

Farewell Luncheon Remarks

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Introduction

Thanks to all of you for joining us today. It's wonderful to have so many friends and colleagues present.

I'm deeply honored that Pak Iman and other senior officials from the Ministry of Forestry are here with us. We also have excellencies from the diplomatic corps, including the Dean from Zimbabwe, and Ambassadors from Belgium, Brazil, Norway, and Switzerland. We're also happy to have Ujjwal Pradhan from our sister center ICRAF, and many in other colleagues from government, civil society, business, and the media, as well as CIFOR staff.

They say there's no such thing as a free lunch; now you have to pay for yours by listening to me talk, and then by joining in the conversation later.

For the next 30 minutes (at most) I want to talk about three things:

- First, I want to provide a perspective on what's changed over the last 25 years that I've been watching Indonesia's forestry sector;
- Second, I want to provide some reflections on CIFOR, as it approaches its 20th anniversary next year; and
- Third, I want to throw out a few thoughts on current events and challenges as Indonesia positions itself for global leadership on forests, especially with respect to the important issue of forests and climate change.

Indonesia's forests – a 25-year perspective

Twenty-five years ago, in 1987, I was fresh out of graduate school, and got my dream job to come to Indonesia to work on forest issues with the Ford Foundation.

This was the moment that the international community had discovered the importance of tropical forests the last time around, and words like “biodiversity” were brand new. It was before the first Rio Earth Summit in 1992, before CIFOR existed, and certainly before *Reformasi* here in Indonesia. It was even before mobile phones and email!

My job at the Ford Foundation in Jakarta – where Sidney Jones had been one of my predecessors -- was to nurture a group of grantees associated with a “social forestry” program, and, to the modest possible under the Suharto regime, managed a portfolio of grants related to human rights.

It was a wonderful job. I got to meet all kinds of interesting people working for progressive change, and several of them are here today – Ota Santosa, Bungaran Saragih, Ismid and Titi Hadad....and I even had the prescience to hire Wimar Witoelar to do an evaluation of the social forestry program *before* he became famous.

I now realize how tiresome it must be for Indonesian colleagues to welcome wave after wave of young foreigners with bright ideas about what needs to change, and a lack of understanding about why things are the way they are. I was certainly one of those clueless young foreigners, and am deeply grateful to those of you who were patient with me, and contributed to my education. I'm still clueless, but no longer young.

They say that when you're climbing a mountain, you sometimes need to pause and look down to see how far you've ascended; it keeps you from being discouraged when you look up and see just how far there is to go before reaching the summit.

Foreigners who come here for postings of three, four or even five years often don't have the opportunity to experience the profound changes that have unfolded over a longer time scale. Given the timing of my two stints in Indonesia, I've had the privilege of being able to connect the dots between ideas, individuals, and institutions over a 25-year timespan, and the progress that's taken place gives me hope for the future.

It's hard to imagine now, but 25 years ago, you really could not talk about indigenous peoples' rights to forest land. Now it's being discussed openly, including in the context of a Ministry of Forestry Task Force on forest land tenure led by Pak Hadi Pasaribu.

25 years ago, the World Bank was under attack from advocacy groups for financing transmigration and large dams, and thereby doing harm to the environment and indigenous peoples. Now, the Bank is partnering with AMAN to support the development of institutions to register indigenous land claims.

20 years ago, the proposal to share timber revenues with local communities was a non-starter at Perum Perhutani -- State Forest Corporation -- because it challenged the idea of the "kawasan hutan" as the exclusive purview of the state. When I came back to Indonesia six years ago, a policy for such revenue-sharing in Java was firmly in place.

Even 10 years ago, the field of "forest governance" was still new. It was novel to be able to talk openly about the existence of illegal logging and forest-related corruption: The first Ministerial meeting of the Forest Law Enforcement and Governance initiative was hosted by Indonesia, and took place in Bali in September 2001.

