# Indonesia: REDD+, European Development Funding and the 'Low-Carbon Economy'

*How does REDD+ fit into the development agenda in Indonesia? What are the actors involved in promoting REDD+ and with which interests? This article reflects on these issues and alerts on how REDD+ is being instrumental for the push towards what is called a 'clean', 'green', 'low-carbon' development.*

*This article is also available in Bahasa Indonesia*

REDD+-type projects seem to be of less concern nowadays for grassroots activists in Indonesia compared to 10 years ago. This might be because trading carbon credits from REDD+ projects - one of the main critiques - has not materialized, at least not yet. REDD+ nowadays is mostly 'results-based' (1); and is some result not better than none at all? For activists, REDD+ projects might also sound better than those related to the mining or palm oil industries.

***Development, destruction and REDD+***

The fact that development agencies, funds and initiatives pursue *development* seems obvious. But for activists it might be less obvious what development stands for. *Development* inevitably is intertwined with destruction in at least two ways. Firstly, the destruction that accompanies extractive activities, which are justified as the 'price' of *progress*. These provide the materials needed to manufacture products for a modern urbanized *developed* lifestyle. Secondly, *development*'s destruction is linked to the impact on, for example, collective and traditional practices and values, and on traditional systems of ancestral wisdom and knowledge. In essence, *development* means transforming people into consumers of the frequently inaccessible market products of the *developed* world.

These two forms of destruction explain why **REDD+ also fits so well into the *development* logic** –whether it is a carbon trade or a 'results-based' mechanism. REDD+ projects have invaded the life spaces of communities and destroyed diverse forms of living with the forest, as well as connected knowledge systems and rituals. By turning the carbon stored in trees into exchangeable units, REDD+ projects restrict communities from accessing their life spaces in order to supposedly 'protect' said units. REDD+ projects try to transform modes of living into so-called 'sustainable livelihoods', promising that community members can become entrepreneurs and access new markets. REDD+ has thus been instrumental in the incursion of *development* into one of the last isolated regions in the world, the tropical forests. (2)

This is because REDD+ is not about tackling the underlying causes of deforestation, such as investment models, debt, macroeconomic policies, global commodity flows and trade relations within a neoliberal globalized economy. Rather, it is a good 'partner' of *development.* It allows forests to continue being destroyed whenever it is more profitable to extract minerals, metals, timber or establish oil palm plantations, compared to investing in carbon credits. (3) As a result, REDD+, including the development agencies as promoters of REDD+, have rather put their focus on forest-dependent communities as if they were the ‘drivers of deforestation’.

The **combination of *development* and *conservation*** is not new in Indonesia. Already in the 1990s, development agencies enthusiastically supported “Integrated Conservation and Development Projects” (ICDPs) in Indonesia. A World Bank report even noted that the possibility to offer “economic development for the rural poor” was among the features making ICDPs “irresistible to (...) development agencies”. (4)

After ICDPs proved to be one more failed attempt to conserve forests, development funding in Indonesia jumped enthusiastically onto REDD+ and became its main funding source. (5) REDD+ promised not only to ensure the conservation of forests but also to transform forest conservation into the conservation of carbon units. This possibility benefits corporations and economies in the *developed* world as these units of ‘stored carbon’ serve as offsets to perpetuate the extraction and use of fossil fuels, which are the bedrock of the *developed* world’s financial wealth. It also showcases how *development* is fundamentally about the self-interest of the so-called *developed* world.

However, after almost 15 years, deforestation in all main tropical forest areas is on the rise. What then was the result from all the money related to ‘results-based’ REDD+ projects, for example in Indonesia? A recent general examination of 15 years of REDD+ considers it a typical example of “policy persistence”, that is to say, “the continued economic and political support to a policy in the face of overwhelming evidence that it is failing to achieve its stated objectives.” The study concludes that REDD+ has turned into a mechanism with a perspective of “development as usual” and “embedded within the development industry”. (6) One result of REDD+ in Indonesia, it could be argued, is the creation of yet another bureaucracy inside the State structure.

