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This thesis entitled “The Implementation of REDD+ in Indonesia: A Case Study of the Ulu Masen Ecosystem in the Province of Nanggroe Aceh Darussalam (2007-2012)” prepared and submitted by (name of student) in partial fulfillment of the requirements for the degree of Bachelor Degree in the Faculty of Humanities has been reviewed and found to have satisfied the requirements for a thesis fit to be examined. I therefore recommend this thesis for Oral Defense.

Cikarang, Indonesia, 15\textsuperscript{th} of May 2018

Recommended by,

Prof. Drs. Anak Agung Banyu Perwita, MA., Ph.D.
DECLARATION OF ORIGINALITY

I declare that this thesis titled “The Implementation of REDD+ in Indonesia: A Case Study of The Ulu Masen Ecosystem in the Province of Nanggroé Aceh Darussalam (2007-2012)” is, to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia, 15th of May 2018
Sincerely yours,

Aulia Rahma Fadilla
ABSTRACT

The global climate change initiative, Reducing Emissions from Deforestation and Forest Degradation plus (REDD+), has been acknowledged as a breakthrough of environmental regime to govern human-forest relationships. Through analyzing a case study of the Ulu Masen REDD+ initiative in the Province of Nanggroé Aceh Darussalam, Indonesia, this thesis examines how REDD+ has been translated into policies and practices, and examines the dynamic process of policy interpretation, negotiation, and even contestation in a particular area. The thesis addresses 3 goals: 1) examining the extent to which the multi-level governance (MLG) mechanism has been articulated in REDD+; 2) investigating governmental rationalities, technologies, and practices through REDD+; and 3) deciphering how the narratives of conservation and development have been played out in project development and implementation.

Keywords: REDD+; environmental regime; Neoliberal Institutionalism; multi-level governance
ABSTRAK

Prakarsa mitigasi perubahan iklim global, Reducing Emissions from Deforestation and Forest Degradation plus (REDD+), telah diakui sebagai terobosan baru dari rezim lingkungan untuk mengatur hubungan antara manusia dan hutan. Melalui analisis studi kasus inisiatif REDD+ Ulu Masen di provinsi Aceh, Indonesia, tesis ini meneliti bagaimana REDD+ telah diterjemahkan ke dalam kebijakan politik dan praktik, dan menelaah proses yang dinamis dalam interpretasi, kebijakan, negosiasi, dan bahkan kontestasi di bidang tertentu. 3 tujuan utama dari tesis ini adalah untuk membahas antara lain: 1) menelaah sejauh mana mekanisme multi-level governance (MLG) telah diartikulasikan dalam REDD+ Ulu Masen; 2) menyelediki rasionalitas, teknologi, dan praktik pemerintah melalui REDD+; dan 3) mengartikan bagaimana narasi konservasi dan pembangunan telah dimainkan dalam pengembangan dan implementasi proyek.

Kata kunci: REDD+, rezim lingkungan; Neoliberal Institusionalisme; multi-level governance
ACKNOWLEDGEMENTS

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Now that this thesis is completed, I will carry on to my next stop in life grand adventure. Do wish me luck for my future endeavours, as I have wished yours truly.

With love,

Aulia Rahma Fadilla
TABLE OF CONTENTS

THESIS ADVISER ................................................................................................................ i
RECOMMENDATION LETTER.......................................................... i
DECLARATION OF ORIGINALITY ........................................ ii
ABSTRACT ............................................................................................................ iii
ABSTRAK ............................................................................................................ iv
ACKNOWLEDGEMENTS ............................................................................... v
TABLE OF CONTENTS............................................................................... vii
LIST OF FIGURES ......................................................................................... ix
LIST OF ABBREVIATIONS ........................................................................ x
CHAPTER I ........................................................................................................ 1
  I.1 Background................................................................................................. 1
  I.2 Problem Identification........................................................................... 7
  I.3 Statement of Problem ........................................................................... 9
  I.4 Research Objective ............................................................................... 9
  I.5 Significant of Study ........................................................................... 10
  I.6 Theoretical Framework ...................................................................... 10
    I.6.1 Liberalism and Neoliberal Institutionalism.................................. 10
    I.6.2 Conceptual Framework .............................................................. 18
  I.7 Scope of limitation................................................................................. 20
  I.8 Research Methodology......................................................................... 21
  I.9 Thesis Outline ...................................................................................... 21
CHAPTER II ...................................................................................................... 26
THE ULU MASEN REDD+ INITIATIVE: THE PROJECT OVERVIEW ....... 26
  II.1 Background of Initiative .................................................................... 26
    II.1.1 Aceh’s Civil Conflict and Deforestation .................................. 26
    II.1.2 The Ulu Masen Ecosystem and Forest Governance.................. 29
    II.1.3 Aceh Green Vision .................................................................... 31
    II.1.4 The Emergence of REDD+......................................................... 33

vii
II.2 Actors Involved .......................................................... 34
  II.2.1 Internal Actors ................................................... 34
  II.2.2 External Actors .................................................. 36

CHAPTER III ................................................................................. 42
THE MULTI-LEVEL GOVERNANCE MECHANISM OF REDD+: THE
FRAMEWORK FOR PROJECT IMPLEMENTATION ....................... 42
  III.1 REDD+ as an International Environmental Cooperation Strategy .... 46
  III.2 The Policy and Strategy of Indonesia towards REDD+ ............... 48
  III.3 Promises and Perils of Indonesia’s Decentralized Forest Governance .... 50
  III.4 The Internalization of REDD+ into Aceh’s Special Autonomy .......... 53
  III.5 The Diverse Motives of Involved Actors .................................. 55

CHAPTER IV ................................................................................. 57
THE ANALYSIS OF THE IMPLEMENTATION OF REDD+ IN THE ULU
MASEN ECOSYSTEM, ACEH PROVINCE (2007-2012) ...................... 57
  IV.1 The Translation of REDD+ Policy Into Practices .......................... 57
  IV.2 Neoliberalization of the Ulu Masen Ecosystem ............................ 62

CHAPTER V ................................................................................. 71
CONCLUSION ............................................................................... 71

BIBLIOGRAPHY ............................................................................. 73

APPENDICES .................................................................................. 82
LIST OF FIGURES

Figure 1 – Map of Aceh.................................................................4
Figure 2 – Kantian Triangle..........................................................11
Figure 3 – Conceptual Framework................................................16
Figure 4 – Deforestation Rate in Aceh..........................................25
Figure 5 – Multi-Level Governance Illustration.............................41
## LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AD</td>
<td>Avoided Deforestation</td>
</tr>
<tr>
<td>AFEP</td>
<td>Aceh Forest and Environment Project</td>
</tr>
<tr>
<td>APP</td>
<td>Asia Pulp and Paper</td>
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<tr>
<td>BAPPENAS</td>
<td>Badan Perencanaan Pembangunan Nasional</td>
</tr>
<tr>
<td>BKSDA</td>
<td>Balai Konservasi Sumber Daya Alam</td>
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<td>BP REDD+</td>
<td>Badan Pengelola Reducing Emissions from Deforestation and Forest Degradation</td>
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<tr>
<td>CCB</td>
<td>Climate Community Biodiversity</td>
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<tr>
<td>CIFOR</td>
<td>Center for International Forestry Research</td>
</tr>
<tr>
<td>COP</td>
<td>Conference of Parties</td>
</tr>
<tr>
<td>CSO</td>
<td>Civil Society Organization</td>
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<tr>
<td>FCPF</td>
<td>Forest Carbon Partnership Facility</td>
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<tr>
<td>FFI</td>
<td>Fauna and Flora International</td>
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<tr>
<td>FIP</td>
<td>Forest Investment Programme</td>
</tr>
<tr>
<td>FPIC</td>
<td>Free, Prior, and Informed Consent</td>
</tr>
<tr>
<td>GAM</td>
<td>Gerakan Aceh Merdeka</td>
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<tr>
<td>GHG</td>
<td>Greenhouse Gas</td>
</tr>
<tr>
<td>GIS</td>
<td>Geographical Information System</td>
</tr>
<tr>
<td>GoA</td>
<td>Government of Aceh</td>
</tr>
<tr>
<td>GoI</td>
<td>Government of Indonesia</td>
</tr>
<tr>
<td>IFCA</td>
<td>Indonesia Forest Climate Alliance</td>
</tr>
<tr>
<td>IPCC</td>
<td>Intergovernmental Panel on Climate Change</td>
</tr>
<tr>
<td>IUPJL</td>
<td>Ijin Usaha Pemanfaatan Jasa Lingkungan</td>
</tr>
<tr>
<td>JKMA</td>
<td>Jaringan Komunitas Masyarakat Adat</td>
</tr>
<tr>
<td>KPA</td>
<td>Konsorsium Pembaharuan Agraria</td>
</tr>
<tr>
<td>KPH</td>
<td>Kesatuan Pengelolaan Hutan</td>
</tr>
<tr>
<td>KPHK</td>
<td>Kesatuan Pengelolaan Hutan Konservasi</td>
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<tr>
<td>KPHL</td>
<td>Kesatuan Pengelolaan Hutan Lindung</td>
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KPHP : Kesatuan Pengelolaan Hutan Produksi
LoGA : Law of Governing Aceh
LoI : Letter of Intent
LULUCF : Land Use, Land Use Change, and Forestry
MEA : Multilateral Environmental Agreement
MLG : Multi-Level Governance
MoU : Memorandum of Understanding
NGO : Non-Governmental Organization
ODA : Official Development Assistance
PDD : Project Design Development
RAN-GRK : Rencana Aksi Nasional Penurunan Emisi Gas Rumah Kaca
REDD+ : Reducing Emissions from Deforestation and Forest Degradation
RoI : Republic of Indonesia
R-PP : Readiness Preparation Proposal
Satgas : Satuan Tugas
SIRA : Sentral Informasi Referendum Aceh
TNC : Transnational Company
TNI : Tentara Nasional Indonesia
UMIB : Ulu Masen Information Board
UN : United Nations
UNEP : United Nations Environmental Programme
UNFCCC : United Nations Framework Convention on Climate Change
UN-REDD : United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation
WWF : World Wide Fund for Nature
CHAPTER I

INTRODUCTION

I.1 Background

The year when Kyoto Protocol was being implemented in which in 1997, forest ecosystem was getting a spotlight on people's awareness towards the fact that everything forest could provide for all the living being on earth was going to face significant threats from climate change over the next centuries. The outcomes of it were predicted to potentially disrupt the necessary ecological, economic, and social aspects. Furthermore, forest ecosystems, particularly in the tropics, are considered as one of the biggest factor that causing a reduction on the global terrestrial carbon sink where approximately about 30 percent were being absorbed of all greenhouse gas (GHG) emissions annually. However, some studies estimated that between 10-25 percent of GHG emissions that are driving global climate change result from loss of 13 million hectares of natural forests, whereas it is higher than the sector of transportation and industrial.

Therefore, measures and programmes to reduce deforestations are considered by some and expected to be the one of the most efficient and cost-effective mitigation strategy option. As part of these efforts, at the eleventh Conference of Parties (COP-11) in 2005, Papua New Guinea and Costa Rica represented the ‘Coalition for Rainforest Nations’ (CRN), jointly submitted a motion to incorporate emissions from forest degradation and deforestation in the future global climate change agreement. Subsequently, two years later, at the COP-13, the Bali Action Plan was formulated by the United Nations Framework Convention on Climate Change (UNFCCC) to contemplate on a positive

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3 Ibid, n1.
incentives and policy approaches on the decrement of emissions from forest degradation and deforestation issues in developing countries. REDD was then being conceived as it is an abbreviation for Reducing Emissions from Deforestation and Forest Degradation. It was during the COP-16 in 2010, under Cancun Agreement REDD has evolved to REDD-plus (REDD+), which added goals pertaining to conservation and sustainable forest management to the original emphasis on the enhancement of forest carbon stock in developing countries.\(^5\) This broadened framework of REDD promised a ‘triple win’ solution, because it simultaneously promotes green economic growth (via carbon trading), protects the environment, and enhances local community well-being meant that it will also decrease the rate of poverty.\(^6\) This meant that the communities which still depend heavily on forest could use incentive payment on forest conservation to develop their health care, local incomes, and education. In this context, REDD+ initiatives are seen as contributing to the goals of enhanced livelihood security and better social services.

Essentially, REDD+ is a market-based climate change mitigation strategy which aimed the forests that having carbon stored in them, proposing rewards for developing countries to focus on low-carbon paths rather than forested land which still resulted in gas emission so that it could lead them to a sustainable development.\(^7\) This flow of funds from the developed to the developing countries could reward reduction of carbon emissions as well contribute to the pro-poor development, and become a strategy for biodiversity conservation and vital ecosystem services.\(^8\) REDD+ is therefore a payment for an environmental services.

Allegedly as the world’s third largest tropical rainforest, equipped with an enormous carbon sink, yet has the highest rate of deforestation\(^9\), Indonesia’s

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\(^9\) “Indonesia Now Has the Highest Rate of Deforestation in the World,” *TIME*, retrieved January 3.
forests are considered to have the strategy on REDD+ to be implemented. Since 2007, Indonesia has initiated 30 REDD+ projects, and Ulu Masen Ecosystem in the Aceh Province was among the first REDD+ pilot projects.\textsuperscript{10} The Government of Aceh (GoA) promoted the initiative on the Ulu Masen REDD+ in close collaboration with an international wildlife conservation organization Fauna and Flora International (FFI) and an Australian carbon dealer company Carbon Conservation.\textsuperscript{11} Carbon Conservation has been appointed as the sole seller of the carbon credits generated from the initiative and provides assistance with the project design, whilst FFI is assigned to provide technical assistance, such as community development and carbon stock monitoring.\textsuperscript{12}

\textsuperscript{10} “Indonesia,” The REDD Desk, retrieved January 4, 2018, https://theredddesk.org/countries/indonesia/initiatives

\textsuperscript{11} “Ulu Masen Ecosystem Project” The REDD Desk, retrieved January 4, 2018 https://theredddesk.org/countries/initiatives/ulu-masen-ecosystem-project

The province of Aceh holds the largest contiguous area of natural forests on the island of Sumatera, covering around 3.3 million hectares with rich biodiversity and providing the ecosystem for remaining endangered species such as the orangutan, and Sumatran tiger and elephant. The Ulu Masen REDD+ initiative covers 750,000 hectares of forests. Up to 2006, Aceh was in a civil war which arised from a separatist movement, Gerakan Aceh Merdeka (GAM). Meant that it was too dangerous to make any activities in the forests, therefore deforestation rates remained low. In late 2006, after a peace agreement was signed between

Figure 1. Map of Aceh\textsuperscript{13}

Government of Indonesia (GoI) and GAM, the annual rate of logging and clearing in the Ulu Masen forests reached about 35,000 hectares by 2007.\textsuperscript{14} Moreover, Aceh also was devastated by the aftermath of Indian Ocean tsunami while striving to rebuild itself is suffering from rampant deforestation. There is a significant increase of pressure on Aceh’s forests due to the post-tsunami redevelopment where timber was demand highly. It has been losing about 20 hectares of forest a day, mostly due to growing illegal logging rates and an influx of companies trying to open logging and plantation businesses in Aceh, resulting in increased flooding, landslides, and other disasters.\textsuperscript{15}

Therefore, committing to protect the forest and establish a sustainable development in the province is urgently needed. In the late of 2007, the Aceh governor Irwandi Yusuf declared Aceh Green Vision as the development strategy to tackle these issues by incorporating environmental deliberation in Aceh’s policies. In advance of the formulation on Aceh Green Vision, on April 26, 2007, the governor declared a moratorium on logging, which forbidded comercial logging in the province. The moratorium was initiated to provide GoA time to reevaluate the recent status of the forest in Aceh, develop a proper and sustainable forest management strategy, and enforce stronger measures for violation of the policy. The main target of this policy was large-scale forest concessions.\textsuperscript{16}

At the COP-13, the governor immediately brought Aceh Green Vision to the world as a multi prolonged strategy for the sustainable economic development of Aceh, and he also submitted proposal for the REDD+ pilot programme to be implemented in the province, specifically in Leuser and Ulu Masen ecosystem area. The REDD+ is considered as a promising avenue to solve two main challenges for Aceh: ensuring sustainable forest management while at the same time generating a source of financial revenue for development. In 2008, the Ulu Masen REDD+ initiative officially took its place. In July 2009, the initiative has

\textsuperscript{14} Forest Peoples Programme, \textit{ACEH: The Ulu Masen REDD+ Pilot Project}. (Moreton-in-Marsh: Forest Peoples Programme, 2010)
\textsuperscript{15} “Aceh Governor Imposes Logging Ban,” \textit{WorldWatch Institute}, retrieved January 4, 2018, \url{http://www.worldwatch.org/node/5179}
\textsuperscript{16} “Ulu Masen Ecosystem Project” \textit{The REDD Desk}, retrieved January 4, 2018 \url{https://theredddesk.org/countries/initiatives/ulu-masen-ecosystem-project}
been designated into Aceh Governor’s Decree No. 522/372/2009. To emphasize the GoA’s commitment in implementing the REDD+ initiatives in the province, the governor issued a second Decree No. 522/18/2010 on the formation of Task Force REDD+ Aceh.

