

Fuelling Conflicts: Overcoming asymmetry between global interests in Vietnam and Indonesia

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ABSTRACT *Many countries in the South 'host' foreign and domestic investors who – among others inspired by actions to reduce CO₂ emissions – make large-scale investments in the expansion of bio-fuel production (e.g. oil palm plantations), sustainable forest management and land rehabilitation for CO₂ compensation. Paul Burgers, Rizki Pandu Permana and Tran Nam Tu argue that such large-scale land acquisitions do not necessarily contribute to poverty reduction and cause conflicts with forest dependent communities.*

KEYWORDS *consumption; climate change; forest policies; oil palm; national parks*

Introduction

A growing global population and changing consumption patterns increasingly lead to conversion of remaining forests into other land use types. In particular, climate change related investments is fuelling demand for land. Investments in forest land for off shore production, often in food insecure, low-income countries is one face of this much wider trend of increasing demand for land not only for food, but also for the need to develop cheaper, alternative types of fuel, fiber, tourism, mining and ecosystem services, such as the protection of biodiversity and carbon sequestration (Merlet and Jamart, 2009).

For investors and governments in these low-income host countries, three functions of goods that forests provide are especially important. On the one hand, production functions to satisfy a growing demand for timber and non-wood forest products provide large amounts of export earnings. On the other hand, global environmental service functions (protected areas for biodiversity and carbon storage) are of growing importance, fuelling offshore investments to reduce global CO₂ emissions. A final issue is the conversion function of (in most cases) forest land into other land use types, in particular, to satisfy the global demand for alternative 'greener' types of energy. All these functions often come in the form of offshore investments. These investments are often viewed positive in relation to economic growth, while at the same time are seen to achieve poverty reduction goals. However, people living in and around these forest areas have in many cases put in place specific rules to sustainably use and protect these forests to fulfil

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important livelihood needs. It is striking to note that in the context of climate change, host governments increasingly define these locally managed forest areas as abandoned, unused lands, and consequently target these areas for offshore investments for forest conservation purposes, CO₂ compensation, commercial logging areas or for land conversion to develop large scale alternative energy projects in the form of bio fuel plantations or where available, mining areas. These global concerns of a 'green economy' have a direct impact on the local people who are living in or near the forest areas on which their daily life depends. National governments and investors, exploiting the commercial potential of land and natural resources, and those interested in forest conservation (local communities as well as conservation agencies) seem to compete heavily for the forest areas and the functions they provide. Increasing competition over such forest functions between investors and local communities, carry high risks of conflicts. This suggests the need for caution in drawing direct causal relationships between foreign direct investment (FDI) and poverty reduction (Jenkins, 2005).

Based on case studies in Central Vietnam and East Kalimantan, Indonesia, this contribution focuses on the impact of such investments on rural, forest dependent livelihoods. In Vietnam we focus on the effects of forest conservation. Forest areas in East Kalimantan are under pressure mainly because of offshore investments in alternative, energy sources (coal mining). Since 2001, investments in renewable energy sources, most notably oil palm, are growing rapidly, although conflicts have not yet occurred. It is argued that development efforts that are considered pro poor will only be successful if local communities are able to capitalize on those foreign investments, in a way that is in line with their livelihood system.

Forest conservation in the Bach Ma National Park, Central Vietnam

Since the early 1990s, the Vietnamese Government has increasingly emphasized the protection and rehabilitation of forest areas. Unsustainable logging, forest fires, inappropriate agricultural

activities, high demand for forest products and the use of Agent Orange by the US army during the Vietnam War has severely decreased the total forest area in Vietnam (Sunderlin and Thu Ba, 2005). The Vietnamese government has developed a strong programme to enlarge the forest areas and protect remaining forests since the early 1990s. Most of Vietnam's protected areas nowadays are classified as Special-Use forests. This means that forest land in this category is meant for forest establishment and development for the purposes of nature conservation; constituting models for environmental protection; serving as a gene bank for forest flora and fauna and as a site for research; protecting historical vestiges, cultural and scenic places; and tourism functions. Use of these forests and forest products are severely restricted. This is so, despite the fact that many parks are located in remote and poor areas, where local people depend on forest resources for their survival (Sunderlin *et al.*, 2005). In order to analyze the impact of these policies and investments in nature conservation on rural livelihoods, we conducted research on the Bach Ma National Park in (BMNP) Central Vietnam.

