



## A very real and practical contribution? Lessons from the Kalimantan Forests and Climate Partnership

Erik Olbrei and Stephen Howes

### Abstract

On 9 September 2007, Australian Ministers and the Indonesian President announced a \$100 million Kalimantan Forests and Climate Partnership (KFCP). This would involve protecting 70,000 hectares of peat forests, re-flooding 200,000 hectares of dried peatland, and planting 100 million trees in Central Kalimantan, Indonesia. Since then, the ambitions of KFCP have been quietly but drastically scaled back. The area expected to be re-flooded by the project is now just over 10 per cent of the original target. And little progress has been made on the ground. Four years on, blocking of the large canals required for re-flooding has yet to commence, and only 50,000 trees have been planted against the initial target of 100 million. What has happened to what was labelled at its launch as “a very real and very practical contribution”, one which would yield “immediate and tangible results”? We analyse KFCP both as an aid “announceable” and as a REDD (Reducing Emissions from Deforestation and Degradation) demonstration project, and reach two main conclusions. First, KFCP illustrates the damage that an emphasis on announcing new projects and a lack of attention to reporting on project progress can cause aid. Not enough has been done to publicly reposition KFCP as a much smaller, demonstration project. Second, slow progress made in implementing KFCP (and other REDD projects), when juxtaposed against the continued rapid rate of land conversion in Indonesia, suggests that the current approach is not working. There is no easy solution. Reducing deforestation in Indonesia is a difficult task because the drivers of deforestation – which range from weak governance to a strong industry lobby and the attractive economics of palm oil – are strong and difficult to tackle. If it is worth continuing, then the focus on pilots and processes which has characterised Australia’s engagement in Indonesia’s forestry sector in recent years should be re-oriented towards a more ambitious engagement. This should be supported by a vigorous high-level policy dialogue and at least the realistic prospect of a large amount of public funds.

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By Erik Olbrei and Stephen Howes  
22 March 2012

## Discussion Paper 16

MARCH 2012

✖ On 9 September 2007, Australian Ministers and the Indonesian President announced a \$100 million Kalimantan Forests and Climate Partnership (KFCP). This would involve, it was declared, protecting 70,000 hectares of peat forests, re-flooding 200,000 hectares of dried peatland, and planting 100 million trees in Central Kalimantan, Indonesia. What has happened to a project that was promised, as Minister Downer put it back in 2007, to make “a very real and very practical contribution to improving our environment” and yield “immediate and tangible results”?

KFCP brings together the worlds of aid and climate change. We examine KFCP both as an aid “announceable” and as the REDD demonstration project it was designed to be – that is, a project to show the sort of reductions in emissions from deforestation and forest degradation (REDD) in developing countries that could be scaled up in the future by international carbon markets.

Our research, including fieldwork, from our new discussion paper available [here](#), leads to three main findings.

First, KFCP objectives have been quietly but drastically scaled back. The area expected to

be re-flooded is now just above 10 percent of the original total. This shrinking of the project has occurred for a number of reasons, ranging from unrealistic initial targets to less than expected funding. But it has not been made public. The Australian Government KFCP fact sheet still contains the original targets from 2007, even though they have long been discarded.

Second, progress on the ground has been slow. Four years on, blocking of major canals, essential for re-flooding, has yet to commence, and only 50,000 seedlings have been planted. Scientific work to enable the monitoring of greenhouse gas emissions reductions is incomplete. Baseline emission levels, a fundamental requirement to show the improvement which KFCP interventions are intended to bring, have not yet been defined. In general, long delays have occurred, and continue to occur. Rehabilitation of peatland is a complex process, requiring cooperation from a large number of stakeholders, from local communities to multiple levels of government.

Third, turning to the broader context, despite various policy announcements and initiatives, deforestation and peatland conversion continue at a rapid rate in Indonesia. In the broader “Ex Mega Rice Project” area within which KFCP is located, conservation objectives have been wound back, and oil palm plantations are spreading.

What are the implications of these findings?

An announcement culture is one in which aid announceables rather than results are given prominence. KFCP was an announceable back in 2007, and its experience illustrates the damage which an announcement culture can do to aid. The quiet way in which the project downsizing has been done has closed off the opportunity for discussion of whether reducing the ambition of the project has increased risks to sustainability. The lack of public disclosure of project reviews and evaluations has prevented the sharing of lessons. Finally, when it does at last become known that KFCP is in fact much smaller than originally announced it will be hard to counter the inevitable impression that Australia is not serious about helping Indonesia stem deforestation.

Second, the logic underlying KFCP – the positioning of it as a REDD demonstration project – while understandable at the time has been shown by events to be flawed. KFCP is Australia’s main intervention in the forestry sector in Indonesia. If a small peatland rehabilitation project could have been undertaken quickly, and if deforestation and peatland conversion were not continuing apace in Indonesia, then focusing on a demonstration or pilot project might have made sense. However, as our second and third findings show, the last four years have revealed that neither of these assumptions is valid. The prospect of

large-scale REDD funds arriving some time in the future is too distant and uncertain to provide sufficiently strong incentives to tackle the deep-seated drivers of deforestation and peat conversion in Indonesia.

What should be done? There is no point continuing along current lines. The most that can be hoped for from KFCP under current plans is the possibly temporary protection of a relatively small patch of peatland, which, against the backdrop of the underlying trends of continued, large-scale peatland conversion and deforestation in Indonesia, would be at best a symbolic victory and at worst harmful by giving the false impression of progress.

At the same time, pulling out would also not be an easy decision. Australia is now invested in Indonesia's forestry sector, and has raised expectations with the local impoverished communities of the project area. If the decision is made to continue, we have three suggestions for a radically re-shaped engagement.

First, KFCP should revert to the initial more ambitious project targets, announced in 2007. Long-term funding is unlikely to be secured from carbon markets, so the aid budget will have to continue to foot at least a large part of the bill.

Second, preparation of a second pilot project in Sumatra should be dropped. Australia has its hands full with KFCP, and there is no point starting work on a second pilot in a different geographical location.

Instead, and this is the third point, there should be less focus on pilots and technical work and much greater attention given to the "big picture" of what needs to be done to slow ongoing peatland conversion and deforestation in Indonesia. This will require both high level political pressure and a much larger amount of aid to provide leverage. The Norwegian government has moved in this direction (with its \$1 billion agreement with the Government of Indonesia) but Australia will need to add its weight.

The success of such a path is by no means assured. Reducing deforestation and associated emissions in Indonesia is a difficult task because the drivers of deforestation - which range from weak governance to a strong industry lobby and the attractive economics of palm oil - are strong and difficult to tackle. But, if it is worth persevering, nothing short of an overhaul of KFCP and of Australia's overall strategy in Indonesia's forestry sector will suffice.

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*Editor's note - 25 March 2012: The KFCP fact sheet referred to in the text above was available at the time of posting (22 March), but has since been taken down from the*

*Department of Climate Change and Energy Efficiency website.*

## About the author/s

### Erik Olbrei

Erik Olbrei has 20 years experience in international development. After completing a Masters program in climate change at the ANU, he is now undertaking doctoral research on climate change with the Crawford School of Public Policy. His research asks from a political economy perspective how deforestation in Indonesia can be reduced in the face of an array of governance challenges, and whether international activism can bring about transformative change to Indonesia's forest sector.

### Stephen Howes

Stephen Howes is Director of the Development Policy Centre and Professor of Economics at the Crawford School of Public Policy at The Australian National University.

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Date downloaded: 24 April 2024



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