In advance of the initiative on Ulu Masen REDD+, the World Bank managed the Aceh Forest and Environment Project (AFEP), a four-year US $17.53 million programme that funded by multiple donors. AFEP mainly focuses on helping the GoA’s efforts to mitigating forest degradation and deforestation caused by the post-tsunami redevelopment efforts in parts of the Ulu Masen and Leuser ecosystem. The initiative on Ulu Masen REDD+ was selected to continue the action by AFEP towards the all of the area in Ulu Masen. In an area of approximately 750,000 hectares, the initiative is aimed to decrease emissions of carbon dioxide (CO2) for approximately a hundred million tons for more than thirty year period, from 2008 to 2038, whereby Merrill Lynch agreed to purchase eventual certified emission decrement at a price of four dollars per ton of CO2 emissions that were being dodged.

While potential opportunities from such policies and efforts sound ideal, there are remain a lot of concerns and issues that have been increased, not only the potential outcome on the livelihoods of forest-dependent communities, but also the defiance to the implementation, as forests supply the living beings there with goods and services relevant for the purpose of subsistence and commercial.

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17 On decision to set aside Ulu Masen Ecosystem as the REDD pilot initiative area covering around 750,000 hectares spread over six districts: Pidie, Pidie Jaya, West Aceh, Aceh Jaya, Aceh Besar, and encompasses a small area of Central Aceh.
1.2 Problem Identification

Some studies suggest that the engagement of the communities that were still depend on forest and indigenous in the enforcement and design of REDD+ is necessary due to the key stakeholders in sustaining and developing forest governance is the local actors. The proponents of Ulu Masen REDD+ are aimed to enforce the initiative with an engagement process by persuading everybody on the government civil society level to partake in the enforcement and design of the activities on the initiative. Whereas the project design document (PDD) specify a principal duty to the districts and mukims which perform a crucial task in administering natural resources of the land, sadly, the development of PDD was too quick and elitist, only involving the elite inner circle of the governor’s office. The advocates have indeed execute their efforts by conferring with the mukim leaders as the representatives of the local communities but after the PDD wholly developed, this research exhibit that the locals incline to concur with the aim of a sustainable forest protection, while there is also concern regarding the security and acknowledgement of traditional community rights over land and its natural resources. Indigenous people and other forest-dependent communities that living adjacent to the forest areas have a finite comprehension of their due and conscientious towards the initiative and its implications for their subsistence in the short and long-term, thus, the merits they could have are unable to acquire and likely to render positive outcomes for the REDD+ itself.

On February 6, 2008, the Ulu Masen REDD+ initiative became the first REDD+ initiative that has been certified under the standard of Climate, Community, and Biodiversity (CCB). The validation report for the CCB

22 Mukim is an administrative/governance structure that was originally part of the Aceh Sultanate system. A mukim traditionally covers all villages that are linked to the main mosque in the area.
24 "Indigenous leader speaks out on Ulu Masen: “We’ve never seen anything from REDD. It’s like the wind. We can’t see it, can’t touch it.”” REDD-Monitor, retrieved March 28, 2018,
standards revealed that the initiative does not provide a clear explanation on what kind of processes and efforts were undertaken to engage local stakeholders, particularly indigenous people and others who are most dependant on the resources in the forest.\textsuperscript{25} It is interesting that Smartwood, a programme under the Rainforest Alliance that administers verification and validation processes, decided that the communities’ involvement in the project was not a compelling criterion for the PDD approval but rather as an optional point.\textsuperscript{26}

The Ulu Masen REDD+ initiative was also excoriated by SmartWood for not depicting the occupancy and due towards the subject on the forest to conventional charge, and for an inadequate review of the potential overlapping and contradictory regulations in the midst of state and conventional charge towards the forest, within its PDD instead the document advocates efforts to reduce legal and illegal logging through spatial fixes by reclassification of forested land.\textsuperscript{27} The central government ruled over eighty percent of the forest in Ulu Masen. Moreover, thereunto the regulations already established for the initiative of the Ulu Masen REDD+, Indonesian laws endue the Ministry of Forestry (MoF) with strong decision-making powers over the production, protection, and conservation of forests, including the management and utilization of forest environmental services, through Indonesia’s Forest Management Units (\textit{Kesatuan Pengelolaan Hutan} or \textit{KPH}). Although the Law on Governing Aceh (LoGA) reinforces the special autonomy status of Aceh and sets up a segregation of power in the midst of the central and the local government, it is indistinct how the contradiction between the GoA and central government is going to be addressed, specifically during the time where the LoGA does not coincide with the provisions of the


MoF.\textsuperscript{28} Whereby the Ulu Masen REDD+ initiative there seeks to reduce of forest loss by 85\%, dodging over 3.4 million tons of CO2 emissions continually for 30 years and also the conservation of biodiversity, and the contiburion towards maintaining the stability of economic development, the commitment of stakeholders remains unproved.

I.3 Statement of Problem

From what it has been explained above, it can be concluded that the problem of this thesis would be as follows:

How was the implementation of REDD+ in the Ulu Masen Ecosystem in the Province of Nanggroe Aceh Darussalam, Indonesia, from 2007 to 2012?

I.4 Research Objective

The research objectives in this research are classified into explanatory-descriptive objectives. As described by Kothari in his book ‘Research Methodology: Methods and Techniques’, explanatory refers to a thesis with its objective to obtain the phenomenon and its familiarity; while thesis with description attempts to depict the characteristics of a specific situation, individual, or a group.\textsuperscript{29}

In this regards, the purpose of this thesis research is to analyze the effort that GoA and its institutions have done in order to realize REDD+ in the Ulu Masen Ecosystem, Aceh Province, during the governorship of Yusuf Irwandi, between 2007 and 2012. Secondly, this research going to critically examine the dynamic processes of policy interpretation, negotiation, and even contestation in particular area. Lastly, it will conclude the implementation of the Ulu Masen

\textsuperscript{28} Jae Soo Bae, et al., Promises and Perils of Decentralized Forest Governance: The Case of Indonesia’s Forest Management Units in REDD+, (Society and Natural Resources, 2014)
\textsuperscript{29} C. R. Kothari. Research Methodology, Methods, and Techniques. (New Age International Publisher, 2004)
REDD+ initiative from 2007 to 2012.

I.5 Significant of Study

This thesis is aimed to provide a better understanding of the Ulu Masen REDD+ initiative, specifically on how GoA and its institutions realizing the designated targets of the initiative. Hopefully, this thesis would be able to portray the nature of international affair in environmental governance and could be used for intervention in the future, theoretically and practically.

I.6 Theoretical Framework

As this research is trying to explain the enforcement of REDD+ strategies and Ulu Masen Ecosystem’s action plans, the perspective approach used by the author that is seen as the most suitable to give a clear understanding towards this issue is Neoliberal Institutionalism, along with International Cooperation and Multilateral Environmental Cooperation as the sub-theories.

I.6.1 Liberalism and Neoliberal Institutionalism

Liberalism as philosophical theory in modern politics view is a product of ‘The European Enlightenment’ that associated with several European classic liberal thinkers such as J.J. Rosseau, Jean Bodin, Adam Smith, J.S. Mill, and others who were proclaimed the minimal state, freedom of individual in politics, democracy and constitutionalism, and law equality. The classic liberals also believed that free market capitalism could ensure the mutual prosperity and efficient allocation of resources within the society.30

In the early 20th century where International Relations as an academic discipline was preparing itself to become as an independent discipline, Liberalism

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started to develop. Immanuel Kant as a pioneer of modern philosophy, wrote a book titled ‘Perpetual Peace: a Philosophical Essay’ which became one of the book references in International Relations discipline. In the book, Kant discussing his arguments about peace building that divided into 3 parts: 1) why the peace needs to be fought and the war should be avoided, 2) how to build a system where perpetual peace could happen, 3) how to create perpetual peace within international politics, Kant believed perpetual peace will happen automatically once the countries—as the main actors—voluntarily committed themselves to the 3 components of international politics, which are: democracy, economic interdependence, and international organizations. These 3 components are commonly known as the Kantian Triangle.

![Kantian Triangle](image)

**Figure 2. Kantian Triangle**

The figure illustrates how the mutually reinforcing relationship between democracy, economic interdependence, and international organizations could create pacifying effects. Democracy that upholds the importance of law enforcement, tolerance, and stability. By realizing the inability of being self-sufficient, therefore countries having an urge to build relationship with each other. Economic interdependence creates division of labor for the involved states where each state has its specialization for its commodity that could give them the highest
efficiency of value in terms of costs and benefits. International organizations play a role in converting national interest become mutual interest so that the member states could start thinking about the importance of cooperation.

Robert Keohane and Joseph Nye created a collaborative work about Neoliberal Institutionalism, titled ‘Power and Complex Interdependence’ (1977). This work appeared when the world citizens were enjoying the relative stability under the hegemony power of the United States who was at the forefront in terms of interdependence where states are bound to each other for mutual benefit and less military aggression. Negative peace within the Cold War has given certain chances for many countries—especially developing countries—to create their interdependence in several sectors, such as trade, investment, energy, technology, etc. In this context, international system could lead to ‘complex interdependence’ that comprises 3 important elements: 1) multiple channels, the complex relationship between states, non-governmental organizations (NGOs), transnational corporations (TNCs), bureaucracy, civil society organizations (CSOs), scholars, and individuals that involved in determining the direction of world politics; 2) multiple issues, the inter-state relationship with various overlap issues could lead to interdependence, by this situation, the actors of international relations need to held policy coordination to maintaining the world order; 3) decreasing role of military power, in complex interdependence situation, there would be less military use as deterrence instrument for other states, instead there would be technology innovation and economic power. Neoliberal Institutionalism argues that even the international realm is anarchic by nature and the behaviour of states is driven by rational calculations of their interest, the lasting forms cooperation is possible through the cultivation of mutual trust and the building of the norms, regimes, and institutions, which would limit the recourse to violence by states in pursuit of their interest.

31 According to Johan Galtung, negative peace is “the absence of violence, absence of war” and positive peace is “the integration of human society”.
Essentially, REDD+ is a market-based climate change mitigation strategy which aimed the forests that having carbon stored in them, proposing rewards for developing countries to focus on low-carbon paths rather than forested land which still resulted in gas emission so that it could lead them to a sustainable development. This flow of funds from the developed to the developing countries could reward reduction of carbon emissions as well contribute to the pro-poor development, and become a strategy for biodiversity conservation and vital ecosystem services. REDD+ is therefore a payment for an environmental services.

REDD+ perceived as different thing to different stakeholders and comprises a disjointed regime of practices. Actors seek to benefit from the programme and are using it to reshape or legitimate socioecological processes in line with their own worldviews. For donors and investors REDD+ offers opportunities to establish economies to offset polluting industries; for the national government and NGOs it is an opportunity to finance and improve forest governance; while for the local communities it provides possibilities to protect its land and livelihoods.

REDD+ initiatives construct forests as carbon pools and providers of ecosystem services, governable through science and markets. This view, which predates REDD+, is promoted intentionally by various constellations of governing authorities, incorporating state-based actors (subnational, national, multilateral) and non-state actors (private and civic sector) in what have been termed ‘hybrid’, multistakeholder governance arrangements. Such institutions seek to normalize REDD+ and govern human-forest interactions at national and subnational scales through specific programmes and institutional practices. In the case of Ulu Masen REDD+ initiative, the programmes have much like the ‘governing

37 Larner W., Neo-liberalism: policy, ideology, governmentality. (Studies in Political Economy, 2000)
projects’, which have been marked by trial and error, contestation and controversy, temporal and spatial overlap, and both radical breaks and strong continuities with prior arrangements. Wherein financial payments for improved forest carbon management are used to infiltrate and influence national-scale and subnational-scale forest governance.

I.6.1.2 Cooperation

Kenneth Oye, in his work titled ‘Cooperation Under Anarchy’, argued that cooperation that involving many actors will create a ‘Pay-off Structure’ model that contains several characters: harmony, defection, mutual cooperation, mutual defection, and reciprocity. To obtain such optimal results, this model requires states to take three kind of strategies: unilateral strategy, by doing cooperative action to capture incentives in the form of cooperation and reducing the tendency of cheating from partners; bilateral strategy, by offering an incentive and asking for a reward incentive from the partner so that a profitable cooperation could be obtained; multilateral strategy, by initiating and also influencing the formation of international regime with incentives and certain sanctions to create harmony in cooperation between states.\(^{38}\)

Neoliberal Institutionalists argue that states behave according to what kind of interests they have, yet hold cooperation being seen optimistically. Such anarchic character of international realm is not always an obstacle to the capacity of regimes to contribute to problem solving. Through the cultivation of mutual trust and the building of regimes, the recourse to violence by states in pursuit of their interest would be limited. Subsequently, the cooperation is formed to address trans-boundary problems. Keohane identified that cooperation is not easy to be featsed and tensions could built up from there, but states could give advantage from strategies that are done cooperatively. Whereby institutions giving mechanisms that has been coordinated to support states in obtaining the

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advantages from doing it in which will raise the chance of cooperative outcomes. Moreover, an arbitrary body for the states in which a preventive action for them to avoid cheating is provided by the institutions. States is looking forward to improve individual pay-offs, thus institutions propose a media where synchronization can be performed in which will give positive impacts towards the behavioural patterns on how states doing cooperation.39

The membership in such international organizations will force countries to obey the international rules and agreements, and be self-restrained toward various provocations, these attitudes are highly needed in order to perform cooperation. These attitudes are based on the belief that international relations do not have to be characterized as a zero-sum game. On the contrary, good faith-based cooperation and supports from international organizations can create mutual benefits.