Besides, the thousands of pages of the Indonesian REDD+ documentation mention little or nothing about the underlying causes of deforestation. While mentioning “poor spatial planning”, “inadequate law enforcement”, “land tenure” issues and “ineffective forest management”, (7) other much more fundamental causes are simply ignored, including the structural collusion between the State and the private sector. For example, an investigative documentary (8), showed how President Widodo and his family, his Vice-President and other close collaborators are involved in the coal mining business. Moreover, 262 out of 575 parliamentarians in Indonesia (45%) are employee, owner, shareholder or CEO of some of the country’s biggest extractive industries and trading companies. The major problem then is not that politicians are lobbied by or take bribes from big business, but that businesses have effectively taken over the apparatus of government.

One symptom of this corporate take-over is the administration of the REDD+ funding within the Indonesia government. This is not the responsibility of the Ministry of Environment and Forests, as one would expect, but instead, of a company, PT SMI, created within the Ministry of Finance. PT SMI was created by the World Bank, the Asian Development Bank and the Indonesian government in 2009 to be “a catalyst in supporting the acceleration of infrastructure development in Indonesia” (9). Particularly after 2017, SMI's main portfolio around ‘green economy’ policies became energy and low-carbon energy projects (10). These projects heavily impact forests and forest communities. For example, a new Law on Geothermal energy (11) allows SMI to develop about 60% of Indonesia's geothermal prospects inside so-called ‘protected forests’.

Another symptom of the corporate takeover is the increasing militarization of forests, and the intimidation and repression of activists that oppose forest destruction in order to ensure the smooth progress of business over the life spaces of communities on land and sea. Meanwhile, the Indonesian government is making legal changes, some of which benefit the mining sector, while others, the new so-called Omnibus Law in particular, benefit the corporate sector in general. The Omnibus Law has led to major protests, given its weakening of workers rights and environmental regulations. (12)

Also missing in the analysis is the conservation approach, as another important root cause of deforestation. For example, when REDD+ conservation projects lead to eviction of people from their land –to supposedly protect 'carbon-rich' forests, – and who then have to find somewhere else to live. On top of this, areas for 'nature conservation' are usually State-owned, which means that the State can at any time lease such areas for industrial activities. Indonesia has a vast record of allowing mining in protected areas. (13) Besides, 'sustainable logging', another component of REDD+, also shows how REDD+ can be a driver of deforestation, as will be explained in the next section.

***What the REDD+ development funding omits***

**Norway is Indonesia's main REDD+ funder**. When Norway launched its REDD+ strategy in 2007, the Minister of Petroleum and Energy, Aslaug Haga, was present. (14) Norway's impressive US$1 billion pledge – of which recently US$ 55 million has been paid out **-** to the Indonesian government for 'results-based' REDD+ was made via the Oil Fund. This is a pension fund based on the profits of **Equinor**, Norway's state oil company, which has accumulated assets of more than US$1 trillion (15). It makes the US$1 billion promised to Indonesia a lot less impressive.

What Norway's REDD+ documentation omits is that Equinor continues to extract oil. The company opened its Indonesian office in Jakarta in 2007, the same year that REDD+ took off internationally at the UN climate talks in Bali. Equinor's focus in Indonesia is on offshore exploration. It has drilled seven wells, three of which have since entered into operation. Currently its activities are focused on the Aru Basin in West Papua which it plans to expand. (16) According to Equinor, 2019 was a year of "record high production", US$ 13.5 billion in profits, and the company has plans to explore new extraction fields in the coming years (17).

