

INVESTIGATION

A TIME BOMB IN MERAUKE

THE plantation and forest production projects under way in Merauke Regency at the southern tip of Papua, are in danger of unraveling. Last year, a wood-processing factory of PT Medco Papua Industri Lestari stopped operating for two months as a result of heated protests from local residents. Clearing of land for planting sugarcane by PT Cenderawasih Jaya Mandiri, a subsidiary of the Rajawali Group, also ran into trouble. Two tribal groups disputed over the amount of land to be used by the company. Similar conflicts have taken place in many other areas in Merauke, affecting over a dozen companies there.

What is going on? Why is Merauke, known as a relatively calm region of Papua, suddenly beset with problems? The numerous protests from Merauke's indigenous tribal groups, who are accusing companies of not respecting their customary rights, threaten to turn the ambitious project of the Agriculture Ministry, the Merauke Integrated Food and Energy Estate, into a failure.

Tempo reports directly from Kampung Zanegi in the Animha District, and gets to the root of this cultural conflict over the clearing of hundreds of thousands of hectares of forest in Merauke.

OVER a dozen white wooden posts jut from the ground in a five-square meter area. Next to each post is a young acacia tree about a meter tall.

The names of top officials from PT Medco Papua Industri Lestari and LG –the South Korean energy company that has partnered with Medco to manage this forest project – are printed in black paint on each of the posts. Local names include Hilmi Panigoro and Aradea. Korean names include Kim Dong-soo, Ha Young-bong, Kim Young-jin and Song Chi-ho.

Not far from these white posts stands a wooden tower about 10 meters tall. From there, the expanse of Medco’s forest plantation project can be seen from all angles. Thousands of hectares of dense forest have been turned into plots of land filled with neatly planted rows of acacia seedlings.

In the middle of the tower is a long board with large lettering that reads: “Preparation for the Future.” This is the project for the future of Medco in the Merauke Regency of Papua. Launched in early 2010, these 169,400 hectares around Kampung Zanegi, Animha District – a five-hour trip north of the city of Merauke – will be converted into a large-scale forest plantation.

About two kilometers from that tower, on the banks of the Bian River, one of the largest rivers in south Papua, Medco has built a modern wood-processing factory. There, thousands of cubic feet of wood are shredded each day into wood chips that are taken on large barges to the port to be exported to Japan and South Korea.

The wood is used as fuel for electrical generators. Little by little, the processed wood chips become wood pellets, replacing the function of coal as fuel for the generators. In the future, the Zanegi Forest will

be a source of renewable energy for those advanced nations.

In October 2011, when those white wooden poles were stuck into the ground and the Medco officials were busy planting acacia trees together with their guests from Korea, a small commotion was taking place less than a kilometer away. Dozens of residents from Kampung Zanegi were attempting to approach the event location. “At that time we only wanted to meet Pak Panigoro,” said Vitalis Gebze, head of the Gebze kinship group in that neighborhood.

However, police and security from PT Selaras Inti Semesta, a subsidiary of Medco that manages this forest project, blocked the residents. They could not pass the company security post at Km 19, near the PT Selaras employee cafeteria.

“The youths were angry,” said Bonafacius Gebze, a former Kampung Zanegi head.

Bonafacius said the situation soon became controlled. He asked staff from PT Selaras to immediately provide coffee for his people. The tension subsided, as the meeting between Medco and LG officials ended.

The Zanegi residents failed to meet top Medco officials that day, even though they only wanted to convey their frustration and ask some questions. They wanted to know the status of their ancestral land, which Medco had been using for the past two years.

“That company made many promises that have not come to fruition,” said Linus Gebze, cultural head of Kampung Zanegi.

Since that incident, residents of Kampung Zanegi have asked PT Selaras to stop cutting down trees on their lands. In response to the residents’ demands, Merauke Regent Romanus Mbaraka withheld the PT Selaras annual work plan for 2012. By the end of March, the company’s tree-cutting



Former Merauke Regent Johannes Gluba Gebze, Arifin Panigoro, and US Ambassador Cameron Hume.

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IN MERAUKE**



activities had stopped.



It began in 2003. The expanse of alluvial land in Merauke, whose loose soil is good for planting various commodity crops, began to attract the attention of investors. Such level land was suitable for large-scale mechanized farming.

Johannes Gluba Gebze, then Regent of Merauke, immediately latched on to this opportunity. Cooperating with one university, he carried out a land suitability study. Based on this, the government set up a zoning system for the planting of commodity crops. “Of course the ultimate goal was to become a crop producer, no longer needing to import rice, tubers and other crops,” Johannes said at the end of February.

The central government gave them the go ahead. “We need to expedite the development of new crop-producing regions such as this, to strengthen our crop resistance,” said Jusuf, a member of the president’s special staff on food matters. “This is a matter of national urgency,” he said.

The then agriculture minister, Anton Apriyantono, was no less enthusiastic. “One way of increasing crop production is by expanding of the area,” he said. Merauke has potential, said Anton, because it had no less than two million hectares of land which could be utilized. “It is suitable for sugarcane, corn, and rice,” he said.

Having this full support, Johannes moved quickly. Many licenses were issued in the region. At the end of his term in office in 2010, 46 private companies from home and abroad had obtained site permission. Some have begun work clearing thousands of hectares of forest. The companies that are operational are PT Medco Papua Industri Lestari, PT Cenderawasih Jaya Mandiri (Rajawali Group), PT Donghin Prabawa and PT Hardaya Sugar Papua.

When the land first started to be cleared, everyone thought that the Merauke Integrated Food and Energy Estate (MIFEE) project was going to advance rapidly. “Rice could be harvested every three months. For sugar, sugarcane could be harvested every six months,” said Johannes Gebze.

It was precisely this major forest clearing



that triggered the problem.

The first conflict erupted in Merauke in February 2010, a year after the MIFEE project was officially launched by agriculture minister Suswono. In early 2011, residents of Kampung Sanggase in the Kaptel District, about a six-hour trip north from the City of Merauke, protested at the PT Medco Papua Industri Lestari wood factory. They demanded payment of compensation of Rp 65 billion for 2,800 hectares of land used by Medco. This was despite the fact that this land had already been paid for three years earlier. In 2008, Medco disbursed Rp 300 million for residents of Kampung Buepe. The largest share of those funds, Rp 59 million, was received by Jhonny Balagaize, the head of Kampung Buepe.