Neoliberal Institutionalist have defined cooperation occurs “when actors adjust their behavior to the actual or anticipated preferences of others, through a process of policy coordination.” Policy coordination implies that the policies of each state have been adjusted to reduce their negativity consequence for the other states.40 Cooperation occurs not only among states but also among other collective entities, including non-governmental organizations (NGOs), transnational corporations (TNCs), bureaucracy, civil society organizations (CSOs), scholars, and individuals.

I.6.1.3 Multilateral Environmental Cooperation

Neoliberal Institutionalism has greater emphasis on bringing such environmental issues. Issues regarding environmental are often tied with development issues in the broadest sense. Since the Kyoto Protocol was adopted, the environment has been a crucial element for cooperation where the fragility and


threats towards the environment are identified as key concerns for the region and for its people, therefore initiatives form all stakeholders are required.  

Globalization and the development of the world’s economy and population have increased environmental issues and competition for rare resources globally. These issues impact every level there is to be, not only the low-income countries or the middle ones but also the high-income countries, eventhough the way they faced it may differ from one another.

Global environmental changes and increasing shortages of natural resources will inevitably have an impact on welfare, prosperity, and poverty. Whereby environmental pollution is associated directly with production and consumption. Considering the market is not capable of independently solving environmental problems, effective multilateral environmental cooperation is needed alongside with multilateral agreements as to curb free-ride behavior. A proactive strategy on the environment between states would enhance their soft power in the world, the involved parties could regain their status as a significant geostrategic role in a changing world.

Although, multilateral environmental cooperation and development cooperation can reinforce each other, there are also clear differences in terms of objectives, approach, and accountability. The principles and instruments of development cooperation are based on, among other things, the Paris Declaration on Aid Effectiveness (2005) and the subsequent declarations of Accra (2008) and Busan (2011), while the principle and policy instruments of multilateral environmental cooperation build on the Rio Declaration on Environment and Development (1992). Development cooperation is based on a mix altruism, solidarity between rich and poor countries, the right to development and enlightened self-interest. Multilateral environmental cooperation is based on the principle that everyone shares responsibility for global environmental problem.

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that the resilience of the Earth is limited and that no country should cause environmental damage to another. This is manifested in a number of ways: 1) limited access to scarce environmental goods (e.g. fresh water and agricultural land) hits the world’s poorest people hardest because they are directly dependent on these goods for their subsistence and health; 2) environmental issue partly determine the effectiveness of development cooperation (for instance climate change can impact on water supplies); 3) poverty reduction marginally increases the burden on environment (e.g. higher energy consumption), where in the future, it will be mainly a matter of finding more sustainable paths to development; 4) development cooperation that fails to take account of the consequences of climate change might make the very poorest people more vulnerable to its impact; 5) some environmental measures focused on adaptation directly benefit poverty reduction (e.g. measures to increase the resilience of vulnerable groups of people.)

Examples can be found in the Ulu Masen REDD+ initiative, which gives forest-dependent communities economic incentives to protect and sustainably use forests as well it might entail restricted access to the forests, which has an immediate negative impact on the socioeconomic security of groups that not included in the system.

Even so, when effective multilateral environmental cooperation occurs it will also create ‘spillover effect’ which the integration in one policy-area spilling into others. According to David Mitrany, a strong interstate cooperation will generate spillover effect that spreads to other functional areas such as natural resources sector, energy sector, trade sector, and so forth. In the context of Ulu Masen REDD+ initiative there is an interdependence process in which Indonesia are increasingly compelled to expand the scope of its cooperation into other multilateral cooperation for sustainable development which also contributes to the welfare increase, poverty alleviation, biodiversity enhancement, forest governance

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44 David Mitrany, The Functional Approach to World Organization. (Royal Institute of International Affairs, 1948)
improvement, and other environmental services protection.

I.6.2 Conceptual Framework

REDD+ is a market-based climate change mitigation strategy which aimed the forests that having carbon stored in them, proposing rewards for developing countries to focus on low-carbon paths rather than forested land which still resulted in gas emission so that it could lead them to a sustainable development.\textsuperscript{45} This flow of funds from the developed to the developing countries could reward reduction of carbon emissions as well contribute to the pro-poor development, and become a strategy for biodiversity conservation and vital ecosystem services.\textsuperscript{46}

REDD+ perceived as different thing to different stakeholders and comprises a disjointed regime of practices. Where actors seek to benefit from the programme and are using it to reshape or legitimize socioecological processes in line with their own worldviews. For developed countries REDD+ offers


opportunities to establish economies to offset polluting industries and maintain economic growth in the developing countries; for the beneficiary countries it is an avenue to support regional development while at the same time ensuring environmental sustainability.\textsuperscript{47}

The membership in such environmental regimes, include REDD+, will force countries to obey the international rules and agreements, and be self-restrained toward various provocations, where these attitudes are highly needed in order to perform cooperation. However, these attitudes are based on the belief that international relations do not have to be characterized as a zero-sum game. On the contrary, good faith-based cooperation and supports from international organizations can create mutual benefits.

Global environmental changes and increasing shortages of natural resources will inevitably have an impact on welfare, prosperity, and poverty. Whereby environmental pollution is associated directly with production and consumption. Considering the market is not capable of independently solving environmental problems, thus effective multilateral environmental cooperation is needed alongside with multilateral agreements as to curb free-ride behavior. REDD+ as a proactive strategy on the environment between states, which would also enhance their soft power in the world, the involved parties could regain their status as a significant geostrategic role in a changing world.\textsuperscript{48}

However, the establishment of the Ulu Masen REDD+ initiative was not purely intended for forest and environmental protection. This strategy explicitly sent a message to the world that Aceh was committed to protect and enhance its forest quality, but, at the same time, expected to gain financial benefits to support its economic development.

Thus, the author questioned the ability of Ulu Masen REDD+ initiative to meet its designated aims, while REDD+ mechanism emphasizes the importance of

\textsuperscript{47} Andrew McGregor, et al., Beyond carbon, more than forest? REDD+ governmentality in Indonesia. (Environment and Planning Journal, 2015)
integrating the environment fully into the carbon market system through the incentivization and commodification of forest carbon, and minimalizing the role of the state in forest governance. By through such clear property arrangement, REDD+ could also lead either to the privatization of forests or to increasing the state’s claim over forest areas.

REDD+ has been utilized by state institutions both at the national and provincial levels to strengthen centralized control over forest territories. At the national level, the creation of Task Force REDD+ Agency suggests that the initiative could enhance the state’s authority over forest areas, which have been weakened by decentralization policies. At the provincial level, REDD+ has been strategically used by the GoA to enhance government control over the state’s forests through its attempt to enlarge areas classified as forests. If the enlargement of the state forest area succeeded, it could increase the potential risk on the livelihoods of forest-dependent communities of losing access to, or even being displaced from forest area. Furthermore, the dynamics of REDD+ implementation in the context of decentralization highlights the power struggle between the central and local government in governing access to forests.

1.7 Scope of limitation

This research will mainly focus on the standpoint of Aceh government alongside with FFI, Carbon Conservation, Merrill Lynch, and also mukim leaders in implementing REDD+ strategy in the Ulu Masen Ecosystem during the governorship of Irwandi Yusuf, between 2007 and 2012. The main objective that will be observed is the implementation of the Ulu Masen REDD+ initiative through Aceh Governor Decree No. 522/372/2009 on decision to set aside Ulu Masen area as the REDD+ pilot initiative area covering around 750,000 hectares spread over six districts: Pidie, Pidie Jaya, West Aceh, Aceh Jaya, Aceh Barat, and encompasses a small area of Central Aceh. However, there will be further explanation about REDD+ framework and Aceh’s customary law in order to support a better understanding about the main objective.
I.8 Research Methodology

The type of this research will be descriptive research, where the author looks at marvels, gathering of individuals thought, or hypothesis with a specific concentrate on truths and states of the subject. This methodology does not effectively fit into qualititative or quantitative research methodologies because it can utilize the composition of both, regularly inside a similar review. The term descriptive research alludes to the kind of research question, outline, and information investigation that will be connected to a given theme. Elucidating insights tell what is, while inferential measurements attempt to decide circumstances and end results.49

I.9 Thesis Outline

Chapter I – Introduction

The first chapter of this thesis intends to give a glance of the issues as well as the purpose of the research in getting the readers to read this research further. This chapter is mainly comprised as the basis of this research writing in which is aiming to give the reader of this thesis snapshot of the main thesis discussion. By reading this chapter, the readers will figure out what kind of research they are going to read without finding excruciate details which they will find in the following chapters.

Chapter II – The Ulu Masen REDD+ Initiative: The Project Overview

This chapter will provide a deeper analysis about the Ulu Masen REDD+ initiative. How the Ulu Masen REDD+ initiative started, the background, as well as the actors involved in the initiative will be delivered in this chapter.

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II.1 Background of Initiative

This sub-chapter will discuss the motives of the initiative as well as the chronology of how it started. This sub-chapter will comprise a discussion of forest governance and deforestation in the Ulu Masen area, also a brief historical background of Aceh Green vision and REDD+.

II.2 Actors Involved

The second sub-chapter will discuss about the actors that are involved in the Ulu Masen REDD+ initiative. There will be two segmentation of actor: internal and external actors. Internal actor will be comprised of the single proponent: Government of Aceh; whereas the external actors will be comprised of FFI, Carbon Conservation, and Merrill Lynch.

II.2.1 Internal Actors

In this segment, there will be an explanation about the primary internal actor, Government of Aceh, who responsible for overall direction, management and supervision of project, lead partner on spatial planning and provincial law, implementation of illegal logging controls, facilitation with GoI, and also management of Ulu Masen Implementation Board (UMIB).

II.2.2 External Actors

In this segment, there will be an explanation regarding the role of FFI as the external actor in internal governance system who responsible for providing technical assistance, community-based conservation, and spatial planning; also the role of Carbon Conservation who responsible for project design, carbon finance, and sales; and the role of Merrill Lynch as the main investor towards this initiative.
Chapter III – The Multi-Level Governance Mechanism of REDD+: The Framework for Project Implementation

This chapter will provide a deeper analysis of the multi-level governance mechanism that identified with REDD+ implementation framework. Multi-level governance mechanism requires the presence of cross-sector partnership from international to national level, international to sub-national, national to sub-national, and vice versa. Since the presence of this mechanism is fundamental in order to achieve the collective purpose of designated targets, this chapter will discuss more about how far the efficiency of this mechanism in Ulu Masen REDD+ initiative has taken.

III.1 REDD+ as an International Cooperation Strategy

This sub-chapter will analyze on strategic activities of developed countries in supporting REDD+ as international cooperation strategies and also there will be a deeper analysis of the REDD+ regime as a global climate change regime based on the relationship between developed and developing countries.

III.2 The Policy and Strategy of Indonesia towards REDD+

This sub-chapter will describe the ways in which Government of Indonesia (GoI) conducted strategic activities for the implementation of REDD+, such as establishing policy and regulatory frameworks.

III.3 Promises and Perils of Indonesia’s Decentralized Forest Governance

This sub-chapter will discuss potential benefits, concerns, and issues of decentralization in Indonesia, and the potential role of the Indonesia’s forest management unit (Kesatuan Pengelolaan Hutan or KPH) system in implementing REDD+ initiatives and improving decentralized forest governance.
III.4 The Internalization of REDD+ into Aceh’s Customary Law

This sub-chapter will examine the complexities of overlapping regulations within Aceh’s forest management and how REDD+ being internalized into the Law of Governing Aceh (LoGA).

III.5 The Diverse Motives of Involved Actors

This sub-chapter will discuss the clash of different views and motives of involved actors that have been engaged in the Ulu Masen REDD+ initiative development and implementation in order to pursue their ends, such as capital accumulation, sustainable financing for conservation, and regional development.


As a goal of this thesis, this chapter will provide a better understanding about the implementation of REDD+ in the Ulu Masen Ecosystem. This chapter will analyze the implementation progress of the initiative, and deliver the outcomes whether it is the achievement or the failure.

IV.1 The Translation of REDD+ Policy Into Practices

This sub-chapter will examine how the concept of REDD+; Free, Prior, and Informed Consent (FPIC); participation; community; and benefit-sharing mechanisms have been articulated by initiative proponents and how these acts of translation could lead to certain social and political consequences.

IV.2 Neoliberalization of the Ulu Masen Ecosystem

This sub-chapter will examine several elements of the neoliberalization of the Ulu Masen forest in the process of the implementation of REDD+ initiative and how REDD+ addressed its potential impact towards the rights and livelihoods of communities and land tenure issues in the Ulu Masen area.
Chapter V – Conclusion

This chapter will be a closing statement that concludes the contents and context of this research. Recommendations and analysis may be outlined in this chapter for further studies on Neoliberal Institutionalism practices and REDD.
CHAPTER II

THE ULU MASEN REDD+ INITIATIVE: THE PROJECT OVERVIEW

The aim of this chapter to portray the condition in Aceh’s forest with specification in Ulu Masen area, also the historical background of the initiative and the motivation behind the initiative accurately so the reader may have a comprehensive understanding upon the issue.

II.1 Background of Initiative

II.1.1 Aceh’s Civil Conflict and Deforestation

Aceh province is strategically located in northern tip of Sumatra island, has more than 3 million hectares of forest cover, which is a fifty-four percent of its total area. The province is well-endowed with immensely species-rich forests where the conflict between the interests of local people, extractive industries, and globally important biodiversity is unavoidable. In contrast, despite Aceh’s significant contribution to national revenue from natural resource extraction such as oil and gas sector, Aceh remained one of Indonesia’s poorest provinces, with 16.68 per cent of the population living below the poverty line\textsuperscript{50}, hence marginalizing the political interest of the Acehnese. This situation led to strengthens the articulation of a separatist discourse. Over ten years, the province has seen waves of the state’s centralization of political authority, and suffered from weak local institutions, corruption, military repression, and massive human rights violation. In 1970, Free Aceh Movement (\textit{Gerakan Aceh Merdeka} or \textit{GAM}) initiated the insurgency to demand Acehnese control over resources and Aceh’s

In 1999, GAM and Center for Information on Aceh Referendum (*Sentral Informasi Referendum Aceh* or *SIRA*) led a referendum movement for full autonomy. Stricken by panic, government and military leaders stepped up security operations in Aceh. In 2001, the Government of Indonesia (GoI) responded to GAM’s demands by issuing Law No. 18/2001 regarding Aceh’s Special Autonomy Law. The law grants the Aceh government authority to govern the province and to manage its natural resources. Furthermore, the law grants Aceh a larger transfer of natural resource revenues, in particular for oil and gas. The law stated that 80 percent of revenue is allocated for Aceh provincial government. Despite the provision of increased power, the law did not lessen the tension between GAM and Indonesian National Armed Forces (*Tentara Nasional Indonesia* or *TNI*). Between 2000 and 2003 the armed conflict intensified, resulting in a number of civil casualties. In 2003, GoI declared a ‘state emergency’ with the status of Martial Law (*Darurat Militer*) in Aceh.