In 2002, Indonesia helped launch the Asia Forest Partnership at Rio+10 to create a much-needed multistakeholder forum to discuss the sensitive issue of illegal logging; now, as we recently discussed with the Ministry of Forestry, we have the problem too many such forums, and the AFP is no longer needed to play that role.

Indonesia is the first country in Asia to negotiate a Voluntary Partnership Agreement with the European Commission to make sure that timber exports are

legal. And with help from people like Andy Roby, Indonesia is implementing a Timber Legality Assurance System to ensure compliance.

Putting such a system into place will be like climbing a mountain in its own right, and I don't want to minimize the challenges ahead in that area or many others. But when I look down from the mountain, I get dizzy seeing just how far we've come.

CIFOR and forestry research

Now let me say a few words about CIFOR and forestry research. I'd like to ask all the CIFOR staff present to raise their hands, so you can see the many senior researchers who do work in Indonesia. I'd also like to introduce CIFOR's new Deputy Director General, Peter Kanowski, who joined CIFOR last month.

The Center for International Forestry Research was established in 1993, so this is its last year as a teenager. From now on, we'll have to behave!

Two decades ago, the Government of Indonesia mounted a vigorous campaign for the privilege of hosting CIFOR; if I'm not mistaken, CIFOR remains the only global-scale international organization with its headquarters here.

And several of CIFOR's founding fathers are here with us today, including Pak Djameluddin, who as Minister of Forestry presided over the early years of CIFOR's establishment and the construction of the lovely campus in Bogor. I also want to recognize Pak Kuswata Kartawinata, who guided much of CIFOR's early research in East Kalimantan.

CIFOR works throughout the tropics on both humid and dry forests, and we have offices and staff members based in nine other countries in Asia, Africa, and Latin America. But Indonesia has always occupied a disproportionate share of our global research agenda. Indonesia's forests provide an ideal laboratory for

studying all the reasons that forests are valuable, as well as all of the reasons that they are disappearing.

A global CIFOR research project recently showed that on average, forest products used for consumption or sale make up 24 percent of household incomes in villages in and around forests. And I'm sure it's a lot more in many places in Indonesia. CIFOR researchers working with communities in East Kalimantan identified more than 3600 specific uses for more than 1400 forest species, suggesting a high degree of dependence of rural livelihoods on forest biodiversity.

Forest industry can also be a locally important source of employment: the small-scale teak and mahogany furniture industry constitutes more than a quarter of the economy of Jepara district in Central Java. And recent CIFOR research conducted by Herry Purnomo shows that women are the first to lose their jobs when export markets for these products contract, a reminder that we need to be attentive to the gender dimension of forest-related benefits.

More recently, forests are being valued for their role in storing carbon. CIFOR has specialized in measuring the carbon in wetland forest ecosystems, with a particular focus on peatland and mangrove forests here in Indonesia. We've found that previous methods for estimating emissions that result from converting peatland forests to other uses may be inaccurate, and are working to improve those estimates and the empirical data to support them. We've also found that mangrove forests have much more carbon below ground than previously thought, suggesting that destruction of mangroves is a globally significant source of the emissions that cause climate change.

We're also pursuing research to illuminate the more local benefits of maintaining forest cover that are not yet sufficiently appreciated. One is the importance of forests as a source of resilience *to* climate change. In Indonesia, climate change is expected to bring increased frequency and severity of intense rainfall events, and natural forest cover can help control the flooding and landslides that are likely to get worse as a result. Climate change is also expected to bring longer, hotter dry seasons, and healthy forests will be more resistant to the higher risk of wildfires.

Another is the contribution of forests to food security. Some people would have you believe that Indonesia has to choose between forests and food. But in fact converting forests to agriculture can be detrimental to sustaining agricultural productivity, because forests provide important ecosystem services to crops, including pollination and hydrological regulation.

