issues has become one of the drivers of conflict in the forestry sector. Apart from that, the market itself does not have the capability to answer complex forestry problems, including policy reform, management and tenure, which are tangible problems at the local level and urgently need to be resolved. The efforts by FIP to introduce a market-based approach locally have obscured the priorities of resolving basic forestry problems, which should be answered by a comprehensive policy instead of the market forces.

The carbon market, with its lack of clarity, is dangerous to the community, since the most important assets of their lives are no longer controlled by their own tradition and faith, but by market actors who are able to work beyond state boundaries.

In relation to this matter, in paragraph 107 it seems clear that there is a push to radically transform how communities make their livelihood in the future. This can definitely be perceived as a radical transformation in a community, where in fact there are many examples of well-established and sustainable communal forest management models available.

Recommendation:

- FIP should encourage the development of agreements at the national-level relating to “Forestry Sector Investment,” which will thoroughly protect local community rights within and around the forest, especially due to the possibilities of creating a new markets that involve the local community.
- FIP should acknowledge and adopt models that rely on forest management within the community, without carelessly introducing an entirely new forest management models which could potentially marginalize communities and prevent them from accessing important assets of their livelihood.
- FIP should also clearly state the mechanisms to establish accountability in a project, as well as an effective complaint mechanism which is easily accessible to the communities living in and around the forest.

7) FIP can potentially lead to increased debt

Over the past two decades, the government has depended on foreign debts, which have increased since the 1998 monetary crisis. Currently, Indonesia’s debt reaches nearly Rp. 2000 trillion, while the loan payments become more and more of a burden on the state budget (APBN) every year. To make matters worse, the borrowed money for various projects has often been used to pay foreign consultants and self-serving unproductive bureaucratic interests.

Basically, FIP as a part of mitigation efforts should be based on a moral concept of “ecological debt.” It should not take the form of monetary debt. Even though the debt element within this forestry investment plan is aimed at the private sector, there is still no accountability or firm guarantee that the state will not be the guarantor of this type of debt, if there is a payment failure in the business sector. There is also no guarantee to ensure the protection of communities living within and around the forest area, including vulnerable groups inside the communities, which are often targeted as debtors. Without a guarantee of protection the debt scheme will be dangerous, since it will place the weakest and most marginalized parties in a position to lose their rights, while privileged parties may escape their obligations without any significant loss.

Recommendation:

- A clear concept is needed to establish non-debt related funding, by optimizing available funds. There should also be clear and visible justification to the public regarding the sources of funding and its allocation.
- The state must not be the guarantor of private debts in case of payment failures. However there should be a guarantee of protection for the targeted communities. This will be explained further in the specific comments below.

8) There is no clarity as to the status of inputs from the parties involved in public consultations

The FIP document has many references to the public consultation process, but it is unclear which recommendations from the public consultation process were reflected or adopted in the document, and which were not. One of the results of the public consultation process that is missing is the protest over debts, which was not referred to in the final FIP document. The process concerning the involvement of stakeholders was published in detail in Attachment 2 paragraph 88-105, but that does not clarify what of the stakeholder recommendations have been adopted. There are also questions regarding individual inputs that were given verbally and in writing. What happened to those inputs? And why is there no transparency regarding the who gave these individual inputs? It is mentioned in paragraph 127 that the consultation process only involved non-profit organizations, the government and the private sector. What about the communities in the project areas? This can only mean that FIP does not yet consider the community to be the main rights-holders.

Recommendation:

- The FIP team should produce a special attached document, which addresses in detail the process, the substance and the status of inputs received from various stakeholders. Within this document, an elaboration of the input status is needed, regarding which inputs have been adopted and why.

9) MDBs Due Diligence

Natural resources management, including the management of forests in Indonesia, cannot be separated from MDBs involvement both in funding aid or providing loans. However up to this point there has been very little visible progress in Indonesia's forest management. Corruption, conflicts and a huge pile of forestry problems do not seem to have been untangled in the midst of abundant MDB funding and debt accrued by the Indonesia's government. Until now, MDBs seem to continue supporting programs without clear and measurable targets, and consistently continue to support problematic conditions despite policy problems including corruption, which becomes a source of conflict. The MDBs have not reflected on these problems, and never admit to being a part of the problem themselves, instead insisting that the Indonesian government is the source of the problem.