While Indonesia is front page news at times because of its terrible forest fires, no similar commotion is created about the daily impacts of Equinor's massive oil and gas extraction, or the resulting emissions. Now the company intends to support REDD+ by fostering voluntary markets and trying to put together what they call a 'robust' carbon market – an easy way to avoid taking any responsibility for its own emissions. (18)

In August 2020, an Indonesian 'results-based' REDD+ development project of US$103.8 million was approved by **the Green Climate Fund (GCF).** As in the case of Norway, the GCF contribution is also 'results-based'. But the 'results' are derived from a game involving the "skilful manufacture of calculations that will result in an outcome that is favourable to the respective country". This is what more than 80 organisations communicated to GCF Board members, adding that such funding is shameful in times of increasing deforestation in Indonesia. (19) As well as resulting in more money for its own REDD+ bureaucracy, the Indonesian government claims that it will also invest the GCF money in "community livelihoods" and "sustainability".

The focus on "providing sustainable livelihoods" to forest-dependent communities, as GCF´s deputy director, Juan Chang, stated, not only expands neo-colonial interventions over forest territories, but also takes the focus away from the real culprits of deforestation. Chang also said that REDD+ should be “a transition toward resilient and low-emissions development” (20). But what has ‘low-emissions *development*’ to do with REDD+?

***Low-carbon economy in Europe: More deforestation in Indonesia***

From the beginning, a main concern of **Germany, another major donor to REDD+** in Indonesia that focused on three districts in Kalimantan, has been “to promote an understanding of the role that forests play in a *green economy*” (21), said term being just another way of referring to a *low carbon* economy or *low emissions development*.

In its attempt “to promote” such an understanding of *low emissions development*, the German government claims with its REDD+ funding this is about “integrating local people into sustainable forest management” (SFM), and that “private forestry enterprises receive support for certification”. Legal logging through SFM is an often overlooked but important component of the REDD+ concept, and is seen as one way to combine conservation with *development*. It is also a key component in the bright new concept that REDD+ has recently become part of: **Nature-Based Solutions (NBS)**. At the last UN climate conference in Madrid in 2019, during a seminar on NBS, Peter Ellis from **The Nature Conservancy** claimed that logging could be part of such ‘solutions’, while the improvement of ‘reduced impact logging’ can be achieved without undercutting timber production. (22)

While the analysts of REDD+ programs admit that logging is an important driver of deforestation, they also claim that in order to keep forests standing, the point is not to stop logging but rather make it ‘legal’, ‘sustainable’ and ‘community-based’. However, there is growing evidence of SFM’s destructive impacts on forests and the involvement of organised crime in ‘sustainable’ and FSC certified legal logging schemes (23). Instead of boycotting tropical timber, FSC has created and tries to increase recent market demand for ‘sustainable’ timber.

By far the biggest demand for ‘sustainable’ tropical timber comes from Europe. The international technical tropical timber association (ATIBT) argues that “there is significant scope for increasing the market share of verified sustainable tropical timber”, which translates into increased logging. Germany, the country that hosts the FSC international secretariat, purchases 32.5% of ‘sustainable’ tropical timber (24). In 2008, Indonesia was the third biggest exporter of ‘sustainable’ timber to the EU. (25)

The **European Union**, for its part, intends to lead global efforts towards a low-carbon economy. During her 2020 “State of the European Union” address, and in reference to the economic impacts of the Covid-19 pandemic, EU President von der Leyen announced that the 2030 target for [carbon] emissions reduction would be increased from 40% to at least 55%. She also announced the creation of “1 million electric charging points” and that Europe would become “the first climate neutral continent”. The transition to a ‘green economy’ is apparently an integral part of how the EU plans to foster economic recovery post-pandemic. (26)

Nevertheless, Europe’s ambitions will require more minerals, metals and rare metals to produce the batteries, electric cars, charging points, wind turbines, solar panels, geo-thermal energy, and so on. While China has most of the known world reserves of rare metals, Indonesia is among those countries with the most valuable deposits; consequently, a run on minerals and metals in the latter country is expected in the coming years. Indonesia is also known to have the biggest geothermal energy potential in the world. These new markets, worth billions of dollars in ‘green energy’ resources, will lead to increasing and huge pressure on Indonesia´s forests, waterscapes, arable land and forest-dependant and peasant communities. (27)