In response to that, GAM made forests as a key part of their guerilla strategy against TNI. As a result, forests in Aceh became a dangerous zone and effectively off-limits for production or conversion. Any activities taking place in the forests was considered as suspicious by both GAM and TNI.

This made villagers were no longer able to depend on forest products as their livelihoods, because of military’s suspicion of being associated with GAM. Consequently, the majority of populations living in villages adjacent to forests chose to leave their homes and abandon their agricultural lands. Timber extraction and oil palm plantation operations were also severely halted as workers and farmers fled from the forests. This situation had unintended effects on forests.

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53 Ibid.
54 Ibid.
rate of deforestation had declined between year 2000 and 2003.  

Figure 4. Deforestation Rate in Aceh (1999-2012)  

Aceh forests have been targeted for commercial timber extraction since colonial era because of their high quality hardwoods. During the Suharto era (1965-1998), 75 per cent of Aceh’s forest area was allocated for logging and plantation concession. By 2000, there were at least 28 logging companies and 5 timber plantations operating in the province. Moreover, considering Aceh’s topographical and climatic condition ideal for oil palm plantations, hence some plantation concessions have been issued to oil palm plantation companies.  

Legal and illegal logging activities have long been part of the local

56 Ministry of Forestry, Angka Deforestasi dan Feta Deforestasi Per Provinsi di dalam dan di luar Kawasan Hutan 2014. (Jakarta: Ministry of Forestry, 2014)  
economy. Illegal logging has still been widespread in Aceh even during the conflicts. According to McCarthy’s research, illegal logging was conducted in the southern area of Aceh by intricate logging networks that involved various actors, such as military officers, police, GAM combatants, and even local communities.  

The years of separatist issues acted as a cover for destroying the natural resource and doing other activities illegally, meant that it was generally thought to be unsafe to do any activities in the forests for nearly three decades; and the fact that much of the area is mountainous and hilly terrain, therefore creating a difficult access to reach it. Aceh has also suffered from devastating effects of Indian Ocean tsunami in December 2004. Direct environmental damage was extensive and the tsunami also highly escalated the scale of pressures on local resources. Timber used in the effort rebuilding and aftercaring was often taken illegally from forests that supposed to secured from any illegal activities. The demolishing on agriculture and fishery therefrom producing more tension on local forests for subsistence and the dropped land and sensitivity of coastal roads has contributed to the justificatio n for new roads to be built through primary forest, thus opening up areas of high value forest to illegal logging. At a time when co-ordinated planning and management of natural resources was critical, local government personnel capacity was reduced and diverted by the tsunami. These factors have heightened international concerns regarding carbon emissions from the province.

II.1.2 The Ulu Masen Ecosystem and Forest Governance

The Ulu Masen ecosystem is a contiguous forest area located in the northern part of Aceh province that covers about 750,000 hectares spread over six districts: Pidie, Pidie Jaya, West Aceh, Aceh Jaya, Aceh Barat, and encompasses a

small area of Central Aceh. The area is the home of rich biodiversity, which includes endangered species such as Sumatran tigers, Sumatran elephants, rhinoceros, and orangutans thereby making it targeted for environmental conservation. The area is also produce high commercial value tropical hardwood tress, like seumaram (Palaquium semaram), merbau (Instia bijuga), kruing (Dipterocarpus confertus), and meranti (Shorea).62 Interestingly, the term Ulu Masen ecosystem is relatively unknown among local communities, and was initially used by Flora and Fauna International (FFI) to name it as ‘area of intervention’ for conservation purposes in order to make a certain area were eligible for governmental intervention.

The Ulu Masen ecosystem is surrounded by 548 gampongs (village) with a combined population of approximately 130,000 people, most of whom are members of indigenous communities. These gampong are administratively organized under 78 mukims. The majority of populations living in villages adjacent to the Ulu Masen area are farmers whose livelihoods rely on the availability of suitable land and soil fertility. Forest resources also contribute to local livelihoods, which local communities collect not only timber products but also the non-timber one, most commonly rattan also jernang. Other significant non-timber production from the forest include fish, deer, birds, and a variety of plants.63

Property relations in the Ulu Masen forest are typical in Indonesia, in which the area classified as forest is considered as the state property. Despite de facto customary forest tenure arrangements that continue to be practiced by local communities, they usually do not have formal property rights over the forest area. Hence, forest tenure disputes are common. With the majority landowners do not have formal land title certificiates, some of them have locally recognized

63 Abidah Billah Setyowati, Governing Forest Carbon the Political Ecology of Reducing Emissions from Deforestation and Forest Degradation. (New Brunswick: The State University of New Jersey, 2014)
documents signed by the *keuchik* (the village head). If land disputes occur, the villagers usually come to the *keuchik* and other customary structures to assist in mitigating the dispute.\(^{64}\)

Aceh is one of provinces that has special status and autonomy which given many specificity and privileges, including the existence of *mukim*. *Mukim* works as one administrative unit of its own under districts and governed by *qanun* each regency/city. *Mukim* is formed and consisted by several *gambar*. *Mukim* led by *imeum mukim* as tasks organizer. *Mukim* can be divided into two functions which are as a government administrator and as customs organizer.\(^{65}\)

**II.1.3 Aceh Green Vision**

On December 24, 2004, Aceh was devastated by Indian Ocean tsunami and earthquake disasters. Most activities collapsed and the armed conflict was immediately halted. This situation led to many changes in Aceh. It brought numerous employments and increased economic activities. Politically, because Aceh was immediately open to international involvement in recovery assistance, it paved the way for *GAM* to be heard. On August 15, 2005, after nearly three decades of conflict, GoI and *GAM* negotiated a peace agreement, which resulted in the Helsinki Peace Accord. In rewards for the former rebels to yield their arms and vowing obedience to Indonesia, they are then permitted to organize politically and join the elections in Aceh for them to govern the autonomous territory.\(^{66}\)

In 2006, for the first time, Aceh held its direct gubernatorial election, where also for the first time, several ex-*GAM* combatants ran for governorship. Irwandi Yusuf with his running mate, Mohammad Nazar, as both independent candidates and also ex-*GAM* combatants, won the election.\(^{67}\)

The government under the governorship of Irwandi Yusuf has

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\(^{64}\) Lesley McCulloch, *Ulu Masen REDD Demonstration Project*. (Institute for Global Environmental Strategies, 2010)

\(^{65}\) Mukhlis, *Mukim Concept As Government Administrators in Aceh*. (Law Faculty of Malikussaleh University, 2012)


\(^{67}\) Ibid.
responsibility in addressing Aceh’s economic and environmental futures in the post-tsunami and also post-conflict era. Assisted by an advisory board consisting of Indonesia and international experts, the GoA comprehensively formulated a new development strategy for the province and has advised the governor to adopt ‘green development strategies’ under the Aceh Green vision. It is claimed that the plan is a ‘green’ version of the Marshall Plan\textsuperscript{68}, which would enable Aceh to recover and rebuild its economic situation. The strategy was termed as the ‘Green Economic Development and Investment Strategy for Aceh Province’, or simply the ‘Aceh Green’. Choosing a ‘green’ approach is considered as a strategic choice for mobilizing international support. By using language that is more receptive to a wider audience, the GoA has been able to align Aceh’s development efforts to global environmentalism and climate change issues. In the Aceh Green concept paper, it states that the Governor Irwandi completely understands that in order to complete reconstruction and rehabilitation efforts and promote the peace process, it is necessary to create programs and policies that quickly generate employment and income opportunities for all Acehnese, with particular attention given to poor people and former combatants. The document also describes the governor’s deep concern for ensuring the protection and preservation of Aceh’s natural resources as a key to sustainable economic development.\textsuperscript{69}

Aceh Green was one of the first global policy frameworks that performs a green economy development in a comprehensive and cross-sectoral manner, which also proposed for direct interventions and regulatory reform in Land Use, Land Use Change, and Forest (LULUCF) management, renewable energy, and particularly sustainable economic development.\textsuperscript{70} Whereby major investments are needed to finance post-tsunami reconstruction and regional development. Hence, mobilizing investors to support the governor’s vision is pivotal. The document

\textsuperscript{68} The Marshall Plan was an example of ‘good deed foreign policy’ designed to rebuild Western European economies in the wake of World War II.


also states that the Aceh government will need public-private partnership, non-
governmental oversight, and private sector involvement to manage clean energy,
generate biofuel feedstock, promote reforestation, and avoid deforestation, all of
which involve issues related to carbon and a commitment to green development.
Its goal was to transform Aceh to a system that accentuate human well-being and
the equity on social aspect while decreasing the risks on environmental and
ecological scarcity from a system of economy where they still dependant on
natural resource.  

**II.1.4 The Emergence of REDD+**

Since the eleventh meeting of the Conference of Parties (COP-11) was
held, measures and programmes to reduce deforestations have grown increasingly
popular, especially among policy makers, which considered by some and expected
to be one of the quickest and least expensive mitigation option. At the year of
2007, United Nations Framework Convention on Climate Change (UNFCCC),
formulated the Bali Action Plan, which emerged from COP-13, to contemplate a
positive incentives and policy approaches on the decrement of emissions from
forest degradation and deforestation issues in developing countries. It was initially
termed as REDD, which an abbreviation of Reducing Emissions from
Deforestation and Forest Degradation. At the year of 2010, under Cancun
Agreement which emerged from COP-16, REDD has evolved to REDD-plus
(REDD+), which added goals pertaining to conservation and sustainable forest
management to the original emphasis on the enhancement of forest carbon stock
in developing countries. This broadened framework of REDD promised a ‘triple
win’ solution, because it simultaneously promotes green economic growth (via
carbon trading), protects the environment, and enhances local community well-

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being meant that it will also decrease the rate of poverty.  

As the third largest tropical rainforest, equipped with an enormous carbon sink, yet has the highest rate of deforestation, Indonesia is considered as a prominent country in the development of REDD+ initiatives. In 2009, the GoI has announced its voluntary commitment to reduce greenhouse gas (GHG) emissions 26 per cent by 2020 with its own funding, where 14 per cent of this target goal is to be met by reducing deforestation and forest degradation as well as improving forest management. With international support, the GoI increased its commitment to reducing GHG emissions up to 41 per cent over the same period. Since then, REDD+ policy development and projects are well underway as Indonesia’s officials work to develop various REDD+ related policies and institutional frameworks. Despite the regulatory and institutional arrangements remain complex and unclear, many parties have also invested in readiness and demonstration activities in the country.

II.2 Actors Involved

II.2.1 Internal Actors

Irwanid Yusuf who is a former spokesman of the Muslim separatist Free Aceh Movement (Gerakan Aceh Merdeka or GAM) as well as an American-trained veterinarian, and founder of Fauna and Flora International (FFI)’s Aceh branch, was elected as governor in the 2006 Aceh’s first directly gubernatorial elections. Along with his running mate Mohammad Nazar, their victory taking almost 40 per cent of the vote in a field of eight pairs, when only 25 per cent was needed to claim outright victory, it was a landslide victory for both.
Irwanidi joined the armed insurgency, GAM, in 1990 but repose for 3 years so that to pursue his master’s degree study on veterinary science with scholarship at Oregon State University. After returning to Aceh, he become a member for the movement’s central command where he served as chief spokesman and propagandist, and assisted its military structure. He also transferred his veterinary expertise to the society by became a lecturer in his almamater, Syiah Kuala University, and became a founding member of the Aceh branch of the FFI.78

In May 2003, he was arrested by the Government of Indonesia (GoI) and punished for his treason that caused him to be in jail for 9 years. While the tsunami occurred nineteen moths later, he fled to the second floor and managed to one of the only 40 survivor out of 278 from a prison population.79

The trauma of the tsunami led the GoI and GAM to negotiate a peace agreement, which resulted in the Helsinki Peace Accord of August 15, 2005. In rewards for the former rebels to yield their arms and vowing obedience to Indonesia, they are then permitted to organize politically and join the elections in Aceh for them to govern the autonomous territory.80 Irwanidi then made his way to win the election by ended up as the rebels’ liaison with the mission on international peacekeeping.81

As a veterinarian and FFI’s Aceh branch founder he has been actively involved in taking responsibility of environmental protection. He started his first move as a ‘green governor’ by announcing Aceh Green Vision as the development strategy to counteract post-tsunami problems by giving environmental considerations in Aceh’s policies. To realize this vision, the governor declared a moratorium on logging, which banned commercial logging in Aceh, and personally drove out to villages to conduct spot inspections of former logging camps, encouraging the local communities to take up sustainable new professions.

http://content.time.com/time/world/article/0,8599,1569668,00.html
79 Ibid.
Realizing the need to provide financial incentives, he presented Aceh Green vision to the world at the 2007 United Nations Framework Convention on Climate Change (UNFCCC) conference in Bali, which later he declared that he intended to turn Aceh province into a worldwide model of sustainability through REDD+ mechanism.\textsuperscript{82} Later it became the Ulu Masen REDD+ initiative, where the GoA is responsible for overall direction, management and supervision of project, lead partner on spatial planning and provincial law, implementation of illegal logging controls, facilitation with GoI, and also management of Ulu Masen Implementation Board (UMIB).\textsuperscript{83}

II.2.2 External Actors

II.2.2.1 Fauna and Flora International (FFI)

FFI is the world's first and oldest international wildlife conservation organization, established more than a century ago in 1903 as ‘the Society for the Preservation of the Wild Fauna of the Empire’ by a group of British and American naturalists in Africa. After several times being revolted and renamed, the organization changed its name became ‘Fauna and Flora International’. The spearheading works of its originators in Africa prompted the formation of various secured territories, including both Kruger and Serengeti National Parks. FFI later assumed an essential part in making a portion of the world's biggest protection associations, including the World Wide Fund for Nature (WWF) and International Union for Conservation of Nature (IUCN). FFI is demonstrated as the preservation trend-setter which keeps on having an enduring effect on worldwide biodiversity. Today FFI effectively works in more than 40 nations for the most part in creating nations and headquartered in Cambridge, United Kingdom.\textsuperscript{84}

\textsuperscript{82} “Ulu Masen Ecosystem Project” The REDD Desk, retrieved January 4, 2018 https://theredddesk.org/countries/initiatives/ulu-masen-ecosystem-project


\textsuperscript{84} “About Us,” Fauna and Flora International, retrieved April 20, 2018, https://www.fauna-
FFI is having a vision to enhance a sustainable planet where biodiversity is effectively conserved by the people living closest to it and reinforced by the global community. To realize this vision, FFI’s mission is to protect endangered species and ecosystems globally; taking solutions that are sustainable, based on scientific manner, and applying to human needs. FFI’s three key main objectives are: 1) secure the futures of endangered habitats and species; 2) address the root causes of biodiversity loss; 3) help people generate alternative revenues through the carbon finance market.85

FFI has expanded its activities into a wider range through Asia-Pacific Programme, which currently comprises a broad range of species and landscapes that has been targeted as conservation initiatives in Indonesia, China, Cambodia, Laos, Myanmar, Vietnam, and Philippines.86 FFI has been actively worked in Aceh since 1998, focusing in particular on conserving environmental services and forest habitat in the Ulu Masen ecosystem, and as the tsunami struck Aceh, FFI began to incorporate conservation project using REDD+ mechanism into the area’s longterm rehabilitation and reconstruction which aims to generate tradeable carbon credits upon the carbon rich forests. Having partnership with the other organizations have been integral to FFI’s approach as Aceh getting influenced by the presence of FFI, whether it is the partnership with government agencies, local development organizations, international humanitarian agencies, or other environment focused groups. Each partnership has a main objective that contributes to FFI’s overall goal, from improving the conservation efforts of protected pecies and habitat to building local capacity for land-use planning and natural resource management.87

In 1996, FFI began to work in Indonesia through the marking of a Memorandum of Understanding (MoU) with Indonesia's Ministry of Forestry (MoF). FFI has since developed a broad system of accomplices going from

flora.org/about
85 Ibid.
backwoods edge groups and common society associations to government and private business. Since 2006, their task 'Creating people group carbon pools for REDD+ extends in chosen ASEAN nations' has intended to investigate alternatives for installment for biological community administrations instruments in the locale, supported by a three million euro EU-financing bundle. Through this larger undertaking, FFI underpins various REDD+ pilot extends in Indonesia, including the Ulu Masen REDD+ activity where FFI is in charge of group based protection and spatial arranging in select regions and zones, limit building, biodiversity mastery, Geographical Information Systems (GIS), and associations with Official Development Assistance (ODA).  

