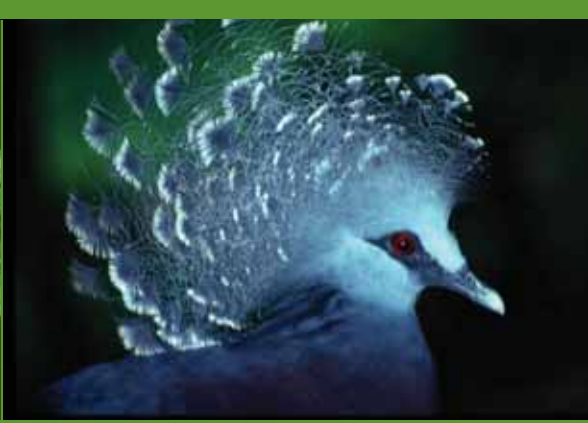
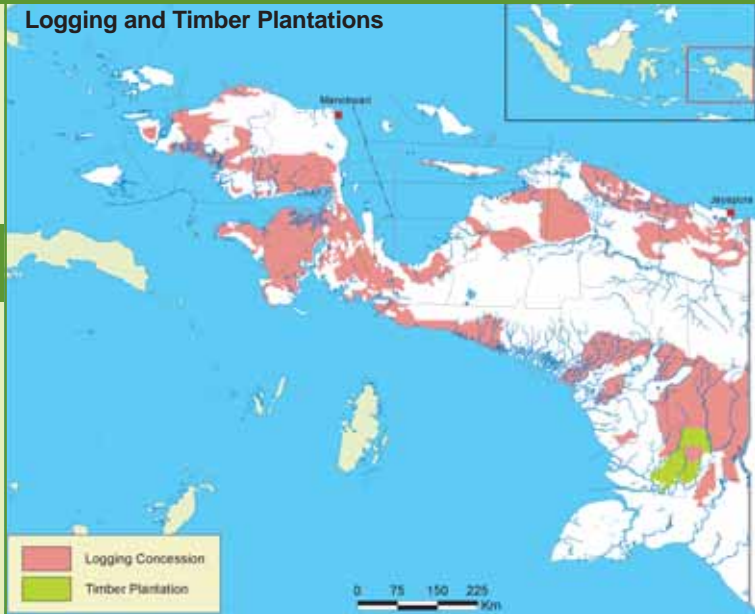


SUPPORTING AVOIDED DEFORESTATION INITIATIVES IN PAPUA



PAPUA'S FOREST RESOURCES

Papua now hosts one of the largest intact forest areas in the world. Forests cover 31.7 million hectares or 80% of Papua's land area. These forests potentially store ~ 8051 million tonnes of carbon and are home to 54% of Indonesia's biodiversity.



RATES OF DEFORESTATION IN PAPUA

Recent modis satellite imagery analysis conducted by the South Dakota State University's Geographic Information Science Center of Excellence in partnership with the Indonesian Ministry of Forestry, the World Resources Institute, Sekala and the United States Geological Survey has revealed that deforestation has been minimal in Papua over the last decade (just under 1% of the national total).

The island groups featuring the most change continue to be Sumatra and Kalimantan. Over 94% of Indonesia's deforestation occurred on these two islands between 2000-2006.

THREATS TO PAPUA'S FOREST RESOURCES

While deforestation in Papua has been limited in comparison to Kalimantan and Sumatra, numerous threats are emerging. Three of the main threats are logging, mining and oil palm.

Logging

The great majority of Papua's production forests have been allocated to around 60 large-scale timber concessions which cover over 13 million hectares of production forests.

Many (approximately 40) of these timber concessions have become inactive in recent years and timber production obtained from these concessions has consequently declined.

Large-scale logging has essentially declined because a range of other logging models have emerged and illegal logging has increased over the last decade.

Logging companies are primarily interested in specific tree species, notably merbau (*intsia bijuga*), which yields a high price in international markets. Pressure on Papuan forests is expected to grow in the near future as other parts of Indonesia (notably Sumatra and Kalimantan) are close to being logged out.

Mining

Papua has large potential reserves of gold, copper, natural gas and oil. Among the most significant extractive industries operating in

Papua are PT Freeport Indonesia which operates a large copper and gold mine in the district of Mimika; and British Petroleum's Tangguh LNG natural gas project, which is located in the Berau-Bintini Bay, West Papua.

Up to 14 million hectares of forested land has already been allocated to mining companies for exploration and mining.

Some Papuans have argued that Papua can generate sufficient revenue from one or two extractive industry projects and does not therefore need to log its forests. This would be true if funds generated from these operations were efficiently channeled into infrastructure and development projects.



PAPUA'S POTENTIAL TO BE A CARBON SINK

In early 2007, the governors of Papua and West Papua provinces declared a commitment to reduce conversion forests by up to 5 million hectares and to develop a pilot project for 500,000 hectares of forest to reduce emissions through avoided deforestation if carbon financing mechanisms become available. Papua has huge potential to

become a carbon sink because 48% of the regions forests have been designated for protection and conservation. Most of Papua's conversion forests are also intact primary forests which can potentially be reallocated for carbon storage. Huge improvements, nevertheless, need to be

made to ensure that areas designated for protection and conservation are effectively managed and protected from encroachment. Significant economic incentives are also required to counter the proximate economic drivers of deforestation (e.g. oil palm expansion, logging and mining).

Oil palm

Indonesia is expected to establish another 5-6 million hectares of oil palm over the next 13 years. Most of this expansion is expected to first occur in Sumatra and Kalimantan followed by Papua. The Indonesian government is keen to develop oil palm plantations in Papua and is offering investors the opportunity to establish up to 200,000 hectares of oil palm rather than just 100,000 hectares in Sumatra and Kalimantan. Over 50,000 hectares of oil palm has been planted in Papua and permits have already been allocated to develop another 500,000 hectares. Most of the allocated lands slated for conversion to oil palm are covered with primary forest. While oil palm is able to confer important economic benefits in terms of foreign exchange, revenue and employment it is also a source of concern because it results in outright forest conversion, biodiversity loss and carbon emissions.



SEKALA'S AND ITS PARTNERS

Sekala has partnered with Flora and Fauna International (FFI), the Papua Civil Society Support Foundation (PCSSF) and Telapak to assist the governors of Papua and West Papua to select potential sites for avoided deforestation. Eleven sites with a total of 1.4 million hectares have already been selected based on the level of threat (all include conversion forests planned for plantation development and face illegal/unsustainable logging practices) and the extent of primary forest cover. Support is being solicited to assist the governments of Papua and West Papua to:

1. Develop the capability amongst government, non-government and community institutions to monitor and detect forest cover changes and the respective changes in carbon stocks in Papua and use reliable, up-to-date data to inform decision making.
2. Develop pilot interventions in threatened high conservation value forests which test incentive mechanisms for protecting bio-carbon

stocks.

3. Develop provincial forest policies and institutions that provide a legal and operational framework for equitable and accountable financing for reduced emissions through avoided deforestation.

Sekala is also leading a consortium of organizations (PCSSF and the Nordic Group) to carry out a Strategic Environmental Assessment (SEA) for spatial planning in Papua province. The SEA will assist Papua province to assess its development needs and to identify conversion forest areas that can be reallocated for carbon storage.



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