The biggest REDD+ funder worldwide, Norway, is the country that proportionally has the most electric cars in the world: one out of two new cars purchased in Norway is electric. Thus while Equinor continues oil extraction elsewhere, in Norway all new cars sold by 2025 must have “zero emissions”. (28)

Besides approving REDD+ money for Indonesia, the Green Climate Fund also approved a 10-year project in 2018 to the Indonesian government - through PT SMI -, to scale up geothermal energy. (29) The German government, alongside its UK counterpart, has given technical assistance to the Indonesian government to elaborate its “*low-carbon development* route” of which geothermal energy is a fundamental pillar. (30) Through the country’s **KfW development bank** – one of the main REDD+ funders worldwide -, Germany has invested US$ 2.3 billion in geothermal energy in Indonesia (31). According to a KfW spokesperson, “potential business opportunities also exist for German companies”. (32)

In Indonesia, geothermal mining has encroached on people´s life spaces and invaded protected areas. According to a villager facing a project of geothermal energy: *“If our land, water sources, air and livelihoods are being destroyed by geothermal exploration and exploitation, how can this energy be called ‘clean’? ‘Clean’ for whom?”* (33)

***Final remarks***

Nowadays, especially European development agencies, initiatives and funds are pushing for an agenda towards what they call a ‘clean’, ‘green’, ‘low-carbon’ *development*, without giving up on where their financial wealth is built on: the extraction and burning of fossil fuels. REDD+ is an essential, not less dangerous, part of that agenda, especially in the way it is being used by the governments of Norway and Germany, in tandem with the Indonesian government, as a smokescreen to portray themselves as saviours of the climate, the forests and their people.

Moreover, the Indonesian government is currently using REDD+ as one of their main arguments to counter the critiques on the Omnibus Law. In reply to a letter of 36 international investors criticizing the Law, due to the expected increase in deforestation if it comes into effect, the Indonesian Minister of Environment, wrote that the fact that the GCF and Norway approved REDD+ ‘results-based’ payments “reflects its [Indonesia’s] success in reducing deforestation and forest degradation, as assessed by an independent team appointed by the GCF and Norway”. (34) ‘Independent’ for whom?

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1- REDD *has been the dominant international forest policy mechanism since 2005, and has also been a concept constantly re-defined since its introduction: from REDD to REDD+ (including* **Sustainable Forest Management***,* **Reforestation** *and* **Conservation Areas***), to jurisdictional REDD+, and at present “results-based” REDD+. In the case of “results-based” REDD+ the only difference with the carbon trade-based REDD+ is that the carbon credits are not being sold to a buyer that then offsets its pollution. Under “results-based” REDD projects, however, the same* *“carbon accountability” is undertaken in order to know how much carbon is supposedly stored in the forest, and on which the payments are based. “Results-based” REDD+ also continues blaming forest people´s agricultural activities for deforestation, imposing restrictions on their use of the forests. Shifting cultivation, gathering and other subsistence activities are usually prohibited, with restrictions regularly enforced by the support of armed guards. The corporate destruction of forests, for its part, continues unhindered (for more information, see* What do Forests have to do with Climate Change, Carbon Markets and REDD+? A toolkit for community activists (WRM, 2017)

2 -By refusing contact with the outside world, the approximately one hundred groups of isolated indigenous peoples in the Amazon, are probably the last to resist becoming part of the *developed* world.

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6- Idem

7- CIFOR and ICEL, The context of REDD+ in Indonesia. Drivers, agents and institutions, 2012

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11- New Geothermal Law of Indonesia, No. 21/2014

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25- Eurostat, Wood products -production and trade, 2020

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