BMNP was established in 1991. It is situated in Central Vietnam, not far from Hue City. It covers parts of Thua Thien Hue province and Quang Nam Province. Large areas of the forest were destroyed by defoliant and bomb during the second Indochina War. Subsequent large-scale commercial logging practices resulted in the decline of economically valuable trees. Illegal exploitation of timber and non-timber forest products (NTFPs) has continued after the cessation of official logging operations (van Kuijk, 2008). The remaining, most intact forest is now classified as a core area of restricted use (about 23,000 ha), surrounded by a buffer zone, where afforestation and reforestation is taking place. In total there are about 75,000 people living in the buffer zone. According to the Ministry of Agriculture and Rural Development a buffer zone is a forest area, land area or water-surface land area bordering a special-use forest that has the effect of preventing or reducing the encroachment upon that special-use forest. Various international development agencies and nature conservation agencies have invested large

amounts of money into the establishment of the National Park and its buffer zone in particular (the green corridor), between 2004 and 2009. All activities in the buffer zone have to lead to conservation purposes, management and protection for special-use forest; restriction for migration from outsiders, prohibition of hunting and deforestation. In 2008, this buffer zone was extended from about 22,300 ha to 58,000 ha. The aims of the expansion is to widen and strengthen the protection of biodiversity and ecosystems, protect watersheds, reduce further forest degradation, increase environmental services and ecotourism and improve livelihoods for forest-dependent people. The recent extension may seriously affect livelihoods, as suddenly only livelihood strategies are acceptable that contribute to protection and strengthening of biodiversity.

A study of the BMNP buffer zone showed that until the 1990s, the park was seen as an abstract government intervention that prohibited local people from using the forest the way they always had (Gilmour and San, 1999). Many local people spoke of the 'rung cam' or forbidden forest in reference to the guard stations of the national park. The authors concluded that the major impacts of the national park at that time were 'less income from forest product collection, no grassland for cattle fattening and agricultural land inside the Park is unavailable'. In the absence of alternative employment/alternative forms of livelihood, illegal

logging was on the increase as one of the only ways to survive. In early 2000, Forest Land allocation (FLA) policies were implemented in the Park by the Vietnamese Government, in which local people are given the management over forest areas and rehabilitation efforts. FLA can be seen as a radical policy shift, involving devolution of forest management authority from the state to the local level, even including local communities in forest management efforts. The idea is that if communities are given formal rights to forest land, they will be more interested in forest protection, especially if they can gain from these efforts (Sikor, 2001). To understand the effects of such government sponsored efforts on rural livelihoods, a research has been done in the Thuong Lo commune in Nam Dong district, Thua Thien Hue province, located inside the buffer zone.

Thuong Lo's population is about 1,175 inhabitants, of which the indigenous Catu form the major ethnic group. It comprises of four villages. Natural forest has been allocated to various groups of households in the villages as part of the FLA policy. In total, the commune manages 10,769 ha of land, of which nearly 90 percent is forest area. Land use in areas classified as forest area must be restricted to forestry. Table 1 shows that forest use has significantly changed over the years, especially since the establishment of the Park in 1991 and the implementation of the FLA

Table 1. *Forest use of villagers before the Park, after Park establishment and now (FLA)*

(II)legal activities	The period of forest resource infringement		
	Before 1991 (before Park)	1991–2003 (Park establishment)	2003 to now (FLA)
Timber logging	50	37	15
Hunting and fishing	79	50	35
NTFP collection	40	23	15
Forest product businesses	7	15	42
Hired wood logging	—	11	5
Total	176	136	112