Despite all these benefits, Indonesia's forests continue to disappear. Starting in the mid-1990s, CIFOR conducted a decade's worth of research on the underlying causes of deforestation, including here in Indonesia. We've done studies about the roles of agricultural expansion, the pulp and paper industry, infrastructure development, fire, decentralization, illegal logging, and inappropriate law enforcement approaches.

The bottom lines are that first, it remains more profitable to destroy a forest than to conserve it; and second, the governance tools that are necessary to achieve more optimal land use outcomes remain weak or incomplete: Indonesia needs stronger and more certain land tenure, more inclusive processes for spatial planning, and more accountable and transparent processes for granting permits to exploit, convert, and conserve forest areas.

Doing research on these topics has sometimes gotten CIFOR into hot water. It is no secret that CIFOR's relationship with its host country has not always been smooth or comfortable. Some of those officials who campaigned to have Indonesia selected to host CIFOR probably later concluded that they should have been more careful in what they wished for.

From the beginning, CIFOR's Board has steered the organization toward policy-oriented research. And that has meant undertaking analysis of sensitive topics such as overcapacity in the pulp and paper sector, illegal logging, and corruption in the use of reforestation funds, to name a few.

The Ministry of Forestry and elements of the private sector have not always been happy with the content or tone of CIFOR publications. I recall a conversation with Ibu Nining about a CIFOR concept note that had caused consternation at the Indonesian Embassy in Tokyo a few years ago. Ibu Nining has just returned to

Indonesia to take on the role of Director of International Cooperation, so we'll look forward to her further guidance on these matters.

In recent years, we have instituted a "no surprises" policy to give our hosts at the Ministry the opportunity to comment on manuscripts at the external review stage, so that we know of their concerns before, rather than after, we go to press. And that has worked well.

It speaks well of Indonesia and Ministry of Forestry in particular that it has not only tolerated but sometimes even welcomed CIFOR's critical analysis on topics such as the lessons from management of the Reforestation Fund for REDD+ revenues, and more recently, our analysis of the implications of the moratorium on new forest concessions put into place just a year ago this week. Both sides have worked hard to get over the *sakit hati* from the past and to develop trust through information-sharing and joint projects such as the REDD-Indonesia *bahasa*-language website.

We've also attempted to reach out to the private sector, for example, by hosting a lunch during the Business for Environment conference last year, and involving business representatives in the Forests Indonesia conference last year. I'm especially happy to see Pak Nana Suparna here today; the first timber concession I ever visited in Indonesia was one operated by his company on the border of West and Central Kalimantan.

Finally, we are fortunate to have had a series of supportive Ministry of Forestry secondees as liaison officers, including Efransjah and Agus Joko Ismanto. We've also been fortunate to have among the best and brightest senior Ministry officials to serve as members of CIFOR's Board, including Hadi Pasaribu, Wahudi Wardoyo and Tachrir Fathoni. And at next week's CIFOR Board meeting, Pak Iman Santoso, recently appointed the Director General of the LitBang Kehutanan, will help select CIFOR's *next* Director General.

And I'm sure that next year, CIFOR's 20th anniversary will provide the perfect occasion to celebrate the many mutual benefits that have been achieved from collaboration between CIFOR and our partners in Indonesia.

The present opportunity for transformational change

Let me now turn my attention to the present moment, and the historic opportunity that Indonesia faces to transform the future of its forests, particularly in the context of forests and climate change.

It was only five years ago that forests got back on the international agenda due to the new appreciation that deforestation was a bigger source of the emissions that cause climate change than the entire global transport sector. And Indonesia was in the spotlight – as home to the world’s third-largest expanse of tropical forests (after the Amazon and Congo Basins). But Indonesia was a disproportionate source of global emissions compared to its land area or population due to the carbon richness of its ecosystems, and the rate at which they were being lost.