Recommendation:

- MBDS involved in FIP need to conduct due diligence to ensure their support of the FIP programs do not infringe on the essential principles in the MDBs' established charters, such as anti-corruption and the support of democracy, including the respect for human rights.

Specific Comments

1) The differentiation of the Safeguards policy and its disconnect from the national process

The FIP document refers to various safeguards policies, depending on each activity or the MDB's "intervention groups" (Para 172: ADB safeguards for the Community Based Natural Resources Management Encouragement and Institutional Development project, as well as paragraph 192: IFC safeguards for the Forestry Sector and Carbon Emission Mitigation Reinforcement Efforts project). This unintegrated safeguards policy may cause confusion and coordination problems between organizations/agencies involved, especially if a project is run by two or three different MDBs (for example: joint ADB and World Bank activities). In this case, which safeguards policy is to be used? Aside from that, the existence of various safeguards policies also reduces the guarantee of the use of the highest standard in environmental protection, as well as the rights of communities living within or around the forest area. Furthermore, it is not clear what role, if any, this investment plan will play in supporting the nearly completed process of developing national safeguards for REDD+. Without any explicit commitment to support the development of a national safeguards system, which is also a mandate from Stranas, the FIP process could potentially jeopardize the national process and Indonesia's ownership in this plan.

Recommendation:

- The Indonesian government is currently in the process of developing a national safeguards system for REDD+ programs. This process is almost finished. All programs or projects related to REDD+ must also support this process which is taking place at the national level, including FIP. The support must be visible in various investment activity phases where the program contributes to the national process of safeguards building.
- The safeguards applied in these programs should be of the highest rights standard, whether that is the national safeguards, or safeguards belonging to one of the three MDBs in FIP. On safeguards standardization, FIP must wait for the national process to be completed, and the safeguards standardization must be conducted through a national process.
- In this program, there must be only one safeguards standard and that cannot be changed based upon the project implementer's standards.

2) The Problems of Forest Management Unit (KPH) and Licensing Problems

Paragraph 58 states that "...the recognition of the Forest Management Unit (Kesatuan Pengelolaan Hutan/KPH) was purposed to fix and decentralized the forest management authorization, enhancing the accountability of forest outputs, to fix the involvement of local stakeholders, and potentially increase the transparency..." It was also stated that FIP will support KPH as mentioned in paragraphs 59-63. This contains a basic problem. According to the Forestry Minister Regulation; KPH can only take a temporary management role in the forest usage license; while the forest area usage is still under the authority of regent, governor or minister (refer to the Forestry Minister Regulation P.6/Menhut-II/2010). The Chief of the KPH can only monitor and coordinate the allocation of the region, but is in no capacity to rule out licensing. Including the KPH as a FIP intervention focus without considering the licensing

authority as the main cause of deforestation problems and conflicts, has indeed failed to address the main forestry problem in basic level; the chaotic licensing.

Recommendation:

- FIP needs to urge a more comprehensive KPH design, including to control licensing and recommend a fast response to overcome the overlapping licensing scheme at the local level.
- FIP urges the strengthening of the KPH as a forestry management unit and the replacement of the currently existing licensing system

3) FPIC Position In Between Rights Imprisonment

Related to the analysis about the disparity between existing regulations and the current governance, especially on tenurial/ownership issues, paragraph 96 said that tenurial/ownership problems are centered around the lack of "... recognition of the *legitimate* rights of indigenous and local people upon the access of forest farm and resources...." The analysis above implies that FIP agreed to conditional recognition of the rights of indigenous and local people, as well as to various *business as usual* regulations. The term '*legitimate rights*' (or in English documents referred as *valid claims*) –although reflecting the complexity of right claims reality in the field– has the potential to restrict the fulfillment of or even to castrate the rights of indigenous and local people; because it does not come with a clear explanation or clear measures. Additionally, the establishment of criteria and measures up until this point has appeared to be arbitrary. What are the definitions of *legitimate rights* or *valid claims*? More importantly, whose perspective is being used to determine the *legitimate* and *valid* paradigm? Reality has shown that the terms '*legitimate*' and '*valid*' according to the state can entrap indigenous and local societies in rights formalities which inevitably marginalized them even more. The phenomenon then repeats with the use of the term of "recognition upon the legitimate rights of land" in the context of FIP social-cultural benefits in paragraph 107. Both terms can be said to have imprisoned the communities' rights.