“Medco paid the wrong people. The Sanggase people should have been paid,” said Gerardus Kaize, vice chairman of the Customary Community Organization in Okaba District. The conflict dragged on until regent Romanus intervened. At the end of last year, Medco finally agreed to pay Rp 3 billion in compensation to the residents of Sanggase.

Since then, conflicts continued, one after another. In the Malind District, the Domande people quarreled with the Onggari people. In the Ulilin District, the Kindiki people fought over land with the Selil people. Almost all of the plantation project, forest production and large-scale farming initiated in Merauke led to conflicts.

The problem was nearly always the

same: Two kinship groups fighting over land ownership as a result of unclear property borders, and compensation payments that were felt to be insufficient. The large influx of investors in early 2010 wanting to utilize the fertile land in Merauke had begun to run into problems.



The confusion in Zanegi was not much different. Residents there felt that they had never released their land to PT Selaras Inti Semesta. Ernest Kaize, head of Kampung Zanegi, showed *Tempo* the stack of documents that were the basis for the company to enter their forests.

A document, titled “Land Management Agreement between the Kinship Group Holding the Communal Land Rights and PT Selaras Inti Semesta,” was signed on 12 December 2009. There were six parties who signed this document: Head of the kinship group holding the land, kampung chief Zanegi Bonafacius Gebze, Kampung Zanegi cultural chief Linus Gebze, PT Selaras general manager Agus Natasaputra, Merauke Regent Johannes Gluba Gebze, and Pastor Ignatius Sarkol from the Kumbe Parish Catholic Church.

“However, we never read it,” said Linus Gebze. The heads of other kinship groups, such as Pangky Ndiken and Vitalis Gebze, verified this. “At that time, the Medco people said they had to quickly get back to town before it rained,” said Vitalis. Believing the company, the elders signed the document.



Former Agriculture Minister Anton Apriyantono and Merauke Regent Romanus Mbaraka.

After this, a representative of PT Selaras handed over a box containing Rp 300 million in Rp 20,000 bills to be distributed. “One family received Rp 2.5 million,” said Linus. Young men who were adults but not yet married received shares of Rp 1 million each. The substance of the agreement was forgotten as they began dividing the money. “It took us a day to count and distribute that money,” said Ernest Kaize.

This agreement makes no mention of the area and borders of the customary area to be the object of their cooperation. As a result, PT Selaras was able to determine on its own what parts of the forest would be cut down and converted into forest plantation industry. “I don’t know. I don’t understand,” said Bonafacius when asked on this.

PT Selaras Inti Semesta had already come to Zanegi a year earlier. On 24 April 2008, Medco staff accompanied by Agustinus Balagaize, head of Kampung Kaliki, held a publicity event about the plan to clear forest in Kampung Zanegi. Agustinus’s presence was important as he was well known by the people of Zanegi.

In the minutes of that day’s meeting obtained by *Tempo*, it is explained that Medco was to build various public and social facilities, such as a school, public health clinic and a church, in Zanegi. Also, to support the income of the residents, Medco was to provide a cajuput oil distillery and technical teaching staff, and facilitate marketing of the oil. It was also promised that the cus-

tomary forest where residents hunt would be protected. “Environmental issues will be handled directly by Conservation International from Australia,” reads the document. Almost none of those promises have been carried out.

A *Tempo* source in PT Selaras who followed the negotiations with the people of Zanegi at that time conceded that the contract with the residents did not include a map of the area. “But we made a participative map with the residents, to determine which parts of the concession area were sacred ground and could not be touched,” he said. Based on this map, of the 169,400 hectares in Selaras, only about 90,000 hectares could be used. “The rest was an enclave which we did not touch,” he added.

Why wasn’t a map attached? “What for? Forget about a paper map, they couldn’t even take care of the clothing on their backs,” said the *Tempo* source.

Agustinus Balagaize, who met with *Tempo* in early March, also admitted that Medco did not attach a map of the customary area in the agreement with residents. “I myself was surprised when I went there not long ago. I mean why had it all been cut down?” he said.

Agustinus, who took part in Medco’s first publicity meeting in Zanegi, said his role was to open the door for PT Selaras to come to Kampung Zanegi. However, the people of Zanegi did not know at that time that Agustinus was working as a member of Medco’s corporate social responsibility (CSR) staff.

In the view of the Zanegi people, the document that they signed and the Rp 300 million given by Medco was just “door money.” “We didn’t know those signatures to mean anything else,” said Bonafacius.



A map of the region is a requirement in a customary rights cooperation agreement. “It is a part of the free and prior informed consent element in each foregoing of a customary right,” said Abdon Nababan, secretary-general of the Archipelago Customs People’s Alliance. “Without it, we can rightly suspect manipulation has taken place.”

For this reason, in September 2011, the alliance, along with twelve other NGOs, reported on this suspected manipulation of customary rights in Merauke to the United National Commission on the Elimination of Racial Discrimination. “We asked that the project in Merauke be stopped first, to settle the problems which had arisen,” said Abednego Tarigan, Director of Sawit Watch, who was also one of those who submitted this note of protest.

Noer Fauzi Rachman from the Sajogyo Institute says the rash of conflicts over customary rights in Merauke indicates there is a deeper problem. “This is a large-scale phenomenon of land grabbing which has been legalized,” he said. This process was possible, he said, because customary rights did not have a legal basis in the Indonesian legal system. “The government should first resolve the matter of the recognition of these customary rights,” he said. If not, these conflicts between companies and local communities will never be resolved.

Aradea Arifin, director of Medco Cellulose, said the company did not know about the importance of a regional map in customary rights management agreements. “We assumed the residents knew the property lines, because the compensation funds for cutting trees is paid according to the forest region held by each kinship group,” he said.

Aradea said he would ensure Medco would fulfill its promises in Kampung Zanegi. “We have no problem with issuing CSR funds to help the people there,” he said.