Indonesia is home to 50% of the world’s tropical peatlands. Peatlands have a much higher density of carbon socked away, in some places more than 15 meters deep. And as I mentioned before, mangrove destruction is also an important source of emissions, and Indonesia, with its extensive coastlines, is blessed with an abundance of mangroves.

But carbon was being released into the atmosphere with a rapid pace of clearing, draining, and burning of peatlands for commercial scale agriculture, oil palm and pulpwood plantations. Indonesia has lost half of its mangroves over the last 40 years, with losses continuing at the rate of 80,000 hectares per year. The big forest fires here in 1997 released an amount of carbon equivalent to annual global emissions from all sources.

It became clear that the international community is unlikely to succeed keeping global warming below two degrees Celsius unless protection of Indonesia’s forests is part of the solution. As Wimar Witoelar put it, Indonesia has a chance to be a global forest superpower.

Thus the international community welcomed Indonesia's hosting of UNFCCC COP13 in Bali in 2007, and the associated domestic preparations to support international leadership on forests and climate change. In my view, it was fitting that Indonesia attended the birth of REDD – Reducing Emissions from Deforestation and forest Degradation.

President Yudhoyono's personal commitment to this agenda was made evident in 2009, when he became the first developing country head of state to announce voluntary targets for reducing emissions. Then in 2010, the Governments of Indonesia and Norway signed off on a Letter of Intent on REDD. The so-called LOI was significant in a number of ways.

First, it showed an admirable willingness to take risks on the part of both governments. Everyone knew that the targets in the LOI would be difficult to achieve, but in my view, the parties made the right call that the risk of no action was higher than the risk of trying and failing. So Ambassador Homme and representatives of the Government of Indonesia, please accept my appreciation to your governments for taking that risk.

Second, the LOI caused a "tectonic shift" in discussions about the future of Indonesia's forests. Something about putting a billion dollars on the table gets everyone's attention. Having observed Indonesia's forestry sector for more than 25 years, the only other moment I can think of that came close in shaking things up was in the context of another Letter of Intent – the one between the IMF and the GOI in 1998. Few people remember that the IMF LOI also had a paragraph about forest sector reform, and even included a moratorium on forest conversion to oil palm.

But note the critical difference in framing: The iconic image of the earlier LOI was of Mr. Camdessus standing with his arms folded behind President Suharto as he signed the agreement. In contrast, the lasting image of the LOI with Norway is of two heads of state, standing beside their national flags as equals, as two Ministers signed the documents. I think those two images encapsulate a significant shift in international relations related to forests – from one of donor and recipient to one of equal partnership.

Third, the LOI also provided a great opportunity for CIFOR to demonstrate our value to our host country. CIFOR was sitting on more than a decade of research results about the underlying causes of deforestation, we were delighted when both parties to the LOI sought our information and advice.

Thanks to a few of the donor governments represented here today, not least Norway and Australia, CIFOR has had the resources to undertake a major global comparative study on the first generation of REDD initiatives, not least those here in Indonesia, and we'll be launching a book on the preliminary findings at Rio+20 next month.

And indeed, thanks to the demand for our knowledge, we have a new problem of maintaining a critical distance as independent researchers. What am I going to say when I get a letter from the President's Office asking us to loan them Daniel Murdiyarso to work on the national REDD+ strategy? But that is what I would call a good problem to have. (And for those of you who haven't seen it yet, a Daniel is quoted in today's *Asian Wall Street Journal*, along with a picture of the President from the Forests Indonesia conference.)

I see an alignment of a diverse set of constituencies around a new vision for the future of Indonesia's forests:

- Ministry officials who accept the idea of managing forests in cooperation with local communities;
- A whole-of-government commitment, represented by the REDD+ Task Force, to transparency of forest-related data, in the context of moratorium implementation;
- Civil society groups who advocate forest tenure reform from a rights-based perspective;
- Economic planners who understand the costs of forest mismanagement;
- Private companies who see business opportunity in going green and legal;
- An international community with stakes in global climate protection that is eager to help;

- And not least, a President who has dedicated the remainder of his term to advancing this agenda.