FFI has also maintained close partnerships with Aceh’s Natural resources Conservation Agency (Balai Konservasi Sumber Daya Alam or BKSDA), Forest Management Units (Kesatuan Pengelolaan Hutan or KPHs), community ranger, and provincial police department to protect and monitor landscape forest and its biodiversity. This is being done through routine SMART-based patrols, effective and fast responses to incidences of human-wildlife conflict, law enforcement, and illegal wildlife trade investigations. FFI regularly conducts biodiversity monitoring to assess wildlife population trends especially for key subspecies such as the Sumatran tiger and Sumatran elephant. The organization also collaborating with local communities within the Ulu Masen area to maintain forest cover and conserve its biodiversity through a village forest scheme along with establishing community enterprises that aimed to improve their livelihoods.

II.2.2.2 Carbon Conservation

Carbon Conservation Pty Ltd. is an established global leader in Avoided Deforestation (AD) voluntary carbon credit creation and financing. Carbon Conservation conducted its AD project from project design all the way through to
finance and sales. The aim of AD is in which money is paid not for afforestation and reforestation, but for protecting natural forests and its biodiversity. The first Carbon Conservation’s AD project was implemented into Australia’s national greenhouse gas program, the Rio Tinto Aluminium pilot, which created 1.25 million carbon credits from protecting 13,000 hectares in Queensland, Australia as well as into an Indonesia-based timber industry Asia Pulp and Paper (APP) in Kalimantan. Carbon Conservation also partnering with FFI and GoA, to present high-integrity, robust carbon credits in the Ulu Masen forest ecosystem.90

Carbon Conservation is having a mission to maximize the contribution of land and vegetation-based carbon storage to reducing and absorbing greenhouse gas emissions, while being guided by the principles of biodiversity conservation and sustainable development. Carbon Conservation’s work comprises renewable energy, energy efficiency, plantations, and projects that incentivize the preservation of tropical rainforests by helping forest owners and local communities generate alternative revenues through the carbon finance market. The company has been actively engaging in ongoing projects to protect global rainforests and biodiversity.91

When the Governors’ Roundtable was held during COP-13, Dorjee Sun as the CEO of Carbon Conservation, delivered a presentation to convince the governors on the potential of AD projects as an alternative to support regional development while at the same time ensuring environmental sustainability. Under his proposed plan, investors around the world would pay million of dollars to forest owners to support forest conservation while maintaining economic growth in the tropical countries. The Roundtable was attended by Governor of Papua, Governor of West Papua, and Governor of Aceh, who already proposed to incorporate emissions from deforestation and forest degradation in the future climate agreement. Despite finding any difficulties within the technical explanations of the initiative, the representatives of three provinces were excited

about its potential to provide new alternative resources for regional development. After the meeting, the CEO of Carbon Conservation and the Governor Irwandi Yusuf, signed an agreement to collaborate in a project which later come to be known as the Ulu Masen REDD+ initiative\textsuperscript{92} where Carbon Conservation responsible for project design, carbon stock and flux estimates, carbon finance and sales, and also assistance with legal structures and partner relations, engagement of private sector.\textsuperscript{93}

Carbon Conservation has been engaged with private sectors and mobilize the resources from investors to support the project, also has successfully secured Merrill Lynch’s commitment to make a US $9 million investment into the initiative for four years period. This deal was subsequently awarded as the ‘Carbon Finance Deal of the Year’ by Environmental Finance and praise widely by carbon traders.\textsuperscript{94}

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\textbf{II.2.2.3 Worth Mentioned: Merrill Lynch}
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Merrill Lynch’s involvement in the project was considered a breakthrough in financial transactions instead of investing philanthropic or conservation money in the deal, Merrill Lynch is pulling money from its commodities trading fund. Also it was for the first time a wealth management firm was willing to participate in the forest carbon market area.\textsuperscript{95}

Merrill Lynch—now owned by Bank of America—is a wealth management firm headquartered in New York, United States. At the peak of 2008 financial crisis, Merrill Lynch announced its fourth consecutive quarterly loss, a US $4.9 billion deficit and its stock price had also declined significantly, which subsequently Bank of America declared its intention to purchase Merrill Lynch in

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\textsuperscript{95} Ibid.
an all-stock deal worth approximately US $50 billion.\textsuperscript{96}

Merrill Lynch struck a deal to invest US $8 million (the other US $1 million buys an option to acquire more credits) over four years period to finance a project to protect 750,000 hectares of the Ulu Masen ecosystem by purchasing eventual certified emission reduction at a price of US $4 per ton of avoided CO2 emissions, where each ton equal to one credit, the target is to reach 500,000 credits per year or 2,000,000 credits as the deal expired.\textsuperscript{97}


CHAPTER III
THE MULTI-LEVEL GOVERNANCE MECHANISM OF REDD+: THE FRAMEWORK FOR PROJECT IMPLEMENTATION

This chapter will provide a deeper analysis of the multi-level governance mechanism that identified with REDD+ implementation framework in order to evaluate different management strategies that undertaken to obtain reduced deforestation and forest degradation. Multi-level governance (MLG) is a mechanism the presence of cross-sector partnership from international to the national level, international to sub-national, national to sub-national, and vice versa. Since the presence of this mechanism is fundamental in order to achieve the collective purpose of designated targets, this chapter will discuss more how far the efficiency of this mechanism in Ulu Masen REDD+ initiative has taken.

A main defiance to the enforcement and design of climate strategies, including REDD+, is the slight array of actors embroiled in various policy and cultural arenas. The slight array of actors come from varied sectors and perform at multi-levels and time scales: international, national, regional and local government, non-governmental organizations, private firms, indigenous communities, and many others, to negotiate, formulate, and implement policy. Such actors differ in terms of interests, objectives, knowledge, resources, power, and perspectives, all of which influence the manner in which they interact and negotiate, and how governance arrangements play out on the grounds.

The interaction between the involved actors has created a governance or an environmental regime that meant to synchronize different policies in terms of climate strategies. The governance was articulated into a multilateral environmental agreement that has been agreed upon by the states. The governance not only serves as policy synchronization, but also as a mechanism that comprises of organizations, policy instruments, funding mechanism, regulations, procedures,
and norms that regulates the process of environmental protection globally. United Nations Environmental Programme (UNEP) reported that until December 2009, about 290 multilateral environmental agreements (MEAs) on record. These agreements could be formed as pacts, agreements, protocols, charters, even constitutions.

Unfortunately, the existence of MEAs was not concrete at all. Its mechanism seemed dull, ineffective, weak, and fragmented. There was an institutional gap coming through the mechanism, where jurisdicitive gap, information gap, and implementation gap happened. This situation led to a new mechanism that more effective. MLG mechanism became one of innovative options in terms of addressing trans-boundary environmental problems.

MLG defined as, “supranational, national, regional, and local governments are enmeshed in territorially overarching policy networks.” In this manner, MLG can be seen in two ways: horizontal and vertical. Horizontal coordination alludes to how partners at pretty much a similar level and level of impact can team up to execute REDD+. Vertical coordination alludes to how partners at various spatial scales and with various degrees of impact, can cooperate to arrange how REDD+ plans are both planned and executed.

Multi-level refers to the increased interdependence between governments that operates in various levels, while governance refers to the growth of interdependence between governments and non-governmental actors in various territorial levels. In this regard, MLG focuses on broader and more flexible interaction between states and non-state actors, not merely top-down and command-control relationships which are highly state-centric.

According to Bache and Flinders, in order to understand MLG then it is a must to understand the concept and the form of intergovernmentalism. First, MLG

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99 UNEP, Multilateral Environmental Agreement Negotiator’s Handbook, (Finland: University of Joensuu, 2007)
is not a traditional intergovernmentalism where it only focuses on public actors (government). Non-public actors (private and non-governmental actors) also equally involved in the governance. Non-public actors are consisted of several kind of actors, range from business actors, non-governmental organizations (NGOs), civil society organizations (CSOs), and many others. Whether public or private actors both are having their own interests and collective purposes. The diversity of actors that involved in the governance tend to create a multiple linkages between governance processes in various level, which is defined as multi-sectoral relations.\footnote{Jenny Fairbrass, et al., \textit{Multi-level governance and environmental policy}, ( New York: Oxford University Press, 2005), in Ian Bache and Matthew Flinders eds.}

![Figure 5. Multi-Level Governance Illustration](image)

Second, MLG is not a hierarchy order. MLG is where transnational institutions are involve and communicate directly with sub-national actors, and vice versa. There is an institutional exchange in MLG that is \textit{ad hoc} and formed specifically in order to overcome a specific issue. The regime (transnational actors) are free to decide which level is going to be the policy target, depending
on the nature of the problem. National government have to make sure that policies, regulations, and programmes, that run by sub-national level, are sinergized with the regime’s rules.\textsuperscript{103}

There are three major components in MLG, namely 1) actors; 2) scale; and 3) interests.\textsuperscript{104} The actors have different values and levels of political influence which are intertwined by horizontal linkages. The actors come from different sectors, from government, private, investors, NGOs to indigenous communities. The scale refers to the vertical links that connecting actors at the national and sub-national levels according to international frameworks.

One of the governance that dealing with environmental issue that enforcing MLG instrument is REDD+. REDD+ progresses strategies internationally for conversing worldwide issues that have significantly confined impacts. REDD+ itself requires multi-level administration including numerous on-screen characters to make it worthy to partners with various interests. Multi-level and multi-actor governance can enhance the cooperation of nearby individuals and offices that regularly rival each other and, thus, could decrease potential clashes in accomplishing productivity, adequacy, value, and co-advantages of REDD+. Therefore stablishing REDD+ is a demanding process—whether internationally, nationally, or at a local level. Transparency, inclusiveness, and accountability relations also affect the legitimacy of decision-making processes and results.\textsuperscript{105}

\textsuperscript{103} Jenny Fairbrass, et al., \textit{Multi-level governance and environmental policy}, ( New York: Oxford University Press, 2005), in Ian Bache and Matthew Flinders eds.


\textsuperscript{105} Ibid.
III.1 REDD+ as an International Environmental Cooperation Strategy

Such anarchic character of international realm is not always an obstacle to the capacity of regimes to contribute to problem solving. Through the cultivation of mutual trust and the building of regimes, the recourse to violence by states in pursuit of their interest would be limited. Subsequently, the cooperation is formed to address trans-boundary problems.

REDD+ as an environmental regime emerged during the process of the global climate change negotiations at the United Nations Framework Convention on Climate Change (UNFCCC). Two scientific publications contributed to setting the agenda on REDD+. One is Nicholas Stern’s ‘The Economics of Climate Change’, which identified deforestation as one of the causes of climate change and argued that reducing deforestation in a highly cost-effective way of reducing greenhouse gas (GHG) emissions\textsuperscript{106}; the other one is the Intergovernmental Panel on Climate Change (IPCC)’s ‘Mitigation of Climate Change: Fourth Assessment Report’ that emphasizes GHG emissions from land-use change including forestry.\textsuperscript{107} Both publications offered powerful reasons for the REDD+ mechanism to be a prominent instrument to mitigate climate change. Therefore, Stern and the scientists of IPCC exerted their intellectual leadership in setting the agenda on REDD+ mechanism in forming the climate change regime.

As a set of steps and guidelines designed to use market incentives to mitigate deforestation and decline of forest accumulation and forest services, REDD aims to prevent carbons stored in forests from being released into the atmosphere. Discussions on REDD at the international level were officially initiated when Papua New Guinea and Costa Rica, supported by eight other parties, proposed REDD as a formal agenda at the eleventh meeting of Conference of Parties (COP-11) of the UNFCCC in 2005.\textsuperscript{108} After four years since REDD was

\textsuperscript{107} Metz B., et al., *Climate Change 2007: Mitigation of Climate Change*, (IPCC Fourth Assessment Report, 2007)
\textsuperscript{108} UNFCCC, *Reducing emissions from deforestations in developing countries: Draft conclusions*
formally proposed at COP-11, the Copenhagen Accord was reached at COP-15 in 2009 to define the need to provide incentives for REDD+ by enabling the mobilization of financial resources from developed countries. As the Copenhagen Accord called for the immediate establishment of a mechanism, six countries pledged a total of US $3.5 billion as a fast-start financing package for REDD+ partnership. To further substantiate the efforts on REDD+, 58 countries formed the REDD+ partnership at the Oslo Climate Conference and Forest Conference in May 2010. Six more countries pledged an additional US $500 million by 2012.109

REDD+ was well-received by the international community as an effective scheme between developed and developing countries to combat climate change. On the basis of international negotiations and discussions, a number of international initiatives and some developed countries are participating in supporting and implementing REDD+ activities in developing countries. Up to the year of 2009, 79 REDD+ readiness activities and 100 demonstration activities have been implemented in 40 developing countries, which are being driven by international initiative such as the Forest Carbon Partnership Facility (FCPF) of the World Bank, the Forest Investment Program (FIP) of the Climate Investment Funds, and the UN-REDD Programme jointly led by the Food and Agriculture Organization (FAO), the United Nations Development Programme, and the United Nations Environment Programme. Developed countries are supporting and utilizing multilateral schemes like these to design and implement REDD+ activities in developing countries, in addition to their bilateral support.110

It is necessary to form mutually beneficial agreements among governments to address trans-boundary environmental problems as well as to reduce global conflicts and the risk thereof. Based on this framework, REDD+ categorized as one of international environmental regimes. In this context, environmental regimes that operate at the international level and transnational levels are a part of global governance systems in environmental world politics.