A NIGHT WITH THE CROC HUNTERS

The people of Zanegi regret opening their door to companies to cut down their forests, saying it has changed their lives for the worse.



THE moon could not be seen that night. A cold breeze blew. It was the last week of February, and it looked like it might rain at any moment. As it darkened, Bonafacius Gebze lit a lamp and hung it near the door of his house. This former Kampung Zanegi head in Animha District, Merauke Regency, Papua, began chewing betel palm leaf and began his story.

"A dark moon like this is good for hunting deer and fowl," he said.

Pak Bon, as he is usually addressed in his neighborhood, is large like most of the Marind people. His skin is dark, and his lips and gums are stained red from betel leaves. He is in his fifties.

He stood, then took a long bamboo shaft from the corner of the room. He put one knee on it, bent it, then quickly used one hand to attach a thick bamboo fiber cord to both ends. "This is my bow," he said proudly.

He then presented some arrows that he said he used for hunting. They are about 50 centimeters long, made from whittled wood. The arrowheads are sharp, made from flattened metal. Then he demonstrated how he hunts deer. Crouching, surveying, he pulls back the bowstring and releases the arrow toward the target.

Hunting is the main activity of the men in Kampung Zanegi. They usually hunt in

groups of two to three adult males. In addition to bringing bows, they also carry spears with cords attached and flashlights. To track down their prey, they sometimes bring along a hunting dog.

There are 110 families living in this neighborhood. The local road is unpaved, and becomes muddy and slippery when it rains. Their homes are semi-permanent, made from painted green wood. From morning to evening only women, children and the elderly are in the neighborhood. The men go hunting or work husking wood at Medco.

A hunting trip can last for days in the forest. While trying to spot unwary deer, the hunters usually collect sagu palm to bring back home. Each kinship group in Zanegi has its own area for collecting sagu, which is a sacred spot for each. Sagu palm trees grow naturally in the wild, and are not planted.

"After one hunt we can bring home five to 10 deer," said Bonafacius.

Some are used for food, and the rest are sold. They sell for Rp 10,000 per kilogram. In addition to deer, if they are lucky they can bring home *saham* or kangaroo. "We used to hunt nearby," said Bonafacius. Deer and kangaroo would often pass through the neighborhood. "Now they are farther away."

Their forest hunting grounds are limited these days. Just to get to the river they

have to pass through the forest plantation area operated by PT Selaras Inti Semesta. Despite the current dispute, this subsidiary of the Medco Group has the written permission of residents to clear forest in the region. Less than one kilometer from the neighborhood, an expanse of bare land, on which acacia and eucalyptus seedlings have been recently planted, dominates the view.

In addition to hunting deer, the people of Zanegi also hunt crocodiles. They are known to be adept in this matter. "We sell the skin in Merauke. They used to go for Rp 25,000 per inch," said Bonafacius. The surrounding forest has some swamps and pools of water, the ideal habitat for crocodiles. Kampung Zanegi is only about two kilometers from Kali Bian, one of the largest rivers in Merauke.

This elder demonstrated how to catch a croc. "The spear must penetrate exactly in the middle of the back of the croc's neck," he said. As soon as the spear hits, the hunters quickly ties up the reptile. "Don't use a knife. It will damage the skin," Bonafacius added.

At his wood plank home, Bonafacius lives with his wife, four daughters, and two grandsons who are still infants. All of them sleep in a single room on a wooden floor without a mattress. This small home measures no more than 36 square meters.

There is no bathroom in the house.



Bonafacius instead constructed an area out of old street banners and sagu palm leaves across the road. Next to it is a water receptacle for washing.

Bonafacius's wife was embarrassed to show her kitchen. There was only a dusty firewood stove. There was no food. "We are low on rice," she said. She chews betel leaf all day.

To the side of his house there is a small storeroom with an electrical cable, which runs to the houses of other residents in the neighborhood. There should be a generator running from Medco. However, that night, Kampung Zanegi was in darkness.

"Two weeks ago the generator broke," said Bonafacius. Local residents have asked the CSR staff at Medco to repair the machine. However, the repairs are taking longer than expected. Medco CSR staff members often come to their neighborhood, just to greet them and chat with residents. "However, if they are asked anything, they usually just promise to pass it on to their superiors."

Linus Gebze, the cultural leader of Kampung Zanegi, is Bonafacius's older brother. His house is less than 200 meters from his younger brother's home. He said Medco had broken its promises to the residents. "They only provided two things," said Linus, who said he is 60 years old. In addition to providing electricity, Medco helped

Bonafacius Gebze (left) and a Zanegi villager cutting the wood using simple tools.

to build a new church. The church sits behind the old one at the edge of the neighborhood.

With a quivering voice, Linus talked about Medco's other promises, which remain unfulfilled. For instance, it promised to repair all of the residents' homes, to build a school and public health center, educate the children of Zanegi until college, and build a distillation facility for cajaput oil as an alternative source of income for residents. "So far it has only provided electricity and the church," said Linus. This is despite the fact that forest clearing has been under way for two years, since February 2010.



When clearing began in the forested area of Zanegi, compensation for residents commenced. The first time, the Gebze kinship group, one of the largest in Kampung Zanegi, received Rp 12 million. In 2010, residents were paid compensation on four occasions. The Gebze group received a total of at least Rp 80.8 million that year. If a hectare of land produces 80 cubic meters of wood, that amount would be compensa-

tion for cutting down trees on 505 hectares of customary forest area.

The problem is, one Gebze group consists of fifteen families. This means, when distributed evenly, one family only receives Rp 450,000 per month. But the Vitalis Gebze family, for instance, has two small children. Then there are the other families. So, like Linus said, the money is used on "just food and drink."

Residents say many things have changed after the arrival of Medco. According to Hendrika Lawalata, a midwife at the local public health clinic, scores of preschool children are now suffering from malnutrition. The stomachs of those children are abnormally bloated. "Whereas in the past the children here were all healthy," she said. Hendrika has been working in Zanegi for more than ten years.

She said they used to be able to take whatever they wanted to eat from the surrounding forest. Now they can only wait for compensation funds from the company to purchase rice and instant noodles from the corner store. "In the past people here ate three times a day. Now most of them only eat twice," said Hendrika.