In addition to carrying the potential to arbitrarily limit rights, those various terms also raise questions about the position of FPIC. It should be recognized within FPIC, the application of C=consent has been accepted as one of the instruments to ensure that rights are secure and that the forestry investment process is implemented according to the principles of rights. However, without placing FPIC in the context of ensuring substantive rights, instead leaving it as mere procedure, FPIC is becoming like a hollow shell; which fades before it even blooms.

Recommendations:

- FPIC must be uphold with C as *consent* in its fullest meaning
- The FPIC process must be referenced in every process to ensure rights. Therefore, the terms '*valid and legitimate right*' should be parallel with the FPIC process; so that the concept will not be blurred and does not justify the taking of people's rights for formal reasons.

4) The Republic of Indonesia's Ownership and The Program's Entire Responsibility

This program and planning of forestry investment should be owned by the government of Indonesia as stated in the front page of the document draft. However, the entire document content only refers to program divisioning between three MDBs: the ADB, the World Bank and the IFC. The activity details also describe which programs to be implemented by each of those MDBs. The position and role of Indonesia's government, especially the Ministry of Forestry, remains unclear in the explanation; although it is generally mentioned that the Ministry is an "implementing agency."

This has raised question about the program's ownership: who does actually own it? The unclear ownership status also has implications for responsibility and accountability over the program. In situations where there lies problems or deviations in project or program implementation, there must be a clarity in referencing who should be responsible to resolve it, and to whom the impacted society or community can ask for accountability.

Recommendation:

- It must be clearly stated who will be responsible for the program in general and for each of the activities. The FIP documents must include the accountability mechanism as a reference usable by the people. This is crucial so that the society can participate in monitoring the activities' implementation, and to have clarity as to which party can be held responsible when a problem or deviation in the activity or program implementation occurs.

5) Problems About Ecosystem Restoration

FIP supports the Concession Business License of Forest Results Usage-Ecosystem Restoration / ERC. According to paragraph 69, one of the crucial challenges of the ERC is the considerably high preliminary cost which must be paid by the concession holder for the ERC, despite the ecosystem restoration activity implementation cost. However the more fundamental question of the ERC regards the track records of potential concession holders and their social impact on local communities. Many of those responsible for deforestation and conversion have now switched to the ERC business. Supporting an ERC run by agents of deforestation in no way reflects the "polluters pay" principle, where those destroying the forest must be held responsible for their actions. At the same time, it is also difficult to determine whether or not these actors are really supporting the restoration process or simply "land banking." Additionally, the current ecosystem restoration is being carried out in forest areas whose status have not been legalized, opening up the potential for conflict with others holding claims to the area.

Recommendation:

- FIP must ensure that there are criteria for ensuring the integrity and *track record* of potential ecosystem restoration license holder
- A scheme must be established to ensure that the Ecosystem Restoration License ensures does not create conflict with others

holding claims to the area, particularly regarding community tenure rights

- ERC must conduct social impact assessments based on the highest set of safeguards standards.

6) **CBFM And New Debts**

Paragraph 47 mentioned that "...the CBFM sector (Community Based Forest Management) must accept technical help from the local banking sector in building the business and business plan. The main problem of CBFM, however, is not only on capital, but also in the complexity of licensing, limited capacity and access, and the policy that the rights will only apply in the production and protected forest areas. Such problems are more fundamental, compared to the credit availability or other funding schemes. FIP does not offer a CBFM policy changer scenario, but is instead offering new debts which are far from the efforts to overcome the CBFM's primary problems.

Recommendations:

- FIP must target the basic CBFM problems; which are the license complexities, low levels of capacity, the minimum target and initiative from regional governments, and its scope which has not included the communities living in conservation areas.
- The FIP funding support towards CBFM can only be granted when the basic problems above have been dealt with or are at the least parallel with the funding support
- If the project fails and farmers are experiencing loss, there must be a mechanism to protect farmers from debt threats which have the potential to diminish their management or access rights.

7) **Marketing Through HR and HTR**

One of the strategies on greenhouse gas emission reduction in FIP involves supporting the Community Based Forest Management (Pengelolaan Hutan Berbasis Masyarakat/CBFM) with a purpose to develop the Community Plantations Forest (Hutan Tanaman Rakyat/HTR) and People Forest (Hutan Rakyat/HR) - paragraph 190. HTR dan HR are basically schemes boosted by the government to serve the interests of forestry industries, especially pulp and paper. Many of the supporters of these schemes are deforestation actors. The forestry problems that have been taking place remain unanswered by both schemes. Instead, there are many problems related to HTR that have occurred; these include, among others, the reserve areas, the overlapping licenses on areas already burdened with various rights, bureaucracy issues, the fact that HTR is often driven by the pulp and paper business, and also the readiness of supporting institutions. In the midst of such varied problems, FIP have instead been focused on HTR and HR which prepares the communities to be positioned closer to market, rather than schemes which provides the strengthening of communities' rights over natural resources.

