

Deforestation on Indonesia's Sumatra island in 2010. The country's deforestation rate last year was the lowest in 20 years. It lost 115,459 ha of forest cover last year, an area just over 1½ times the size of Singapore, representing a 75 per cent drop from 2019, according to the Indonesian Ministry of Environment and Forestry.

PHOTO: REUTERS



Ecosystem Rehabilitation project in West Kalimantan.

However, there are many other corporations in Indonesia that have yet to commit to the nation's green transition. These are mainly small and medium-sized producers operating at the national level, but collectively they are significant.

They represent what may be termed the "leakage market", and more efforts are needed to have them improve as climate action becomes more mainstream and expectations increase.

Similar but larger is the challenge to ensure that smallholder farmers and communities also shift. There are millions of smallholder farmers in Indonesia who depend on the production of agricultural commodities for their livelihoods.

For palm oil in Indonesia, independent smallholder farmers make up over 40 per cent of the production. Currently, only 10 per cent of palm oil smallholders take up certification programmes on sustainability.

Certification for sustainability – which includes efforts to stem deforestation and fires – requires high upfront costs and effort. To these smallholders, the benefits are not immediately apparent in terms of revenue, whereas cost and effort are.

To move ahead, larger companies can again be key. They often buy and refine palm oil from the smallholders and can help nudge, train and reward them for sustainability efforts. For example, major palm oil player Musim Mas has set up a dedicated smallholder programme aiming to integrate independent smallholders into sustainable supply chains.

These are considerable tasks for Indonesia. The controversy sparked by Indonesia and the COP26 declaration on deforestation demonstrates concerns from international observers.

No one should be blind to the possible risks, but to move ahead, the social and economic realities in Indonesia must also be acknowledged. Approaches cannot be the same as those taken by developed countries.

Without saying "no" to growth, Indonesia will need to balance conservation and climate action with economic development, especially in the sensitive agribusiness and forestry sector.

Vigilance is needed in looking at commitments by Indonesia and, indeed, all countries concerning forest conservation. But rather than knee-jerk criticism, there is a need for a realistic and fair assessment of progress.

This can then be a basis for nudging and collaboration as well as for assistance and incentives to move the country and the forestry sector forward.

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Is Indonesia backtracking on COP26 pledge?

It is difficult to ring-fence the saving of trees for climate action from the developing country's need for economic growth

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For *The Straits Times*

Indonesia was ranked the world's eighth-largest greenhouse gas emitter by the World Resources Institute, in a study before the pandemic. Agriculture, forestry and other land use make up around half of its emissions.

So when Indonesia joined more than 100 countries in a global commitment to end deforestation at last month's United Nations climate conference, the COP26, it was a large and noted step forward.

The nations agreed on a multibillion-dollar plan to stop cutting down trees on an industrial scale in under a decade.

Indonesia's signing of the declaration is a significant move as it is home to the world's third-biggest rainforest.

Yet accusations have since arisen about backtracking.

This followed Indonesia's Environment and Forestry Minister Siti Nurbaya Bakar's objections to the media's characterisation of the declaration as a "zero-deforestation pledge".

"Forcing Indonesia to zero deforestation in 2030 is clearly inappropriate and unfair," she said in a *Guardian* newspaper report.

Legal logging and agricultural activities will still continue, she and Deputy Foreign Minister Mahendra Siregar clarified, as these are needed to support Indonesia's development.

What commitment and real progress has Indonesia made to curb deforestation? What more can we expect as action against climate change accelerates globally?

NOT PERFECT BUT PROGRESSING

Consider the global context. Rates of deforestation have increased between 2019 and last year, even amid the pandemic. Losses of tree cover in Brazil and other countries rose further this year.

Indonesia has notably performed better, with last year's

deforestation rate the lowest in 20 years. The country lost 115,459 ha of forest cover last year, an area just over 1½ times the size of Singapore. That's a 75 per cent drop from 2019, according to the Ministry of Environment and Forestry.

"In the past, we've often said that our deforestation was in the millions," the ministry's director of forest resource monitoring Belinda Arunarwati Margono was quoted by environmental news site Mongabay as saying. But the 2020 deforestation rate, she said, "is remarkable for us because this is the lowest deforestation figure that we've ever achieved".

This represents a welcome shift from past decades, with land often illegally cleared by fire. The economy grew, with palm oil exports amounting to nearly US\$23 billion (S\$31.4 billion) last year alone, up 14 per cent from 2019.

But that growth has been at the expense of natural ecosystems, with deforestation resulting in fires and haze, and driving large-scale greenhouse gas emissions.

Signs are that Indonesia is moving away from this unsustainable growth. A moratorium on clearing primary forests and peatlands was introduced in 2011, and this stance was made permanent by President Joko Widodo in 2019.

In 2018, Indonesia also introduced a freeze on issuing new permits for oil palm plantations.

While the order technically expired earlier this year, the Indonesian authorities are still not approving new applications, and Mr Widodo says this policy will be enshrined into law.

Some question whether these commitments and changes in policy are being fully implemented across the vast archipelago.

However, three signs indicate broad progress.

The first is in the institutions that have been given the task of implementing the policy.

The Jokowi administration has strengthened the Ministry of Environment and Forestry and created an agency specifically to restore Indonesia's vulnerable ecosystems – originally focusing on peatlands, but now also working on mangrove rehabilitation – as the Badan Restorasi Gambut dan Mangrove (Peatland and Mangrove Restoration Agency).

These are ecosystems that, unless managed sustainably, would be an immense source of greenhouse gas emissions – and Indonesia has 36 per cent of the world's tropical peatlands.

The second sign comes from the private sector corporations that deal in agri-commodities, like pulp and paper and palm oil, and control large land concessions.

The largest companies have shown increasing commitments to conservation on lands they manage, and are also looking for ways to increase productivity from their present land, rather than expanding blindly.

The third sign is something that is the most visible, especially to Singaporeans: the haze. This is caused by land and forest fires, linked to unsustainable agricultural expansion.

Yet, there have been no major haze incidents last year and this year. Earlier this year, the annual Haze Outlook report released by the Singapore Institute of International Affairs predicted a

low risk of haze in 2021. This is the first time the annual study has issued such a low-risk rating.

This assessment results not only from benign weather, but also from an assessment of Indonesia's efforts to address the forestry and land use issues that underpin the haze.

In effect, the haze serves as a signal fire – the presence or absence of smoke in the sky says a great deal about Indonesia's implementation of commitments on deforestation and climate action. Its absence this year when so many other countries have suffered fires is evidence of the improvements.

TOWARDS SUSTAINABLE DEVELOPMENT

Indonesia's steps to conserve and restore ecosystems are in tandem with efforts to promote green investment.

At COP26, President Widodo announced that Indonesia will soon be implementing carbon pricing and creating a national emissions trading system – complementing the country's forthcoming carbon tax, which takes effect in April next year.

Beyond encouraging businesses to limit their emissions, Indonesia's carbon policies are expected to spur interest in nature-based projects. These are initiatives that provide a financial incentive to protect forests by generating certified carbon offsets which can be sold.

A number of such projects already operate in Indonesia, and this sector can grow further.

Additionally, expanding conservation must involve not only the Indonesian government, but also the private sector across the forestry sector. Leading companies are already stepping up, like pulp and paper producer April (Asia Pacific Resources International Holdings Limited), which leads the Riau Ecosystem Restoration project in Sumatra, and palm oil company Golden Agri-Resources, which runs a Peat