The conditions of Kampung Zanegi resident have worsened because compensation payments stopped at the end of 2011. "Our annual work plan has not yet been approved by the Merauke regent," Aradea Arifin, director of Medco Cellulose, said last week in Jakarta. For this reason, cutting down trees has stopped. Without this, there is no compensation for residents.

That night Bonafacius continued to talk about his experiences hunting in the woods of Merauke.

He talked about the cassowary bird, which is good at avoiding traps, the large crocs, which fight back when being caught, and about the history of his little neighborhood. After the hunt, Bonafacius and the other men usually hum and sing during the trip home with their deer meat and sagu. Rolling his eyes upward, he began to sing:

*"Wegia Wegia Alo Ma...
Wegia Wegia Loloimae... Oo Saloi Mea
Wegi Ae Wegia Laloi Ma..."*





Agriculture Minister Suswono during MIFEE grand launching event in Merauke.

THE MUDDLE BETWEEN EARTH AND MOON

The procurement of MIFEE land has triggered intercommunity conflict. There are no technical rules yet.

PT Cendrawasih Jaya Mandiri director F.S. Heru Priyono visited Kurik District, Merauke, from Jakarta three weeks ago to sign an accord with the clan chief and communal elders in Kaliki village.

PT Cendrawasih has been negotiating estate business expansion in Papua with Kaliki residents for one and a half years.

The transfer of communal land to a subsidiary, Rajawali Group, began with a traditional ritual. The two-hour procession took place in the school yard. "This is to be witnessed by all Kaliki villagers," said Heru Priyono.

PT Cendrawasih handed over compensation worth Rp 3.5 billion to four clans comprising 100 families. The agreement entitles PT Cendrawasih to the 10,000-hectare Kaliki communal land for 30 years. The total area now managed by Cendrawasih covers 40,000 hectares—after the relinquishment of 30,000-hectares of communal land from Domande village. Meanwhile, PT Karyabumi Papua, the other subsidiary of Rajawali, is licensed to utilize 30,000 hectares of land. Rajawali manages a total area of 70,000 hectares.

After hearing about the Merauke Integrated Food and Energy Estate (MIFEE) project, the company, owned by Peter Son-

dakh, entered Papua two years ago. Rajawali wanted to build an integrated sugar industry. Cendrawasih was also endeavoring to produce ethanol from sugarcane residue.

Of the Rp 3 trillion budget investment, around Rp 1.7 trillion was allocated by Rajawali to set up a sugar factory. "The remainder was for sugarcane estate development, housing complexes and ports," said Heru. The definitive license from Forestry Minister Zulkifli Hasan was only obtained in early March. PT Cendrawasih is now applying for the leasehold right to the National Land Affairs Agency.

When everything is settled, Cendrawasih will start growing canes at the end of the year, with a target harvest date of three years later. The factory with a daily capacity of 12,000 tons is slated to be ready in 2014. Cendrawasih has rented 240 hectares of local migrants' land for seedling nurseries since October 2010.

Rajawali is only one of a number of investors planning to invest in Papua. About 46 companies have secured location permits from regents. These licenses are not

enough to reclaim land. According to Heru Priyono, investors are yet to go through four more phases until they get the leasehold right from the National Land Affairs Agency.

On the occasion of the 108th anniversary of Merauke regency on Feb. 12, 2010, the MIFEE project was introduced to the public. The government is striving to turn Merauke into a national food granary. This idea had been proposed by Merauke Regent Johannes Gluba Gebze in 2003 and he made frequent visits to Jakarta until the central government gave the green light.

Johanes Gebze originally proposed the name Merice. His concept was inclined toward a paddy granary. The central government wanted more than paddy to cover also other food like corn, sugarcanes and soybeans. This prompted the name change from Merice to MIFEE for the Merauke Integrated Food and Energy Estate. Its target is food self-sufficiency in the country as food demand increases across the country. A 1.35 percent rise in population needs an addition of 350,000-450,000 tons of rice supply every year. The figures are based on the average rice consumption of 130 kilograms per capita. "The idea of MIFEE is one of the ways of meeting the food demand," said former agriculture minister Anton Aprian-tono.

This project was at first expected to make available 2 million hectares of new land to boost food production. Johannes Gebze once claimed his region had a land reserve of 2.5 million hectares. To be realistic, the National Spatial Layout Coordinating Agency only put it at 1.2 million hectares. Later, said Forestry Minister Zulkifli Hasan, the total was revised to 500,000 hectares.

Director of Land Expansion and Management at the Agriculture Ministry, Tunggul Iman Panudju, added that of the 500,000 hectares, the area approved for several companies reached a total of about 228,000 hectares.

Though reduced, Anton considered the land area significant to agricultural development because of the soil's compatibility with canes, paddy and corn.

He promoted his project to private companies including Medco Group, owned by



Peter F. Sondakh, Rajawali Group owner.

Arifin Panigoro and PT Bangun Tjipta Sarana by Siswono Yudohusudo, which were interested in investing there.

Apart from local firms, Bin Ladin Group, a business corporation from Saudi Arabia, was also attracted to putting funds into Merauke to a total US\$4.3 billion for paddy planting in an area of 500,000 hectares. Anton said he visited Bin Ladin's head office in Jeddah. "I showed them the food estate to be developed," he said. However, negotiations with Bin Ladin failed.

Anton indicated Bakrie Group also showed interest in developing a sugar industry in Papua. After making a field survey, it cancelled its plan. "Would-be investors have to face the complicated handling of land procurement as it involves communal land and local people's collective right," he said.

Tunggul Iman Panudju stressed that the use of land by investors should be agreed by the clan possessing the communal rights.

At the end of the period of utilization, the land is to be returned to the community. For this reason, said Anton, operation licenses should ideally be issued when the problem with the local community is settled.

However, in practice, said Muhammad Islah, water and food campaign manager of the Indonesian Environment Forum (Walhi), there were irregularities in the field. He said compensation to community members was too low. Walhi referred to the agreement signed by Cendrawasih and Domande residents in Malind District. In

the accord signed on November 30, 2010, Cendrawasih paid Rp 6 billion in compensation. In return, the Rajawali subsidiary got the right to use 30,000-hectare communal land for 30 years. This meant the land was valued at Rp 200,000 per hectare. The contract was established in an accord of stone.