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110 UNFCCC, Report on the Conference of the Parties on its fifteenth session. (Copenhagen: UNFCCC, 2010)
Particular issue-areas covered by the environmental regime include biodiversity, ozone depletion, and climate change.  

Ambitious developed countries, such as Norway, France, Germany, Australia, Japan, the United States, the United Kingdom, and Ireland, were involved in climate change negotiations and provided developing countries their resources for REDD+ readiness and demonstration project under the climate change regime. Their contributions highly depending on their interests and resources such as finance, technology, and knowledge. The allocation of resources led to differences in power to influence the process of forming a REDD+ mechanism.

III.2 The Policy and Strategy of Indonesia towards REDD+

Indonesia, due to several factors, was chosen as one of the beneficiary countries. It placed as the third biggest area of tropical forests which ranked under Amazon and Congo Basin, and the forest’ loss has been significantly contribute to global GHG emissions, where according to several studies, deforestation and peat land degradation in Indonesia were releasing about two billion tons of carbon dioxide annually, making Indonesia the third biggest GHG emitter throughout the world after the United States and China. About 80 percent of Indonesia’s carbon emissions are a result of agriculture and forestry sector, including the conversion of forestlands (35%) and peatlands (45%). In addition, there are about eighty million forest-dependant community, or thirty-eight percent of the total population in Indonesia. These factors also led Indonesia hosts the largest number of REDD+ initiatives in the world. As of 2012, there were more than 60 initiatives at various stages of development.

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There are three phases distinguished in national REDD+ policy processes: phase 1 refers to national policy formulation, the readiness phase; phase 2 refers to implementation; and phase 3 refers to result-based payments. Currently, Indonesia has reached phase 2.

Before the thirteenth Conference of Parties (COP-13), Ministry of Forestry (MoF) set up the Indonesia Forest Climate Alliance (IFCA) to direct an exhaustive report in help of the advancement of a Readiness Preparation Proposal (R-PP) to be submitted to the World Bank. In 2008, the investigation was distributed as the 'Consolidation Report: Reducing Emissions from Deforestation and Forest Degradation in Indonesia', which came about a system for Indonesia REDD+. The structure filled in as the premise to take activities in connection to backwoods arrangement detailing, the foundation of pilot ventures, and methodological advancement through research-related limits.

At the G20 Major Economies Summit in 2009, the current Indonesian President, Susilo Bambang Yudhoyono declared Indonesia commitment in reducing GHG emissions up to 26 percent by the year 2020, while it could be up to 41 percent with international support. Over 80 percent of the targeted reduction in emissions is to be achieved from forestry and peatlands. To realize this commitment, the National Planning Agency (Badan Perencanaan Pembangunan Nasional or BAPPENAS) prepared the national action plan to reduce GHG emissions (Rencana Aksi Nasional Penurunan Emisi Gas Rumah Kaca or RAN-GRK). Thus, REDD+ plays a key element in realizing this commitment.

As the first state to put REDD+ specific legal instruments at the national level, Indonesia then developed a REDD+ National Strategy in recognition of the

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115 Charlotte Streck, et al., Options for Enhancing REDD+ Collaboration in the Context of Article 6 of the Paris Agreement, (Meridian Institute, 2009)
116 S. Atmadja, et al., REDD+ in Indonesia: The national context, (Bogor: Center for International Forestry Research (CIFOR), 2014)
117 Ministry of Environment, Rencana Aksi Dalam Menghadapi Perubahan Iklim, (Jakarta: Ministry of Environment, 2007)
118 Ministry of Environment, Summary for policy makers, Indonesia’s Second National Communications under the United Nations Framework Convention on Climate Change, (Jakarta: Ministry of Environment, 2009)
fact that various other legal instruments, including three regulations issued by MoF in the lead up to the COP-15: P.68/Menhut-II/2008 on the Implementation of Demonstration Activities for REDD+; P.30/Menhut-II/2009 on procedures for REDD+ activities; and P.36/Menhut-II/2009 regarding procedures for licensing of commercial utilization of carbon sequestration and/or storage in production and protected areas.\footnote{119}

In May 2010, GoI signed a Letter of Intent (LoI) with Norway on REDD+ cooperation, to undertake measures to reduce Indonesia’s emissions from deforestation and forest degradation. In the agreement, Norway committed up to $1 billion to support Indonesian efforts on REDD+ over five years. Under the Indonesia-Norway partnership, further rules have been issued by Presidential Decree through Government Regulation No. 25/2011 to establish the REDD+ Task Force (Satuan Tugas or Satgas REDD+) which has been renamed and revolved as the REDD+ Agency (Badan Pengelola or BP REDD+), and Government Regulation No. 10/2010 (which replaced by Government Regulation No. 60/2012) for regulations on changing the designated function of forest areas, also Government Regulation no. 24/2010 on usage of forest for non-forestry development activities, for example mining.\footnote{120}

### III.3 Promises and Perils of Indonesia’s Decentralized Forest Governance

Expanding the forestry and plantation sectors in Indonesia has significantly increase the tension on agrarian and natural resource conflicts, specifically the conflicts that are related to land tenure. In 2013, the Consortium for Agrarian Reform (Konsorsium Pembaharuan Agraria or KPA), reported 396 cases of agrarian conflict that affecting more than 1.2 million hectares of agricultural land. According to a study conducted by World Bank (2014), more than a hundred and twenty million hectares of forest claimed by the state yet

\footnote{119} Ministry of Forestry, \textit{Ministry of Forestry Working Group baseline and mitigation}, (Jakarta: Ministry of Forestry, 2010)\footnote{120} Ibid.
nearly 25 million hectares of all Indonesia’s state forest areas are in conflict, mainly caused by competing land claims and governance issues. Furthermore, Persch-Orth and Mwangi (2016) reported that Indonesia has the highest number of industrial tree plantation conflicts globally.

To mitigate those issues, Indonesia committed itself as one of the biggest beneficiaries of REDD+ negotiations for climate change mitigation through improved forest management. REDD+ initiatives have provided strong motivation for GoI to reform its forestry sector, one of which is to establish Indonesia’s Forest Management Units (Kesatuan Pengelolaan Hutan or KPH). KPH is the smallest front line government agency mandated to efficiently and sustainably manage Indonesia’s forest areas. The establishment of KPH has been issued by GoI through PP No. 6/2007. KPHs are set to play out a decent timberland governance, adjusting parts and duties of the administration, business group, and common society, which bolstered by responsible arrangements and dependable law requirement establishments. Through KPH system the entire state forest areas will be decentralized and divided into districts that each district is equipped with multiple KPHs who responsible for providing the basis for improved forest governance, planning, forest resources management, monitoring, and stakeholder engagement. As a bridging institution, KPHs can support management institutions work with one another so that they can build consensus on how their landscapes might deliver the optimal range of societal benefits. The KPHs likewise actualize different woodland administration exercises at the site level, including the use of national and regional timberland policies. Furthermore, the KPHs have turned into the main government substance in overseeing common assets with a lawful order to convey and work with indigenous and neighborhood groups.

KPH are categorized by function into three types: production units (Kesatuan Pengelolaan Hutan Produksi or KPHP), protection units (Kesatuan Pengelolaan Hutan Produksi or KPHP), protection units...
Pengelolaan Hutan Lindung or KPHL), and conservation units (Kesatuan Pengelolaan Hutan Konservasi or KPHK).\textsuperscript{124} Under Regulation No. 6/2007, \(\text{KPH}\) is divided into five functions\textsuperscript{125}, which are:

1) to establish forest management unit compartments, including long-term and short-term forest management plans, forest utilization; in terms of monitoring and controlling the permit holders, forest rehabilitation and reclamation, forest utilization in particular areas, and forest protection and conservation.

2) to describe national, provincial, and district forest policies

3) to arrange forest management activities in its district, from planning, organizing, implementing, and supervising and controlling

4) to conduct monitoring and assessment of the implementation of forest management activities in its district

5) to develop investment to support the achievement of designated goals

Since 2009, the number of \(\text{KPH}s\) has significantly increased. 28 out of a total 33 provinces in Indonesia have implemented \(\text{KPH}\) zoning. By the year 2014, more than 64 percent of the state forest has been zoned for decentralized \(\text{KPH}\) management.\textsuperscript{126}

However, beyond such promises that \(\text{KPH}\) has offer, \(\text{KPH}\) raises certain issues and concerns, moreover these issues affecting REDD+ implementation in local level. Eight years after its establishment, \(\text{KPH}\) has not yet achieved their designated goals over forest management in Indonesia. Lack of coordination across levels of governments, along with ambiguous and overlapping district boundaries, has often led to conflicting laws and regulations, which can be costly.

\textsuperscript{124} Ministry of Forestry, Development of KPH, (Jakarta: Ministry of Forestry, 2009)
\textsuperscript{126} Ministry of Forestry, Executive Summary About Forest Management Units, (Jakarta: Ministry of Forestry, 2014)
to local governments. The potential KPH to deliver improved forest governance is limited by Indonesia’s lack of a formal legislative framework for coordinating sectoral interventions. KPH is legally restricted to operating inside state forest boundaries. KPH also is not sufficiently institutionalized or financially supported. Its budget and program remained unclear. Although MoF has provided a significant boost for the KPH system by allocating $10 million for 60 KPHs in 2012, this budget is for specific activities to promote establishment of model KPHs, is not meant to be a continuing operational budget.

As a cross-over establishment, KPH ought not exclusively be in charge of building nearby limit with regards to powerful administration yet in addition arranging change at a larger amount. KPH ought to have the capacity to impact chiefs at national and regional levels, overseeing correspondence and data sharing both here and there chain of command. The performing artist arrange outline common society bunches are very much associated with each other and to the KPH, yet once in a while to other government parts. By conquering any hindrance between common society and chiefs, KPH can help make an interpretation of neighborhood needs into approach and activity, too to illuminate obligations and objectives in the scene.

III. 4 The Internalization of REDD+ into Aceh’s Special Autonomy

After almost thirty years of civil conflict, the Government of Indonesia (GoI) responded to GAM’s demands by issuing Law No. 18/2001 regarding Aceh’s Special Autonomy Law. The law grants the Aceh government authority to govern the province and to manage its natural resources. Furthermore, the law grants Aceh a larger transfer of natural resource revenues, whereby 80 percent of

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127 Indrarto, et al., The context of REDD+ in Indonesia: Drivers, agents, and institutions, (Bogor: Center for International Forestry Research, 2012)
128 Ministry of Forestry, Data and information: KPH 2012, (Jakarta: Ministry of Forestry, 2012)
129 Jae Soo Bae, et al., Promises and Perils of Decentralized Forest Governance: The Case of Indonesia’s Forest Management Units in REDD+, (Society and Natural Resources, 2014)
revenue from forestry sector is allocated for Aceh provincial government and 20 percent for the central government.

Following the peace agreement that was signed among GAM and GoI in 2005, GoA strengthened its ownership towards the province by declaring the Law on Governing Aceh (LoGA No. 11/2006) which grants Aceh for more authority to manage, plan, implement, supervise the exploration and exploitation of its natural resources. The existence of this law is expected to be utilized for the greater prosperity of Aceh to accelerate the realization of welfare in Aceh, economic growth between regions, and a guarantee for no demands to separate from the Republic of Indonesia (RoI). Due to these institutional reforms, whereby supported in Central Government Law No. 32/2004 regarding Regional Government, the GoA finds itself empowered to deal with and take charge of REDD+ initiative. Those regulations give authority to the provincial and district governments to regulate environmental services utilization through the issuing permits of Ijin Usaha Pemanfaatan Jasa Lingkungan or IUPJL including carbon sequestration.

Aceh is host to one of Indonesia’s first REDD+ pilot projects. The Ulu Masen REDD+ initiative was proposed by the GoA in collaboration with Fauna and Flora International (FFI) and Carbon Conservation Pty Ltd. The conception of the Ulu Masen REDD+ initiative itself began before the central government established the Regulation of the MoF on the Implementation of REDD+ where the regulation was released in December 2008, also before the MoF released the decree regarding the establishment of the Working Group on Climate Change in January 2009 which assigned to conduct assessment of the viability of proposed REDD+ activities.

By making use of its special autonomy and attendant powers from LoGA, the GoA then issued a Governor Decree No. 522/372/2009 on decision to set aside Ulu Masen are as emission reduction strategic area from deforestation and forest degradation. To emphasize the GoA’s commitment in implementing the initiative, the governor issued a second Decree No. 522/18/2010 on the formation of Task

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130 Eye On Aceh, Challenges of Forest Governance in Aceh, (Aceh: Eye On Aceh, 2009)
Force REDD+ Aceh to manage the REDD+ initiative.\textsuperscript{131}

III. 5 The Diverse Motives of Involved Actors

Deforestation and timberland debasement cannot be surrounded as just ranger service issues. What's more, frail governance, degenerate political framework, timber abuse, modern horticultural improvement, foundation development, and moving development all assume a noteworthy part in current levels of deforestation and woods debasement. Besides, it is difficult to examine enhanced woods and land use without tending to ecological, social, political, and monetary angles, for example, arrive residency, provincial neediness, biodiversity administrations, defective controls, and money related and showcase issues. Thusly, REDD+ requires a cross-sectoral reaction and the thought of every single significant factor inside and outside woodlands. Portrayal and cooperation of performing artists crosswise over division limits and different learning and qualities are important highlights for REDD+ institutional courses of action to react to the more extensive degree.