As Andrew Steer said at the Forests Indonesia conference, the entire world is rooting for Indonesia's success.

Concluding thoughts

The jury is still out on what's going to happen to Indonesia's forests, to the local communities that depend on them for their livelihoods and cultural identity, and to the global community that depends on them for a stable climate.

Sometimes it's easy to find reasons to be discouraged. On a recent visit to Riau, I was overwhelmed by the scale and pace of forest conversion. The strength and variety of pressures on remaining forests apparently outmatch the government and civil society resources to resist them. And I think we're all concerned that the progress that's been made is associated with a few key individuals – not least the President himself – and there is anxiety that unless recent commitments are institutionalized soon, they could be lost with the next election.

On other days, I'm encouraged by the growing strength of ideas, individuals, and institutions, and how they are coming together to change the way Indonesia's forests are managed. Let me give you just one example:

More than 25 years ago a group of people within the Ministry of Forestry, supported by colleagues from non-governmental organizations and universities, began developing the idea of "social forestry" in Indonesia, and in particular, what it might look like in the uplands of Java.

At that time, Perum Perhutani – the State Forest Corporation – was managing the colonial heritage of teak plantations with a main goal of timber revenue generation, with an armed law enforcement approach. It seemed hopelessly naïve to imagine reorienting such an organization to a more collaborative approach to working with farmers to manage the forest and to share the benefits.

But a number of individuals were introduced to these new ideas through training, study tours, and scholarships to study abroad. They learned from the experience of other countries and from each other. Over the years, these individuals have gradually moved into leadership roles in government agencies and civil society organizations and academia.

And last year, one of the individuals associated with the program 25 years ago, Bambang Sukmananto, was appointed Director Utama of Perum Perhutani. He is now developing a new vision for the organization focused on forests, not as a source of timber revenue to police, but as a generator of rural livelihoods and ecosystem services. You can now get Perum Perhutani branded bottled water.

It's a wonderful example of how investments in ideas, individuals, and institutions can pay off in the long run.

25 years ago, the powerful idea was "social forestry", and we are still harvesting the fruits from the seeds of that idea that were planted then. Now, the idea of REDD+ has catalyzed a flourishing debate and flow of funds and political will that are shaking up forestry in Indonesia and globally.

It was study tours to India that introduced Perum Perhutani to the idea of sharing timber revenues with farmers. I suspect that study tours to Brazil and other countries can promote the South-South sharing ideas that will be critical to the success of REDD+ in Indonesia and globally.

Individuals are ultimately the agents of change, and I encourage all of you in a position to do so to support investment in the capacity of individuals. I think of people such as Agus Joko Ismanto, who went abroad for a masters degree, and came back with ideas about how foresters could be agents of change in development.

And institutions. One of the most important things going on in Indonesia right now is the building of new institutional capacity for better forest governance across government agencies, civil society, and the private sector. Certainly one of the huge mountains we have to climb is building that capacity at the provincial and kabupaten and community levels, not just here in Jakarta, as that capacity

will be necessary to redirect development to already degraded lands, not good standing forest.

A particular area for further investment is in independent policy research capacity. It pains me when international consulting firms or NGOs in industrialized countries, or even CIFOR, for that matter, are funded to undertake this role when it could be played by Indonesian organizations, or without an explicit requirement to build that capacity where it does not yet exist domestically. I think I can safely predict that building such capacity will remain a priority for CIFOR, and one that I hope the organization can play even more effectively in the future.

Next month, I'll be heading to Brazil for the Rio+20 events there, and then coming back to Bogor to pack up and move back to the United States with my husband Mike in early July. In case I do not have a chance to see you again before that, let me take the opportunity to apologize for my many shortcomings and mistakes during my time here in Indonesia, and to thank you for everything you have done to make my time in Indonesia such a wonderful experience.

Thank you.