Later, the consensus triggered intercommunity conflict between Domande and Onggari villages. The communal land leased to Rajawali, say the Onggari community, is still under the right of Onggari people.

Tempo visited Heru Priyono in Rajawali Tower, Mega Kuningan, Jakarta, where he denied the charge that Rajawali Group did not pay enough. He explained Cendrawasih had two agreement packages with the local people. First, was its corporate social responsibility (CSR), and second was cash. "Compensation using the CSR model is long-term and far higher in value than that in the form of cash," he said.

Accordingly, continued Heru, Cendrawasih built public facilities first, such as schools and clean water installations. The objection by Onggari village was also settled by Cendrawasih. "We won't plan the land that Onggari village claims with our canes," said Heru, who is also senior general manager of agriculture for Rajawali's Papua Projects.

Head of the Presidential Working Unit for Development Supervision and Control (UKP4) Kuntoro Mangkusubroto said the stagnation of the MIFEE project was also due to an incomplete 2011 Government Regulation on Special Economic Zones.

"Without the Special Economic Zones, MIFEE can't be realized because investors aren't interested," he said.

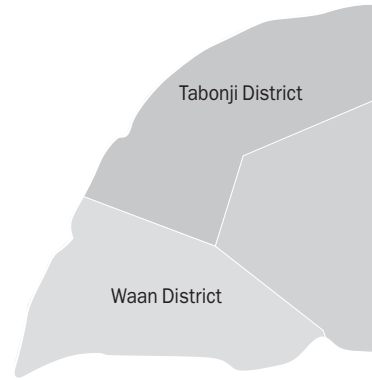
Technical rules on the granting of fiscal facilities and transfer of authority have not yet been formulated.

"The Finance and Trade ministries get red marks for having made MIFEE stagnant," he added.

The challenge in Merauke, said Johannes Gebze, was proof that the government lacked cohesion.

"The journey from the earth to the moon may be faster than the MIFEE implementation," he said. ●

CARVING UP SOUTH PAPUA FOREST



A NUMBER of officials say they are speeding up development in Papua, which some people believe may be an effective way to quell ideas of separatism in the easternmost part of Indonesia.

The Merauke Integrated Food and Energy Estate (MIFEE) project has been put forward as a prime example. Fully supported in Jakarta, this project quickly attracted the attention of many business people. The regional government allocated two million hectares of its land for plantations, agriculture and forest production. The land is fertile and level. This vast landscape opens the door to large-scale mechanization of plantations and farms.

By the end of last year, 46 domestic and foreign companies had gained site permission from the Merauke regent and a map indicating what land they could clear. They used this to go into the forests and negotiate terms for compensation and cooperation with indigenous communities that hold the communal rights to the land.

This has resulted in lengthy conflicts as disagreements have risen between kinship groups that disagreed over the extent of land to be turned over to the company and tensions have grown among residents over the company's compensation offer. Now the project is increasingly regarded as more a disaster than a benefit.

ANIMHA DISTRICT

The working area of PT Selaras Inti Semesta, a subsidiary of the Medco Group, versus the customary area belonging to the residents of Kampung Zanegi, Kampung Wayau, and Kampung Koa.

Area: 301,000 hectares.

Business Type: Forest Plantation Industry (HTI)

Conflict: Residents say the cooperation process with Medco is not going according to procedure and has caused losses. They also believe they are not receiving enough compensation.

PERUSAHAAN LAIN

- **PT Wana Mulia Sukses Sejati**, HTI, 61,000 hectares
- **PT Kertas Nusantara**, HTI, 154,000 hectares

MALIND DISTRICT

The working area of PT Karyabumi Papua (Rajawali Group) versus the customary land Kampung Domandai.

Area: 40,000 hectares

Business type: Sugarcane plantation.

Investment: Planned to be Rp 3 trillion.

Conflict: Residents of Kampung Domandai are quarreling with the residents of Kampung Ongari over property borders of the communal land being turned over to the company. It is also believed that the amount of compensation is insufficient.

KAPTEL DISTRICT

The working area PT Medco Papua Industri Lestari and PT Medco Alam Lestari versus the customary land of Kampung Buepe and Sanggase.

Area: 2,800 hectares (Medco Papua) and 74,219 hectares (Medco Alam).

Business type: Processing wood chips and forest production.

Investment: Rp 10 billion to clear land, wood compensation, social facilities, and US\$70 million for operational and infrastructure needs.

Conflict: The people of Kampung Buepe and Sanggase are quarreling over borders and ownership of customary land. Medco finally paid double to gain the rights to the land.

PERUSAHAAN LAIN

- **Wana Mulia Sukses Sejati**, HTI, 96.553 hectares
- **PT Wana Mulia Sukses Sejati**, HTI, 116,000 hectares

DISTRIK KIMAAM

- **PT Mega Surya Agung**, Oil Palm, 24.697 hectares
- **PT Pelangi Prima Indonesia**, 40.286 hectares
- **PT Subur Alam Pratama Indonesia**, 40.251 hectares

NGGUTI DISTRICT

The working area of PT Dongin Prabhawa (Korindo Group) versus the customary land of Kampung Nakias.

Area: 39,800 hectares.

Business type: Oil palm plantation.

Investment: Planned to reach US\$150 million.

Conflict: A number of kinship groups: The Walinaulik, Dinaulik, Yeimahe, Kaize, Mahuze, Yolmen and Ndiwaen, say the compensation paid by the company for their communal land was insufficient and paid to the wrong people.

PERUSAHAAN LAIN

- **PT Agri Surya Agung**, Sugarcane Plantation, 40,000 hektare
- **PT Nusantara Agri Resources**, Sugarcane Plantation, 40,000 hektare
- **PT Cipta Papua Agri Lestari**, 90.225 hektare

TANAH MIRING DISTRICT

- **PT Tebu Wahana Kreasi**, Sugarcane Plantation, 20.282 hectares
- **PT Papua Daya Bioenergi**, Sugarcane Plantation, 13.396 hectares

SEMANGKA DISTRICT

- **PT Muting Jaya Lestari**, Corn Plantation, 3.000 hectares
- **PT Biogene Plantation**, 20,000 hectares

KURIK DISTRICT

The working area of the Rajawali Group (PT Cenderawasih Jaya Mandiri) versus the customary land of Kampung Kurik.