The special autonomy status of Aceh is appealing for carbon dealers who assist the GoA to develop initiatives for selling carbon from Aceh’s forests. An important element for selling the carbon is the certainty of forest/land tenure because carbon buyers are interested in initiatives with long-term assurance about land ownership and use in the future. Despite such special autonomy status, inconsistencies and ambiguities still rooted in its legal regulatory framework where around fifty-eight percent of the forest in Ulu Masen still remains under the control of central government.\textsuperscript{132}

The endless negotiations in achieving an international climate agreement


resulting uncertainty regarding the funding streams, and REDD+ architecture development has affected the progress of REDD+ on the ground. These issues associated with dependence on short-term availability of external funding, unsustainable political support, perceived unattractiveness of REDD+, have halted the momentum for Ulu Masen REDD+ initiative in Aceh.133

Eventhough, technical solutions are proposed to overcome tenure conflicts by involving communities and mukim leaders in the participatory land use planning, and developing a multi-stakeholder management structure with community representation for the Ulu Masen ecosystem, the Project Design Document (PDD) of the Ulu Masen REDD+ initiative does not address the overlapping regulations of Aceh’s land use which could emerge conflicts between landowners and the initiative.134

Another key challenge to implement Ulu Masen REDD+ initiative is convincing the district governments to harmonize their policies to support the initiative goal which to reduce carbon emissions. As the Ulu Masen area covers five districts, the district governments’ support is crucial for successful initiative implementation. Due to unclear arrangements regarding the authority for governing natural resources between different levels of government, diverse actors interpreted the implementation of various decentralization policies based on their own interests. Some district governments in Aceh see potentially lucrative economic activities that could yield district revenues. This situation is complicated by the existence of a corrupt political system that leads district political elites to use revenues from local resources to fuel their political machines and maintain relations with their political supporters.135

134 Ibid.
135 Abidah Billah Setyowati, Governing Forest Carbon the Political Ecology of Reducing Emissions from Deforestation and Forest Degradation in Aceh, Indonesia, (New Brunswick: The State University of New Jersey, 2014)
CHAPTER IV

As a goal of this thesis, this chapter will provide a better understanding about the implementation of REDD+ in the Ulu Masen Ecosystem. The author questioned the ability of Ulu Masen REDD+ initiative to meet its designated aims, while REDD+ mechanism emphasizes the importance of integrating the environment fully into the carbon market system through the incentivization and commodification of forest carbon, and minimalizing the role of the state in forest governance. This chapter will analyze the implementation progress of the initiative, and deliver the outcomes whether it is the achievement or failure using Neoliberal Institutionalism framework.

IV. 1 The Translation of REDD+ Policy Into Practices

REDD+ as a policy model comprises of bureaucratic and technical discourses that could conceal social side effects generated and political interference. Thus, analyzing the translation of REDD+ policy into practices is essential to decipher how elements of REDD+ shape initiative outcomes and its potential social and political consequences. A policy model serves as a tool for identifying purpose of initiative activities, maintaining inclusivity, and translating the messy realities and complicated process of initiative implementation into ‘authorized categories’ for the initiative actors. The initiative’s success can be measured through the ability to sustain a policy model that offering a significant
interpretation of events, not because it turns policy into reality.\textsuperscript{136}

Most of REDD+ activities operate at the local level where indigenous peoples and forest-dependent communities are the frontliner of efforts in reducing carbon emissions. There are many concerns and issues that have been raised over the potential effect on the livelihoods of the communities, as well as community engagement in forest governance. Some scholars argue that REDD+ would significantly strengthens community-based natural resources governance, while others argue that REDD+ could potentially recentralize decision-making power over forest use. Moreover, according to some researchs, REDD+ raised many potential problems such as project benefits being capitalized by elites in the communities and the increased risk of communities losing access to forests due to limited acknowledgement of their rights over forestlands and natural resources.\textsuperscript{137}

Those concerns have fueled a growing literature on the importance of establishing safeguards in REDD+ design and implementation to avoid such potential risks. Those literature became prominent instruments in setting REDD+ framework that was agreed upon during the sixteenth Conference of Parties (COP-16) of the United Nations Framework on Climate Change Convention (UNFCCC), known as the Cancun Agreement, including Free, Prior, and Informed Consent (FPIC) as one of the REDD+ guiding principles that recognizing critical role of indigenous peoples and other forest-dependent communities to the effectiveness and long-term sustainability of REDD+.\textsuperscript{138}

‘Free’ means that consent is given freely and voluntarily, with no coercion, manipulation, or intimidation and following a process directed by the community, respecting the time requirements of indigenous consultation or consensus processes. ‘Prior’ means that consent can be sought in advance of any activities at the early stages of development meant that the process of FPIC should be initiated sufficiently in advance of authorization of activities, taking into account

\textsuperscript{137} W. D. Sunderlin, et al., \textit{A guide to learning about livelihood impacts of REDD+}. (Bogor: Center for International Forestry Research, 2010)  
\textsuperscript{138} D. Brown, et al., \textit{Moving Ahead REDD: Issues, Options, and Implications}, (Bogor: Bogor: Center for International Forestry Research, 2010)
indigenous people’s involvement of decision-making processes, in phases of assessment, planning, implementation, monitoring, evaluation, and closure of an initiative. ‘Informed’ means that communities have been provided with complete information and understand the potential impact. In general, ‘consent’ means collective decision-making.\textsuperscript{139}

FPIC embodies principles that respect the rights of affected communities, including the right to give or withhold their consent for any development that directly affect their livelihoods or well-being. FPIC requires governments and initiative proponents to ensure that initiative development is implemented in a way that fully respect the rights of communities affected by development. FPIC has been adopted by a number of institutions and various other global negotiations, such as the Convention on Biological Diversity. In the context of REDD+, initiative proponents should ask consent from all local stakeholders before proceeding with initiative implementation.\textsuperscript{140}

FPIC allows indigenous people and other forest-dependent communities to meaningfully participate in the decision making processes, negotiate fair deals, and withhold their consent if they find that proposed REDD+ programs do not adequately address their needs, priorities, and concerns. In other words, FPIC maintains the inclusiveness of the REDD+.\textsuperscript{141}

REDD+’s Project Design Development (PDD) serves as a policy model to guide the translation of initiative ideas into practices. When the PDD of Ulu Masen REDD+ initiative was wholly developed in 2007, the notion of FPIC had barely entered into REDD+ negotiations. PDD was almost wholly developed in the hands of the initiative proponents: GoA and Carbon Conservation, in close collaboration with FFI. Thus, it is understandable that the PDD does not mention FPIC although it does highlight the initiative proponents’ commitment to develop the initiative through a participatory process by engaging civil society and communities.

\textsuperscript{139} UN-REDD, \textit{Guidelines on Free, Prior, and Informed Consent}, (Geneva: UN-REDD Programme, 2013)

\textsuperscript{140} Patrick Anderson, et al., \textit{Free, Prior, and Informed Consent in REDD+}, (The Center for People and Forests, 2011) in collaboration with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

\textsuperscript{141} Ibid, n123.
different levels of government in order to ensure that benefits are equitably shared among all stakeholders, including forest-dependent communities and those with customary (adat) rights to forest land. The PDD also emphasizes the inclusion of marginalized groups in the initiative such as women, former GAM combatants, tsunami-orphans, and other under-represented communities.\(^{142}\)

In designing the initiative, proponents encountered a dilemma in choosing between conducting the consultation processes effectively, which required substantial time and expense, or getting the initiative moving immediately, they chose to move immediately. As a result, the processes of project design were very elitist involving only a few actors in the provincial government and other initiative proponents, instead using a rights-based approach, decisions were based on friendships and existing networks, particularly among former GAM elites and GoA-FFI partnership.\(^{143}\) Proper consultation with local communities who lived in and around the Ulu Masen area was nearly absent.\(^{144}\) Initial informational socializations were held after the PDD was finalized implying the assumption that local communities had agreed with the project design.\(^{145}\) In this regards, the initiative did not ensure open, transparent, and inclusive decision making processes. The GoA justifies that there is no problem in such an exclusive process. As Fahmi Ridwan, Head of Aceh REDD+ Task Force, said:

“The government’s position is that we do not want to raise people’s expectations about what benefit they will get from REDD+ before we ourselves have a better idea of both what is possible, and when it is likely to happen.”\(^{146}\)

On February 6, 2008, the Ulu Masen REDD+ initiative became the first

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\(^{144}\) P. Anderson and T. Kuswandono, *Report to the Rainforest Foundation Norway on REDD in Indonesia,* (UN-REDD, 2008)

\(^{145}\) R. A. Clarke, *Moving the REDD Debates from the Theory to Practice: Lessons Learned from the Ulu Masen Project,* (Law Environment and Development Journal, 2010)

\(^{146}\) Ibid, n128.
REDD+ initiative that has been validated under the Climate, Community, and Biodiversity (CCB) Standards. Surprisingly, the initiative validation report for the CCB standards revealed that the initiative does not provide a clear explanation on what kind of processes and efforts were undertaken to engage local stakeholders, particularly indigenous people and other individuals who are most reliant on forest resources.\textsuperscript{147} Smartwood, a programme under the Rainforest Alliance that administers verification and validation processes, decided that the communities’ involvement in the project was not a compelling criterion for the PDD approval but rather as an optional point.\textsuperscript{148}

Due to increasing pressures from civil societies, NGOs, and so forth, the initiative proponents eventually made a more concerted effort to develop a comprehensive plan for consultation and FPIC implementation. The proponents were also motivated to implement FPIC in order to get a ‘premium price’ of carbon credit generated from the initiative as they applied for Verified Carbon Standard (VCS) validation.\textsuperscript{149} VCS is a non-profit organization that provides quality assurance in the certification of projects’ voluntary carbon emissions reductions.\textsuperscript{150}

The provincial REDD+ Task Force designed a mechanism for FPIC implementation, which opened up the possibility for communities to accept or decline the proposed initiative. Based on the FPIC mechanism framework, the mukim leaders would be engaged in the consultations which expected to disseminate the information to community members and organize consultation meetings at the mukim level before making an informed decision on behalf of communities. The FPIC design used a policy model that relies on using the mukim institution as the basis of participation, whereby mukim leaders represent


\textsuperscript{149} Abidah Billah Setyowati, Governing Forest Carbon the Political Ecology of Reducing Emissions from Deforestation and Forest Degradation in Aceh, Indonesia, (New Brunswick: The State University of New Jersey, 2014)

communities during consultation processes.

In May 2010, initial consultation process was conducted by the provincial REDD+ Task Force across five districts including Aceh Besar, Aceh Jaya, Aceh Barat, Pidie, and Pidie Jaya. The aim was to increase communities’ awareness of the Ulu Masen REDD+ initiative followed by a series of consultation processes to obtain consent from *mukims* located in and around Ulu Masen ecosystem. These consultation involved 83 *imeum mukim*, 50 *mukim* leaders, and other *mukim* representatives. During the consultations, only a few participants hoped that the initiative would strengthen communities’ rights over forests and natural resources. Most participants expressed their concerns on the possibilities of communities being excluded from project planning and implementation and thus unable to access the project benefits.  

Surprisingly, when the provincial REDD+ Task Force started the initial consultation process, the scope of the initiative was still being negotiated by GoA and Carbon Conservation. Thus, it was unclear which communities should be involved in the consultation processes. This led to further confusion in determining: 1) the initiative beneficiaries and what criteria and indicators are used to select them; 2) who should represent the communities; and 3) whether those selected representatives could reliably prevent elite capture. Moreover, some of the initiative area was located in state’s forest land which assumed by the provincial REDD+ Task Force that the communities’ approval was unnecessary because it could potentially challenge the state’s authority.

**IV.2 Neoliberalization of the Ulu Masen Ecosystem**

Neoliberal Institutionalism examines not only of the governmental technologies that are aimed at shaping and governing behaviour of the individual and others, and directing the qualities of population, but also on the goals,

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152 Ibid.
aspirations, and rationalities that shape, normalize, and instrumentalize the conduct, thoughts, and decisions which required to achieve desired outcomes.\textsuperscript{153} The relevant technologies of governmental technologies include a variety of mechanisms and approaches, which range from policies and practices to means of management and institutional arrangement.\textsuperscript{154} Thus, in studying Neoliberal Institutionalism, instead of asking what happened and why, it asks how the problem is defined to pursue what goals, what strategies and techniques are employed, and what kind of authorities are created.\textsuperscript{155}

There is a range of actors involved in the Ulu Masen REDD+ initiative with different roles and responsibilities. The proponents of the initiative comprising from public actors as well as private actors, from GoA, international conservation organization FFI, and carbon brokerage firm Carbon Conservation Pty Ltd. At the local level, there are smallholders comprising from indigenous peoples and other forest-dependent communities that needed to be involved also well-affected by the existence of the initiative. Given the potential money at stake—Merrill Lynch has estimated REDD+ in the Ulu Masen Ecosystem could be worth up to US $9 million over four years period—contestation between actors thus is unavoidable.

The capability and accountability of proponents have become a significant issue toward the implementation of the initiative. The capability refers to the ability of the proponents to perform their roles and responsibilities as officially written in the PDD. The accountability refers to how far the performance and efforts that have been undertaken being responsibly audited and explained to a wider public. Initially, the proponents were seemed convincing with their commitment to develop the initiative through transparent and participatory process but turned out they were riffled to embody REDD+ progressive policy into practice. Furthermore, the accountability of the proponents could not be

\textsuperscript{154} P. Miller and N. Rose, \textit{Governing Economic Life}, (Economy and Society, 1990)
achieved and controlled by a wider public, particularly indigenous peoples.

Although global REDD+ regulations were in a state of flux which has not been finalized until 2013, Ulu Masen initiative continued at pace. A valid question for all REDD+ initiatives is the extent to which legal certainty is required before any activities can begin. The initiative proponents argued that the global imperative to reduce emissions overrides the need for legal certainty. They argued that regulatory issues can be finalized as the initiative is implemented and that the ‘learning by doing’ approach will provide the lessons necessary to develop appropriate regulatory frameworks. Regardless of the merits of such arguments, the fact that in Ulu Masen and for most early REDD+ initiatives, legal uncertainty will be prevalent and generate significant risk. Consequently, the GoA was lack of understanding about tenurial rights, carbon property rights, and funding mechanism, which led GoA to the difficulties in disseminating all relevant and important informations about the REDD+ initiative to local governments and communities.

Carbon Conservation as the second party was not well-recognized by the local communities. Throughout surveys conducted by Andrea Prisca Kurnadi, all mukim leaders that have been involved in initial socializations were asked whether they know what and who Carbon Conservation is. The result was they have no any information about Carbon Conservation at all, instead they had been informed that the initiative funding comes through Norway.

In fact, in the beginning of 2008, Carbon Conservation has successfully secured Merrill Lynch’s commitment to make a US $9 million investment into the initiative over four years period. At the height of 2008 financial crisis, Merrill Lynch announced its major deficit which subsequently Merrill Lynch agreed to be acquired by Bank of America. This situation led to the uncertainty to the funding mechanism of Ulu Masen REDD+ initiative, whether Merrill Lynch actually paid

157 Andrea Prisca Kurnadi, Kegagalan Implementasi REDD+ Ulu Masen Aceh, (International Relations Department of International Liaison Indonesia, 2015)
any money towards the initiative or not, and what the status of the agreement with Merrill Lynch was. Until the agreement ended, the questions remained unanswered.

Prior to Ulu Masen, Carbon Conservation has several experiences in collaboration with extractive corporations, such as Rio Tinto Aluminium in Australia and Asia Pulp and Paper in Kalimantan. Eventhough Carbon Conservation was not directly related to the initiative issues, but those led Carbon Conservation considered unaccountable to run the initiative.