Recommendation:

- FIP would be better to focus on other kinds of schemes such as Village Forest (Hutan Desa), Community Forest (Hutan Kemasyarakatan) and Indigenous Forest (Hutan Adat); because such schemes are closer to accommodating the people's rights and supporting more sustainable forest management.

8) **The Lack of Clear Criteria for the Selection of Pilot Areas**

The FIP document draft mentioned several areas which have a "potential for intervention" for FIP activities (paragraph 161). These include, among others:

- Sumatra: Aceh, Jambi, Riau, Sumatra Selatan
- Kalimantan: West Kalimantan, Central Kalimantan, South Kalimantan
- Java: Central Java, DI Yogyakarta, East Java
- Sulawesi: Central Sulawesi

The locations mentioned above are the ones included in STRANAS. Nonetheless, there was no further explanation about the matter, whether the reason was based solely on STRANAS or if there are other reasons.

Recommendation:

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- There must be an explanation about the locations chosen based on concrete analysis of emission reduction targets or social aspects, such as the recognition of community's rights and or the resolution of a forest area's legal status. A criterion which is no less important is the implementation of preparation process and readiness of the particular provinces so that investments will not be mistakenly targeted to provinces who do not have adequate preconditions just yet, including on governance and the development mechanisms to secure the rights of indigenous and local people (*safeguards*).
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- An analysis must be conducted before choosing the intervention areas, which will ensure that the areas are free from conflicts or the potential for conflict.

9) **Blurring the Scope of the Definitions of Various Terms.**

in this document, there are several important terms which have ambiguous meanings, including the term KPH, which in English terminology is written as "Forest Management Unit." This has caused confusion, because in Bahasa Indonesia the term "Unit Manajemen Hutan" is an entity which is conceptually is not similar to KPH. There is also the term of "lahan yang terdegradasi," or *degraded area*, whose definition is still largely debated by various parties. Another concerning point is the translating of the term "community empowerment" into "pendayagunaan masyarakat" or *community utilization*.

Another very crucial matter are the terms and criteria for "forestry enterprises" or forestry businesses, as mentioned in paragraph 146 and chapter 6.2.3, which aims to strengthen particular forestry businesses. Here it is not clear the criteria for or scale of the "forest enterprises" that are being discussed. Although this part of the program falls under the IFC intervention activities, the "enterprise" criteria used must not be the IFC criteria for "micro enterprises, small enterprises, and medium enterprises," as the IFC criteria

are not appropriate considering the business conditions and culture of farmers in the village context. The criteria regarding the number of people, turnover, and asset criteria are not appropriate for small societies. Therefore, if these conditions are used, it has the potential to mistakenly target the wrong programs.

Recommendation:

- FIP must draft a glossary list to explain the meanings or definitions of substantive terminologies used
- The “forest enterprises” criteria must be clarified with standards and criteria that will fit with the small scale business climate in Indonesia. It must not comply with the IFC criteria which is not suitable for the climate and character of business in Indonesia. This is necessary to avoid the wrong targets in IFC credit.

Looking at the abundance of basic forestry problems that must still be resolved such as *forest tenure*, the community’s rights and many more as stated on our points of delivery above, we consider that steps to resolve Indonesia’s basic forestry problems must first be implemented before running a new program or project. Without a complete commitment to resolve these basic forestry problems, any new program or project will only continue perpetuating existing problems, or *business as usual*. Therefore, FIP should be a part of the solution to these basic problems, and not creating new problems instead.

With the reasons stated above, we strongly ask that the points we deliver be included as part of the solution to problems in this Forestry Investment Plan (Rencana Investasi Kehutanan/ FIP) before getting authorization from the global FIP forum.²

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² Meanwhile, WALHI is of the view that before all the above mentioned fundamental forestry problems are addressed and resolved, it is not a credible move to continue implementing FIP with all its inherent weaknesses as a part of policy forestry in Indonesia. With that view, WALHI recommends FIP to be suspended with no time limit until all underlying forestry problems in Indonesia are resolved.