Area: 70,000 hectares.

Business type: Sugarcane plantation

Conflict: Foregoing rights without a thorough community consultation.

PERUSAHAAN LAIN

- **PT Sumber Alam Sutera**, Food crops, 15 ribu hectares

OKABA DISTRICT

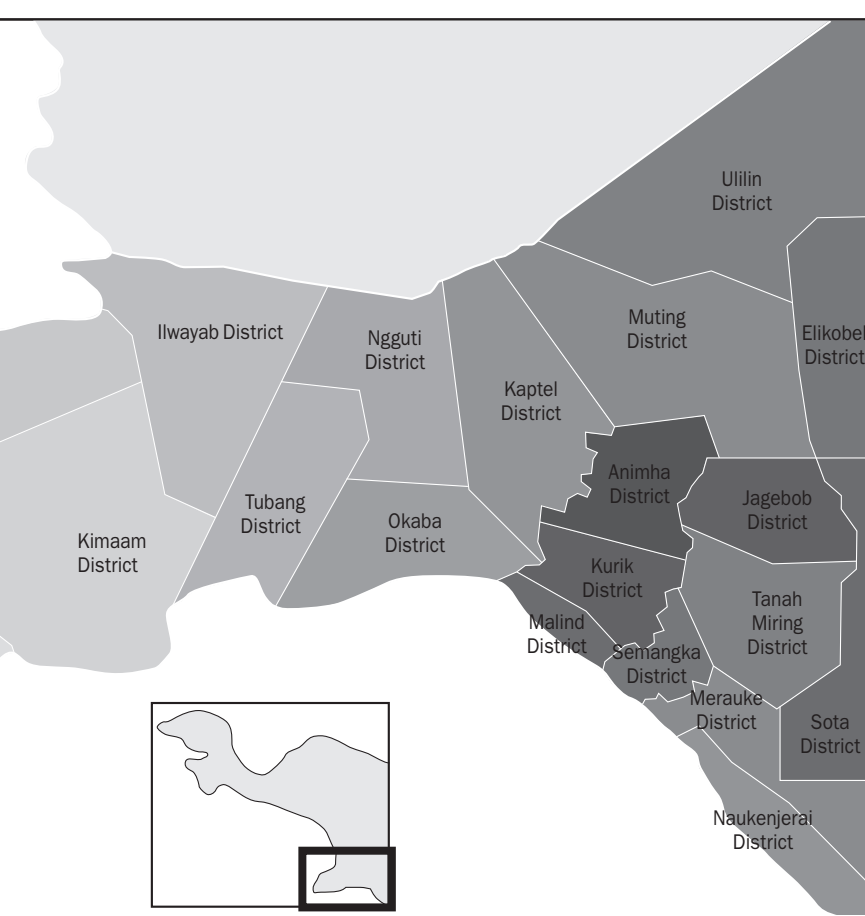
The working area of PT China Gate Agriculture versus the customary land of Kampung Alaku and Makaling.

Area: 50,000 hectares for sugarcane and cassava plantation.

Conflict: A potential dispute has arisen within the traditional community due to the uncertain status of the land being turned over to the company and its borders.

PERUSAHAAN LAIN

- **PT Plasma Nutfah Marind Papua**, HTI, 67.225 hectares
- **PT China Gate Agriculture**, 20,000 hectares
- **PT Energi Mitra Merauke**, 40,000 hectares



ULILIN DISTRICT

The working area of PT Berkat Citra Abadi versus the customary land of Kampung Kindiki.

Area: 40,000 hectares for oil palm.

Conflict: A potential dispute has arisen within the traditional community due to the uncertain status of the land being turned over to the company and its borders.

PERUSAHAAN LAIN

- PT Uililin Agro Lestari, Oil Palm, 30,000 hectares
- PT Papua Agro Lestari, Oil Palm, 39,800 hectares
- PT Inocin Abadi, HTI, 45,000 hectares
- PT Balikpapan Forest Indonesia, HTI, 40,000 hectares
- PT Sarana Istiqomah, 33,295 hectares
- PT Central Cipta Murdaya, 31,000 hectares

MUTING DISTRICT

The working area of PT Bio Inti Agrindo versus the customary land of local residents.

Area: 39,000 hectares for oil palm plantation.

Conflict: A potential dispute has arisen within the traditional community due to the uncertain status of the land being turned over to the company.

JAGEBOB DISTRICT

The working area of PT Hardaya Sawit Papua and PT Hardaya Sugar Papua versus the customary land of Kampung Nalkin.

Area: 62,150 hectares for an oil palm plantation and 44,812 for a sugarcane plantation.

Conflict: A potential dispute has arisen within the traditional community due to the uncertain status of the land being turned over to the company and its borders.

TABONJI DISTRICT

- PT Lestari Subur Indonesia, 40,548 hectares
- PT Sukses Pratama Andalan, 40,946 hectares
- PT Anugerah Rejeki Nusantara

ILWAYAB DISTRICT

- PT Valensia Indomakmur, 50,001 hectares
- Belantara Abadi Utama, 40 ribu hectares
- PT Tiara Mas Investama, 31,312 hectares

TUBANG DISTRICT

- PT Karisma Agri Pratama, Food crops, 40,000 hectares
- PT Bumi Agung Lestari, 50,030 hectares
- PT Perwira Citra Nusantara, 50,000 hectares

THE RIGHT

Here are the steps an investor is supposed to take:

- 1 An investor submits a request to the regent to obtain a land site.
- 2 Facilitated by the regency government, the investor publicizes their intent to the residents who hold the communal land disposal rights in order to get their full approval (free and prior informed consent) according to international law on the utilization of communal land rights:
 - Provide information on capital investment, impact and land acquisition.
 - Provide the public with the chance to obtain a balanced explanation about the project to be done and to solve problems faced.
 - Gather information from the public in order to gain social and environmental data and to gain information on the holders of communal land rights.
 - Invite the holders of communal land rights to jointly discuss the form and amount of compensation for the land to be used.
- 3 The regent gives site permission and a recommendation from the Merauke Regency Regional Zoning Coordination Body, to which is attached a map of the planned investment site. If there is no objection from the holders of communal land rights.
- 4 The investor files for permission to conduct an environmental impact analysis.
- 5 The investor requests a recommendation from the Papua governor.
- 6 After meeting all of these requirements, the investor files for a forested area release to the forestry minister.
- 7 The National Land Agency will certify the land and issue a usage rights license.