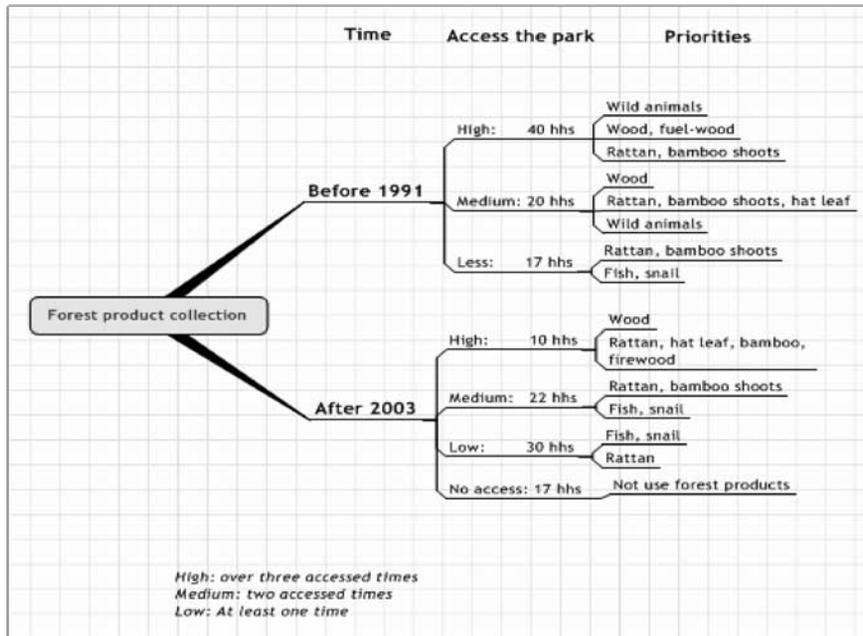


Figure 1: Forest product collection of indigenous people.

policies implemented in 2003. Although the park did have some impact on the decrease in forest use (which was suddenly considered illegal), the most important impact came through the FLA policies from 2003 onwards. Forest use decreased significantly, while forest product businesses increased. Looking at this table, the FLA policies seem to be effective in providing alternative types of livelihoods away from forest use.

A similar conclusion could be drawn from Figure 1, as the research also revealed that the number of people making intensive use of the forest decreased considerably (Figure 1). Before 1991 more than half of the interviewed households intensively used the forest, while this figure decreased significantly after 2003, for all kinds of products.

In-depth research, however, revealed that the forests were often already highly degraded when they were given to the households. Hardly any useful forest products for local people could be collected, as for one, unsustainable logging practices, and the defoliant Agent Orange in the Vietnam

War in particular had caused the forest to degrade. In combination with strict rules impinging on the use of these forests, shifting cultivation of rice was no longer allowed as well, and the use of these forests was further restricted. Shifting cultivation was seen as another cause of forest destruction, even though this forest-derived agricultural system has been in practice for generations by local people to satisfy their livelihood needs. The increase in forest business, however, had mainly to do with the planting and processing of acacia trees on degraded lands under the FLA policies. During group discussions in the villages, it became clear that villagers who were selected to form a household group for managing a piece of natural forest, were willing to improve the state of the natural forest allocated to them. In fact, each household group developed a forest management plan to improve the state of the forest through intercropping native trees with NTFPs (rattan and bamboo being the most important). In this way, their livelihood system would be more sustainable, as important forest products could

be planted and used in a sustainable way. Unfortunately, household groups were not considered to receive a Red Book, an individual land title to the forest area (part of FLA policies). The consequence was that the loans could not be obtained for investing in enriching the forest. The result being that the already degraded forest has little value for local communities. In the absence of alternative livelihood options, they see no other option than to continue logging remaining trees, even though this is now considered an illegal activity. The well-intended policy has caused an opposite effect. Instead of rehabilitation of degraded forest, it is speeding up the degradation of the remaining, already degraded forest.

Alternative energy investments in Berau district, Indonesia

Natural resource management has significantly changed in Indonesia since the reform era in 1998, followed by the implementation of decentralization policies from 2000 onwards. A bit similar to Vietnam, management of natural resources is largely under the control of the local government. Communities increasingly speak-up freely and claim legal recognition of their traditional, but unwritten land rights, which may involve both customary and communal land ownership (Obidzinski and Barr, 2003). Many of these land ownerships are however not formally recognized, and the push for recognition often serves as a trigger for conflicting situations. This is especially the case in areas where offshore investments in agricultural development and natural resource exploitation take place on these customary land areas, as is the case in Berau district, East Kalimantan.

