

The lines drawn between the environmentalist groups, industry and government are becoming increasingly clearer and could sharpen further going forward. In the middle is the government, trying to maintain a balance between its international commitments to reduce greenhouse gas emissions and its need to attract investment in natural resources to spur economic growth and create jobs. On the sidelines are the silent majority, increasingly urbanized and not sufficiently sensitized to

the impacts of deforestation in Indonesia's more remote islands.

Most have income levels that barely cover basic sustenance, while those more fortunate are just too few and detached from the issues to make a real difference.

So, what is the status of Indonesia's tropical forest and peat land? These forests remain an important habitat for a wide variety of fauna and flora. While Indonesia comprises only 1.3 percent of the earth's land surface, it is home to a high portion of its biodiversity, including 11 percent of its plant species, 10 percent of mammal species and 16 percent of bird species. At present, 56 percent of Indonesia's 180 million hectares of land is covered in forest, which, unfortunately, is shrinking each year because of deforestation.

According to recent reports, the level of deforestation from log cutting reached 1.8 million hectares per year between 1985-1997. This was a period of substantial forest land conversion to expand oil palm, rubber and cocoa plantations.

The loss rate worsened to 2.8 million hectares per year during 1997-2000. Experts noted that this was because of decentralization, after the fall of the Soeharto government, where provincial autonomy led many regional governments to source their revenue from the issuance of forestry concessions. It was also a period of Indonesia's financial crisis and slow economic growth, where companies and individuals were more desperate to generate earnings, some by cutting logs, knowing that the central government was preoccupied with a change in power. Others have reverted to nature as their explanation, given the unusually long El Nino dry spell, which lead to a larger incidence of forest fires.

Interestingly, the loss rate improved during 2000-2005, dropping back to 1.2 million hectares per year.

This period saw an increase in environmental awareness, and efforts by environment-focused NGOs gained ground. It was the start of increased conservation efforts and a tighter enforcement of laws to stem illegal logging. Efforts were rudimentary at best, but had some results. This uneven deforestation rate provides hope that this alarming trend can be decelerated if properly managed.

One key problem of deforestation stems from the ongoing high world demand for tropical timber, which when cut, clears forest land not only for plantations, but other activities including mining. The growing needs of a growing population with increasing incomes and the continuing rapid growth of our two large neighbors, China and India, continues to place significant demands on Indonesia's natural forests as companies relying on forest clearing for income (plantations, pulp and paper and mining companies to name a few) take advantage of increasing opportunities.

Efforts have been made to manage this demand by requiring certification for timber cutting in environmentally sustainable ways. But such certification has so far only been required for timber exports to the developed markets of US and Europe. And, with the global economic downturn, demand from these areas has been declining. However, for China and India, whose economies continue to grow and where environmental standards are less stringent, demand for tropical woods remains high.

This puts more pressure on the supply side for dealing with deforestation. Observers feel that the government needs to educate the public that deforestation has detrimental outcomes, not only on the global climate and weather, but on the economy too. Laws and regulations, which promote forest conservation, although not perfect, are largely in place. Problems are more often seen on the enforcement side, which is important in promoting corporate behavior that doesn't come voluntarily.

Nevertheless, the carbon trading scheme, by which companies that can prove their conservation efforts can claim carbon credits and cash, is beginning to gain momentum. Already, a handful of companies have begun to take advantage of carbon trading opportunities and, thus, reverse their past exploitative behavior to become more conservation oriented. One example is Sukanto Tanoto's Asia Pacific Resources International Limited (APRIL) pulp and

paper group, which is planting a ring of acacia trees around Kampar peninsula in central Sumatra to stop the deterioration of its peatland forests. Other local companies, including Pratama Forest Partners, are seeking investors and using their funds to manage, in a sustainable way, large forest concessions in West Kalimantan.

All of this wouldn't have been possible without the role of environmental pressure groups including Walhi and WWF. These organizations have been instrumental in campaigning to raise awareness on the vital issues of deforestation and climate change, as well as putting pressure on government and industry players to get them to think about their long-term impacts on the environment.

The recent signing of Norway's \$1 billion grant in exchange for a two-year (2011-2013) moratorium on any new forest clearing is a step in this direction. Much of the details have to be negotiated and agreed upon by October this year. Sources have noted that details on the five performance-based criteria of the grant still need to be worked out.

One is a national REDD-plus (reducing emissions from deforestation and forest degradation) plan and strategy. Two, an independent REDD-plus national agency needs to be set up, reporting directly to the President. Three is an agreed mechanism to measure, report and verify emissions reduction. Four is a local carbon credit registration and certification institution. And five is an agreed financial vehicle to manage the grant's disbursement.

The plan is that \$200 million would be disbursed this year to help fund the above five criteria. The remaining \$800 million would be disbursed to local conservation efforts in designated provinces, after the two-year moratorium, which means starting in 2014. Seven provinces identified are Aceh, Riau, Jambi, West Kalimantan, Central Kalimantan, East Kalimantan and Papua. It remains to be seen what these criteria would eventually look like by year end.

By 2020, the government has committed to a voluntary 26 percent reduction in carbon emissions, on its own account, and, with foreign assistance, a total reduction of 41 percent. This commitment was made during September last year's G20 meeting in Pittsburgh, US, and reiterated in Copenhagen, Denmark, a few months later.

So far, there doesn't appear to be much coordination among different ministries to launch a unified policy and action plan to address the Norway-sponsored moratorium or moves toward a low-carbon economy.

As the moratorium debate intensifies, many hope the government will take a less-compromising stance and forcefully lead this debate.

Choosing the environment needs not be at the expense of development. In fact, in the long run it is consistent with development, perhaps not as much for us as for our children's future.