THE WRONG

However, on the field, investors are trying to get around the communal land disposal rights held by the communities. Here are some ways they are manipulating the situation.

- 1 After a company has formal permission from the government, the tribal leader and village chief are turned into middlemen. They are paid more compensation than other residents so that they will submit.
- 2 This vague agreement is quickly reinforced by holding a traditional ceremony, a way for the company to claim it has successfully publicized its intentions.
- 3 Residents are seldom involved in negotiations.
- 4 Little explanation is given about land transfer. The map of the project land is not included in the agreement with members of traditional communities.

5 Companies have been clearing land before receiving local approval.

SOURCES: MERAUKE REGENCY REGIONAL CAPITAL INVESTMENT COORDINATION BODY, MERAUKE DIOCESE SECRETARIAT FOR JUSTICE AND PEACE



Dayak Wahea traditional community.

EVICTED FROM ANCESTRAL LAND

Investors at Long Temen Estate have made it hard for locals to conduct rituals. Some even suggested they resorted to bloodshed.

IN his half-meter-long bird feather headgear, Wang Loh led a ritual with his ethnic Dayak Wahea people at Long Temen Estate, East Kalimantan, in the camp of an oil palm estate company in the region in January.

In a video recording watched by *Tempo*, dozens of local residents attended the ritual. They invoked the help of their ancestors to restore their communal rights. “We swear that the misery we’ve endured will be borne by those who have denied us our rights,” said Yen Yau Ping, a community figure of Nehas Liah Bing village, East Kutai.

Locals prepared offerings on copper trays on the first day. These trays were laid with pork, chicken, eggs, tobacco, rice, lime, betel nuts and natural wood. After reading prayers, several villagers screamed, “*Leb-*

ih baik putih tulang daripada putih mata.” (We’d rather die than be faced with dishonor.) To the Dayak Wahea community, *putih tulang* means struggling until the last drop of blood to regain their rights.

Over the last four years, Dayak Wahea members have had difficulty getting ritual attire. “We have to spend millions of rupiah to buy headgear made from helmeted hornbill feathers,” Yen Yau told *Tempo* in mid-March. In fact, before the conversion of the communal land there into an oil palm estate, people could easily obtain various ceremonial needs such as bird feathers or woven-leaf hats and traditional suits.

The trouble set in after PT Karya Prima Agro Sejahtera entered Long Temen Estate. The oil palm estate firm secured a license for 10,000 hectares from the East Kutai re-

gency administration. With the permit, Karya Prima utilized the Dayak Wahea communal rights over 1,600 hectares in Long Temen Estate. In compensation, the company made available Rp 300 million. “It marked our cooperation with the custom institution and community,” said head of the Corporate Social Responsibility Department, Imanuel Tibian, in his official statement.

The corporate settlement meant no solution for the traditional community. A member of the Forum for Holders of Custom Based Communal Rights, Joko Ismail, said not all residents accepted the recompense money. The value offered at the time was Rp 500,000 to Rp 750,000 per hectare. “They didn’t regard it as compensation,” he added.

The Dayak Wahea ethnic group has 614 families with 2,414 members. They demanded Rp 80 billion because the company was regarded as reclaiming 10,000 hectares, instead of 1,600 hectares as claimed by Karya Prima. Several meetings were held. Representatives of the community, company, regional administration, military district command and police attended the talks. With repeated government mediations, the negotiations met with deadlocks.

Secretary-general of the Nusantara Tra-

ditional Communities Alliance, Abdon Nababan, said the communal land conflict basically stemmed from the government disowning people's rights. The absence of rules on communal land has caused investors to exercise different treatment. "Compensation amounts for communal land is unspecified," he added.

The case in Long Temen Estate is only one of thousands of similar examples. This alliance has received reports involving around 2,000 conflicts between locals and companies. The same thing was revealed by executive director of the Indonesian Environment Forum, Teguh Surya. During 2011, the environment forum received 103 human rights violation reports related to

natural resources conflict, including 41 cases of violence and nine fatalities

One of the most prominent cases was the clash in Mesuji. The bloody conflict prevailing in the course of last year killed seven residents in Sungai Sodong, Mesuji district, Ogan Komering Ilir regency, South Sumatra.

The status of disputed land in the area has not been settled. In mid March, the tense atmosphere was still present in Mesuji. Going by truck, ten harvesters arrived in the oil palm estate location in Sungai Sodong. They carried various harvest tools such as daggers and farm carts. Thirty people were on guard.

Now none of the locals dare get clos-

er. "They previously carried guns, now they're wielding daggers and other sharp weapons," said Tanjung Terantang Cooperative Chairman H. Syafei, a local resident. But Agus Effendi, an attorney of PT Sumber Wangi Alam, denied this company had conducted harvest on the disputed land. "We harvested on our own land," he said.

According to Abdon Nababan, the community-company conflict in Mesuji has a long history. The land in Sungai Sodong village, inherited through generations, was collectively managed. The pattern of group farming used to be called *atar ladangan*. With 10-20 members, the group was led by an *atar* chief. In 1997, oil palm firms replaced *atar ladangan*. ●

MUSHROOMING LAND CONFLICTS

THOUSANDS of communal land conflicts have flourished in the country. This problem may be a time bomb unless the government promptly issues clear-cut provisions on the recognition of people's rights to communal land. Some of them are as follows.