In Berau, East Kalimantan, the forces of globalization are playing an important role in the region's rapid economic growth. In Table 2 and related investments are summarized (1990–2005). It is striking to note that since the decentralized management of land and resources in 2000 took effect, there have been dramatic land use changes. Forest areas have declined significantly and the 'logged over forest' has increased, showing that these areas are heavily degraded. The area of plantations

has more than doubled (most notably oil palm), and will increase further, seeing the enormous targets set by the national government to increase in particular the area under oil palm and timber plantations. Until now, this has not yet caused major conflicts.

Another very dramatic increase in land conversion processes in Berau is the result of large-scale open-pit coal mining. The growing demand for alternative sources of energy worldwide has also triggered renewed interest in the enormous coal stocks in Berau. Most of the coal can be obtained through open-pit mining, and is in many cases found under large forest areas. Interviews with the regional body for planning and development, the Badan Perencana Pembangunan Daerah (BAPPEDA) revealed that in many cases forest area is reclassified into non-forest land. Once land is classified as being non-forest land, it can be converted into any other land use type, including removing the forest to develop open-pit coal mining. At current, 71 foreign and domestic companies have received concession areas to extract coal from this region. However, only seven companies currently are actively exploiting the coal. PT Berau Coal is by far the biggest mining company in Berau District with 118,400 ha. This agglomerate of foreign and domestic coal mining companies has an annual production capacity of around 17.5 million ton,¹ and will serve largely the domestic energy market in the context of national targets in alternative bio-energy.

These developments have had a huge impact on the local people. Our research among various local communities in the vicinity of the large coal mining concession revealed that there is an ever increasing conflict between the communities of the villages of Tumbit Dayak and Tumbit Melayu and PT Berau Coal. Not only is the mining company operating on what is considered to be customary forest land, but also the open-pit mining in combination with the blasting methods for quarrying is further affecting the livelihoods of surrounding villages in a negative way. For one, the forest areas are clear cut and replaced by open pits for the extraction of coal. In addition, local people stated that their yields of cocoa and banana plantations were decreasing because of the dust

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Table 2. Land cover changes in Berau District during 1990–2005

Land cover	1990 (ha)	2000 (ha)	2005 (ha)
Undisturbed forest	1,219,641.9	840,704.0	755,158.7
Logged-over forest^a	712,084.3	799,114.2	949,698.4
Undisturbed mangrove	25,193.4	23,593.4	21,159.6
Logged-over mangrove	40.1	1,944.0	5,577.8
Undisturbed swamp forest	16,487.5	10,023.6	6,650.4
Logged-over swamp forest	2,224.6	3,807.1	6,220.2
Old shrub	116.3	12,574.6	10,305.1
Mixed Garden	8,089.1	23,691.2	21,081.2
Rubber Plantation	431.1	4,474.4	3,310.7
Timber Plantation	6,962.0	44,380.4	72,664.7
Oil Palm Plantation	2,391.5	16,978.1	30,764.7
Cocoa Plantation	1,568.1	328.3	10,417.8
Coconut Plantation	38.2	2,095.1	3,270.8
Agriculture	2,168.6	5,392.7	9,959.8
Shrub and bareland^b	10,534.1	33,660.5	51,541.9
Road and settlement	6,801.4	18,033.0	33,458.2
Waterbody	23,436.4	23,436.4	23,436.4
No data	160,014.8	333,992.3	183,546.8
Grand Total	2,198,223.2	2,198,223.2	2,198,223.2

^aBold figures indicate the land uses that have a major impact on the livelihoods of the rural communities.

^bCoal mining areas are included in this category.

Source: Ekadinata et al 2010.

(problems with pollination), while the enormous blasts also regularly cause their cash crop trees to be uprooted.