According to Jaringan Komunitas Masyarakat Adat (JKMA) and mukim leaders, FFI is not the first party who undertakes socializations directly to the local communities but merely as a facilitator. Facilities provided in the form of meetings at such luxurious hotels, which involving foreign parties, mukim leaders, and provincial government agencies. Also, there was no transparency in the GoA-FFI partnership. Whether the GoA or FFI both did not explain about their partnership in details and openly to the public, whereas in fact, FFI has been actively assisting GoA from 1998. FFI was also considered as unaccountable by not conducting the informal socializations comprehensively to the whole mukim leaders. Based on confessions of several mukim leaders who have participated in a couple of times of meeting, there was only 3 to 5 mukims out of 61 mukims that have been involved.158

Center for International Forestry Research (CIFOR) indicates that the success of REDD+ implementation can be measured through participatory and synergy principles where all actors are given equal opportunities to perform REDD+ programmes.159 The scope of GoA’s responsibilities in the Ulu Masen REDD+ initiative comprised of responsible for overall direction, management and supervision project, lead partner on spatial planning and provincial law, implementation of illegal logging controls, facilitation with GoI through the

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establishment of provincial REDD+ Task Force, and also management of Ulu Masen Implementation Board (UMIB). Surprisingly, based on Chris Lang’s research, GoA never did any check and balance towards the socialization and capacity building that conducted by its partner, FFI. GoA seemed to break away from the responsibilities to undertake the Ulu Masen sustainable management.

Members of the provincial REDD+ Task Force has also affirmed the GoA has never been involved in the initiative directly. Everything is submitted and done by FFI. They argued that it is not the domain of GoA to do so. The GoA has also ignored the potential effect on the livelihoods of the communities, as well as community engagement in forest governance. GoA’s presence counted only once in the initial socialization, as Governor Irwandi gathered the mukim leaders in a meeting.

On the other side, as GoA’s partner, FFI serves as facilitator who provides proper training to GoA members in REDD+ Task Force as well as local communities. Turned out FFI itself knew very little about the initiative. In fact, FFI was not being involved in formulating PDD in 2007. It raised many doubts and questions such as to what extent local communities understand the REDD+ and its impact towards their well-being when one of the proponents who becomes facilitator of the initiative does not master the problems. The comments of Sabibasyah as a mukim leader of Pidie District are:

“We have been told very little about REDD+. FFI has been here to discuss with us, but mostly in the context of protecting the forests and rivers for our downstream neighbours. We are wondering whether FFI staff themselves understand REDD+ because information is far from clear. What we want is very simple: do not treat us as children in our own territory. We are the most important stakeholders in the REDD+ projects. Why do you have information that we do not have, and how can that be so when the

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161 Indigenous leader speaks out on Ulu Masen: “We’ve never seen anything from REDD. It’s like the wind. We can’t see it, can’t touch it.”, REDD-Monitor, retrieved May 4, 2018, http://www.redd-monitor.org/2013/03/01/indigenous-leader-speaks-out-on-ulu-masen-weve-never-seen-anything-from-redd-its-like-the-wind-we-cant-see-it-cant-touch-it/
162 Ibid.
REDD+ project is about our lives, not yours? That is our questions to FFI.

To our government. I don’t know why it’s only FFI that has been talking to us about REDD+. Perhaps it is their project, and our own government—we—do not understand.”

Communities are, however, far from homogenous units. The relationship of a local community to its forest can thus be characterized by multiple interest, which can differ not just by socio-economic class but especially by gender and the intersectionality of class and gender. How these interests play out can make critical difference to the effectiveness and sustainability of institutions of forest governance, since REDD+ initiative require community members to cooperate and act collectively in relation to a common pool resource. In spite of the fact that the PDD gives a particular segment on the significance of upgrading multi-partner investment in the procedures of REDD+ arrangement and activity improvement, women are not considered as a vital partner in these procedures. The PDD alludes to the need to connect with women in the consultative procedures and consolidate women's voices into venture exercises, however the undertaking has not succeeded in drawing in women along these lines, to some degree because of its absence of particular system to address the male centric character of the mukim structure, that viably denies women access to open gatherings. In any case, in numerous forestry community in Indonesia, women are altogether associated with various ranger service and farming exercises, for example, planting, nursery administration, upkeep, replanting trees, collecting non-woodland timber items, and showcasing the items.

Almost all policy analysis on REDD+ emphasizes how straightening out forest tenure issues are a key precondition to effective implementation. In general, land tenure is the right to determine who can hold and use forest lands and resources, for how long and under what conditions. Thus, tenure is particularly

164 J. Gurung and Abidah Billah Setyowati, Re-Envisioning REDD+: Gender, Forest Governance and REDD+ in Asia, (Rights and Resources, 2012)
165 R. A. Clarke, Moving the REDD Debates from the Theory to Practice: Lessons Learned from
important in REDD+ because the initiative aims to strengthen land tenure and resource access of forest-dependent communities and those with customary rights.

The Ulu Masen REDD+ initiative was deemed insufficient by SmartWood because it failed to elaborate the tenure and rights over forest to customary claims, and also an evaluation of the potential overlapping and contradictory regulations between state and customary rights over forest, within its project design document instead the document advocates reclassification of lands through producing a revised spatial planning to permanently prevent both legal and illegal logging to occur in the designated areas. The reclassification is deemed crucial to turn logging areas into permanent protection forests and community-managed, low impact, limited-production forest areas.\(^{166}\)

Property relations in the Ulu Masen forest are typical in Indonesia, in which the area classified as forest is considered as the state property, where around fifty-eight percent of the forest in Ulu Masen still remains under the control of central government. The national Forestry Law of 1999 vests forest ownership in the state but recognizes limited customary or adat rights of use and management. Despite de facto customary forest tenure arrangements that continue to be practiced by local communities, they usually do not have formal property rights over the forest area. Hence, forest tenure disputes are common.

The provincial-level legislation in Aceh provides a defined legal role in forest management for customary leaders, known as imeum mukim (mukim leaders). While a progressive policy, it has yet to be realised in practice. Even more basic issues such as determining forest boundaries pose significant challenges, with local communities often unclear as to the designated limits or status of forests. The LoGA text reveals that the law does not specifically acknowledge of mukim authority over forests.

It seems there is a lack of secure land tenure systems and clearly defined property rights, and insufficient law enforcement that affecting the livelihoods and

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well-being of the local communities. Based on McCulloch’s research, in Aceh Besar, PT. Lhoong Setia Mining is involved in exploitation activities for iron ore which is causing land tenure dispute with the local communities. Also in Pidie, there are conflicts between PT. Woyla Aceh Minerals, which is exploring for gold, and those in the community who are involved in illegal mining.\textsuperscript{167}

Therefore, territorializing forest zones and boundary making around forests is central to the development of forest carbon in the REDD+ initiatives. The techniques enable the governing entities to define an area of intervention, measure, and quantify potential carbon credits, maintain carbon storage for monitoring purposes as well as control people’s movement and activities across forest space. However, despite meticulous governmental strategies planned and carried out by the initiative proponents, they have failed in their efforts due to complex patterns of forest access and use, tenure arrangement, local politics, and resistance from various actors.

More surprisingly, in May 2011, Canadian mining company East Asia Minerals who has strong interests in the gold mining industry in Aceh, announced that it has acquired half the shares of Carbon Conservation by signing a Memorandum of Understanding (MoU). East Asia Minerals declared that it will develop a ‘green’ mining project which will use carbon and biodiversity offsets and environmentally friendly mining practices. In return, Carbon Conservation assisted the East Asia Minerals in negotiations with the GoA to allow the company to open 6,000 open pit gold mines inside the Ulu Masen ecosystem area.\textsuperscript{168} This incident has broken the trust between the GoA and Carbon Conservation. The GoA considered East Asia Minerals and Carbon Conservation’s effort as an example of green-washing, which help to boost the mining company’s image in public because of its commitment to a seemingly ‘green’ project. The disagreement between the GoA and Carbon Conservation has contributed to


bringing the initiative to a complete standstill.\textsuperscript{169}

Irwan di’s loss in the 2012 gubernatorial election has brought to an uncertain future for Ulu Masen REDD+. A new Aceh administration which came into power after elections has put the whole project under review. The new governor, Zaini Abdullah proposed to the Ministry of Forestry to change the status of protected forest areas into concession forest areas. The other implementing partner, FFI, continues its work with the communities to promote forest conservation and sustainable land use, but has disassociated itself from the REDD+ initiative.\textsuperscript{170}

To conclude, a great part of the dialog on REDD+ rotates around how to build up reference outflow levels, screen timberland cover and record for carbon stocks, and the likely fund and carbon exchange components. In any case, there is additionally a squeezing need to consider strategy measures, governance reform, and reasonable advantage sharing schemes, in light of the fact that without solid and far reaching arrangement, authoritative, and administration systems, it is improbable that REDD+ initiative can be fruitful on the ground.

A considerable lot of the immediate and aberrant reasons for deforestation are outside the ranger service area, subsequently arrangement coordination crosswise over segments (to be specific ranger service, agribusiness, mines, foundation) is basic to viably address deforestation and woods debasement and to set up an empowering domain for REDD+. Hence a rational and solid strategy and institutional system that encourages arrive utilize arranging and the change of backwoods administration are vital to tending to both the immediate and fundamental reasons for deforestation.

Moreover, such policies and efforts to prevent forest loss are often in conflict with agricultural issues, logging interests, and commodity market that prefer business-as-usual; and within a context of flawed policy, and low intitutional and implementation capacity, these interests prevail over regulatory and institutional reform and improvements in land-use planning processes.

\textsuperscript{169} Göran Eklöf, \textit{REDD Plus or REDD “Light”? – Biodiversities, Communities and Forest Carbon Conservation}, (Sweden: Swedish Society for Nature Conservation, 2013)

\textsuperscript{170} Ibid.
CHAPTER V

CONCLUSION

The REDD+ implementation requires a multi-dimensional and tiered mechanism process. Thus, this process involves various kind of regulations and actors in various levels that differ in terms of agendas and interests. Those regulations and interests have to be harmonized in order to achieve the effectiveness of REDD+ policy and the main objective of REDD+, which is to reducing global emissions in a sustainable and inclusive way. The harmonization of regulations and actors need to be fully present across levels, from international to sub-national level until a collective purpose of designated targets occur.

The formulation and implementation of the Ulu Masen REDD+ initiative has involved messy and conflicted processes in which different actors, with different views, and motives, have attempted to give ‘new’ meaning to the initiative. For the government of Aceh, REDD+ has been seen not only as an alternative source of regional development while ensuring forest conservation, but also as an avenue to assert increasing control over forest territory in the province. The green strategy has also been considered strategic to mobilize international support for such an effort. Carbon Conservation, on the other hand, sees REDD+ as a new business opportunity to gain profit from the emerging carbon market. Furthermore, Fauna and Flora International (FFI) positions REDD+ as an avenue to ensure sustainable financing mechanisms for conservation efforts in Aceh. The fact that the Ulu Masen REDD+ initiative has been taken over by political dynamics suggests that such an initiative is very prone to changing local political situations.

The initiative also demonstrates how the simplification of participatory and Free, Prior, and Informed Consent (FPIC) principles mask power dynamics and limit broader inclusion of other actors in initiative design and implementation. Furthermore, the limited involvement of local actors in the process of Ulu Masen
initiative design and implementation indicates that the proponents did not consider a proper participatory approach a priority in the process. The potential for elite capture and further marginalization of social groups or individuals in the communities is increasing accordingly. With limited information and understanding about the project scheme, it is impossible for local communities to negotiate effectively over FPIC and the development of benefit sharing mechanism processes. Furthermore, operationalizing FPIC on a large scale is especially challenging when the project boundaries and scope have not been clearly defined.

The proponents also place the local communities in a somewhat ambiguous position. On the other hand, the REDD+ scheme requires communities to act as ‘rational service providers’ or ‘market subjects’ who understand the monetary value of their services and would give up forest based livelihoods in exchange for compensation. On the other, the proponents seem unprepared to deal with communities’ enthusiasm over the potential stream of REDD+ financial benefits and have complicated matters further by trying to conceal the potential monetary benefits of the initiative. The proponents of Ulu Masen REDD+ initiative have carried out measures to make the space ‘legible’ and make people ‘governable’ by revising land-use plans as well as conducting participatory planning. Through the revision of land-use plans, the proponents propose to expand the area classified as forest, particularly protected forest areas. In terms of spatial planning revision, the proponents encounter challenges to fix state forest boundaries and zoning systems due to complicated patterns of forest access and overlapping tenure claims. In addition, the plan has also been resisted by local politicians whose business interests are potentially endangered by the land-use revisions.

In the case of Ulu Masen REDD+ initiative, the programmes have much like the ‘governing projects’, which have been marked by trial and error, contestation and controversy, temporal and spatial overlap, and both radical breaks and strong continuities with prior arrangements. Wherein financial payments for improved forest carbon management are used to infiltrate and influence national-scale and subnational-scale forest governance.
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Reducing Carbon Emissions from Deforestation in the Ulu Masen Ecosystem, Aceh, Indonesia

~ A Triple-Benefit Project Design Note for CCBA Audit ~

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Appendix 1. Cover of Project Design Document (PDD) of the Ulu Masen REDD+ Initiative
Appendix 2. Executive Summary of PDD of Ulu Masen REDD+ Initiative
of Verified Emission Reductions (VERs) must be secured to provide immediate and substantial incentive payments to all relevant stakeholders who help the project area arrest deforestation and increase forest protection.

The ability of this project to succeed is contingent on:
- Emergence of a real market for REDD credits that allow sustainable forest land uses to out-compete unsustainable logging and forest conversion
- Independent review and approval of this project’s baseline land use and carbon emission scenario
- Successful design and implementation of project activities
- Development of robust forest monitoring and carbon accounting systems.
- Actual reductions in deforestation in the project area
- Measures to adequately address possible leakage and permanence concerns.

We propose using carbon finance to see if a new type sustainable development in Aceh can succeed. Carbon finance, for all of its potential downsides, moves conservation out of the donor mode and into the distanced traffic of everyday economics. This is not going to be easy or without risks. We accept these risks and feel they are justified by the new REDD opportunities.

Our Philosophy about Methodologies
The methods and analysis of this project design note are based on a few premises. First, we have made every effort to provide readers with as much information as is possible about relevant issues. We acknowledge methodological uncertainties in general, as well as specific gaps in our data and understanding. We cannot at present provide every final piece of information on carbon stocks, or reference emission scenarios, or leakage or any other desired or required data set. Still, we believe the world does not want to argue methodologies while the largest unprotected block of Sumatran rainforest disappears. Aceh - an area ravaged by conflict and natural disaster war - is at a crossroads. Like other parts of Sumatra, Aceh can doreforest large areas as it develops. Alternatively, Aceh can embrace emerging carbon finance opportunities, even if the REDD policy environment is still unsettled.

We have tried to be conservative in estimating any proposed benefits realized from our proposed activities. We have tried also to be transparent, so readers can understand our reasoning and determine if in fact we have made conservative claims. And finally, we have tried to provide readers with our initial plans to improve our understanding of key issues as time and resources permit. We cannot answer every question currently, but we do have a deliberate strategy for moving forward. It is our hope that while we advance our methodology, we can also begin work conserving forests, engaging communities and safeguarding the ecology of northern Sumatra.
Appendix 4. The Validation Report by SmartWood on Land-Use and Tenure Issues of the Ulu Masen REDD+ Initiative
Appendix 5. The Validation Report by SmartWood on Land-Use and Tenure Issues of the Ulu Masen REDD+ Initiative (Continuation)