Pandumaan and Sipitu Huta

The communities in Pandumaan and Sipitu Huta villages, Pollung district, North Sumatra, are anxious. In 2009, PT Toba Pulp Lestari Tbk cut down incense trees on communal land, replacing them with *eucalyptus*. Locals were enraged, asking the company to halt the activity. The 4,100-hectare forest is believed to have been the communal land of Pandumaan and Sipitu Huta people for 300 years. Any activity by the firm and residents there is forbidden because the land is still in the status quo.

Rakyat Penunggu, North Sumatra

The community of Rakyat Penunggu, through the Indonesian Agency for Rakyat Penunggu's Struggle, has demanded the North Sumatra Provincial Administration realize the people's 9,085-hectare communal land ownership. The Supreme Court Decision No.1734 K/Pdt/2001 on the appeal civil-case between PT Perkebunan Nusantara II and Rakyat Penunggu residents stipulates that the local community is the rightful owner of the land. The decision should have solved the conflict that has taken place since 1953, but it has not yet been executed.

Adat Pekasa, Sumbawa

Around 61 houses of Adat Pekasa people, Sumbawa, were burned by the forestry office in November 2011. Consequently, 55 families lost their dwellings. The Adat Pekasa community, descended from the Olo ethnic group, claims the forest area be the local people's communal land with ancestral graves, coffee and candlenut plantations, and other objects as evidence. They also stick to the regent's decision in 1999 on the establishment of a settlement called Pekasa, which legalizes the existence of residents there.

Dayak Punan in Punan Dulau and Ujang Villages

This traditional community has 68,000-hectare communal land in Punan Dulau and Ujang villages, Sekatak district, Bulungan regency, East Kalimantan. Totaling 252 people in Punan Dulau and 512 people in Ujang, they continue to struggle for their rights. PT Intracawood, the company holding a forest concession, has acquired the land since 1988. Intracawood secured the concession for 195,000 hectares in Bulungan, Malinau and Tana Tidung. In 2004 it sought permission and granted compensation.

Dayak Lundayeh, Kenyah, and Punan in Setarap Village

A dispute between the community in South Malinau and the oil palm company CV Luhur Perkasa occurred at the end of 2010. Setarap villagers, comprising three ethnic groups – Dayak Lundayeh, Dayak Kenyah, and Dayak Punan – said the company was engaged in illegal logging in its conserved communal land covering 4,200 hectares. Conversely, Luhur Perkasa claimed it had possessed a logging license from the Malinau regency administration, East Kalimantan. The logging has been under way since September 2010. ●

MEDCO CELLULOSE DIRECTOR, ARADEA Z. ARIFIN:

THE TRIBES PEOPLE HAVE RECEIVED PLENTY

MEDCO is depending a lot on Papua. For the past five years, this giant company owned by Arifin Panigoro set up a number of subsidiaries to open up thousands of hectares of forest land in the sub-districts of Animha and Kaptel, in Merauke district. Wood chips from Papua are exported to South Korea as fuel for their power generators.

Medco's front line company in Merauke is PT Selaras Inti Semesta and PT Medco Papua Industri Lestari. Selaras controls at least 169,400 hectares of industrial forest, while Medco Papua covers 2,800 hectares of land to process the wood.

Medco machines are working overtime in Papua since the start of 2011. At that time, problems began to emerge from the tribal communities at Sanggase village in Kaptel district and Zanegi village in Animha district. The people of Sanggase demanded compensation for their customary land (*hak ulayat*) used by Medco Papua.

After a long negotiation, Medco agreed to pay them Rp 3 billion. Medco Cellulose director, Aradea Z. Arifin—a nephew of Arifin Panigoro—led the negotiations himself with the Sanggase tribe people. Medco Cellulose is a subsidiary of Medco, which is the umbrella organization of businesses in Papua.

But with one problem resolved, another appears in Zanegi. The traditional communities there questioned the agreement with Medco over the land they owned. The size of the area and its borders agreed by all parties appeared unclear in the agreement. The communities also felt that Rp 300 million was too little.

At his office in South Jakarta, Aradea denied all the charges. "They're just rumors," he said.



The traditional people at Zanegi village in Merauke accuse Medco of manipulating the release of their customary land.

That's not true. I never got any report of such a problem. Show me the people who made the charges. What I'm afraid of is that there might be provocateurs among us. It's true that at the beginning they demanded Rp 10,000 in compensation for every cubic meter of log felled. We rejected it because it was impossible. After repeated negotiations, they themselves asked that the compensation be Rp 2,000 per cubic meters. Everyone signed on the agreement. Actually, I know the only person who has been making the accusations. He does not represent everyone at Zanegi.

Wasn't the compensation because enough for them?

I think it was a big amount for them. Say, there are 80 families there. If they get Rp 1-2 billion a year, they're already rich. But for them that's not enough because they spend the money fast. That is why, we will

work with the Merauke district administration to clear land for a rubber plantation. Rubber can be harvested every year, but they need daily work.

Reportedly, the compensation is no longer being paid to the people at Zanegi.

Our work plan (RKT) this year has not been approved by the Merauke district administration yet. Without the RKT, there are not tree cutting and no compensation for the people. Before that (beyond 2011), routine payments continue to be made. We have all the proof of payments.

Is it true the RKT has not been approved because the replanting process in industrial forests (HTI) is also facing problems?

That's untrue. We had planned twice to meet with the Meraku regent over this problem, but twice the meeting was cancelled. Perhaps he was busy. Today we have cut down 2,000 to 3,000 hectares and we have replanted 1,500 hectares. But the process of cutting and replanting cannot be done at the same time. There

must be a gap. Compared to other concession areas, our speed of replanting is still within bounds.

In the agreement to work on the Zanegi forests, did the Zanegi people include a map of customary land that was allowed to be processed by Medco?

At that time, we carried out a multi-landscape assessment. Our team with the people of Zanegi village to produce a basic map. But this report was just a reserve.

But in that report, there was a map that was agreed upon by both parties.

There was one. I sent out copies everywhere: to the Forestry Ministry, to the regent. I presumed people already had copies. But I doubt whether they themselves can read maps...

In your view, why do the Zanegis keep feeling that they have been cheated in agreeing to let Medco use their customary land?

That's just pure provocation. If we want to develop Papua we must come up with a scheme to prevent such provocateurs from coming back. ●