However, offshore investments and FDI have been championed for their role in contributing to employment generation and hence poverty alleviation. It could give the local people in Berau the needed cash income through alternative employment. Table 3 below shows that this is hardly the case. Apparently, labour needs are almost three times as high for small-scale tree farming practices.

In addition, open-pit mining is a very capital-intensive industry, and also hardly provides any employment for the local people. It counts for only 10 percent or 7,519 people from the total active labour force in Berau (Biro Pusat Statistik, 2005).

Logging operations are also widespread in Berau (Table 2). Many are active in ancestral and

sacred areas, as well as into its farming area in the upper part of the Segah River. This has also caused numerous conflicts with the indigenous Dayak, who have lived in this region for generations. They have developed forest derived livelihood systems, either through shifting cultivation or through forest product collection, often a combination of both. In many cases, shifting cultivation areas had also been included in the concession areas of the logging companies. This means that the continuation of shifting cultivation in these concession areas are considered illegal activities and directly conflicting with the food security of the local Dayak communities. During the regeneration of forest after a shifting cultivation, local people support the regeneration by planting useful species in the regenerating forest. These include fruit trees, timber species,

Table 3. *Employment needs for Large-scale and Small-scale Agricultural Investments*

	Small-scale tree farming			Large-scale tree farming		
	Ha	Employment	Persons employed/ha	Ha	Total employment	Persons Employed/ha
Coconut	11,695	12,385	1.1			
Oil palm	—	—	—	22,848	3,688	0.2
Rubber	752	311	0.4	200	100	0.5
Coffee	2,240	1,820	0.8	—	—	
Cocoa	6,190	3,121	0.5	—	—	
Pepper	909	881		—	—	
Jathropha	—	—	—	40	40	1.0
Others	973	1,015	1.0			
Total	22,758	19,458		23,088	3,828	

Source: Based on various unpublished data from the Berau office of Estate Crops, 2007

while numerous NTFPs are collected from the fallow vegetation. Similar to the example in Vietnam, these forest areas are no longer a haven for food and cash crops.

In Berau, this has caused serious conflict with the local communities already since 2001. For instance, the communities from five villages in the upper Segah River basin area, i.e. Long Laai, Long Ayap, Long Ayan, Long Pai and Long Oking, organized their opposition to the operations of the logging company in their area. Besides the inclusion of shifting cultivation land into their concession area, the logging company was blamed for poor forestry practices by neglecting obligations for reforestation, while blocking the river with logs, instead of developing a new bridge for road access. A protest rally was then followed by a restriction for the company to access the forest (concession areas), and resulted into the stopping of the company's operations in the area. Recently, the company has joined hands with an international NGO, and together with the Dayak communities, who were directly affected by the logging operations, a new collaboration based on community based forest management practices has been set up. This also includes the redrawing of the borders of the company's concession areas, to respect the ancestral domain of the local people.

Conclusion

The establishment of regional autonomy or decentralization processes, both in Vietnam and Indonesia, show some similarities. Even though local governments can play an important role in acting as a mediator between the local communities and national or global interests, these examples show that there is still asymmetry between the various levels of interest. It is not leading to equitable development, and in many cases even worsening the situation. Illegal logging is increasing, as hardly any livelihood options for local communities remain, let alone the option to access the new opportunities from these offshore investments. Even though our research showed that local communities do have very sound reasons and solutions to balance and adjust some of the asymmetry. The local communities have no decision-making power. They become rather passive recipients of efforts to deal with national and global interests dealing with reducing problems related to biodiversity losses and processes of climate change. Displacing people from the land and natural resources they depend on becomes a serious obstacle for regional development. There is, however, enough common ground to balance and adjust some of this asymmetry. The role of

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local governments is crucial as a mediator between various levels. Important will be the fact that the local governments are able to set up active forms of participation by local communities, rather than the passive participatory approaches that are currently implemented in any of the offshore investments, where predefined

assumption no longer match the reality of the ultimate managers of natural resources, the local communities. Here is a major task for policy-makers, NGOs and other pressure groups alike, to incorporate development-oriented objectives into investment deals concerning offshore land investments in forested areas.

Note

1 Personal communication with the company PT Berau Coal, 2007.

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