



# CONDITIONAL TENURE as a Reward for Environmental Services

## HIGHLIGHTS

In many parts of Asia, government owns and controls most of the forest area. One result is that local people's access to forests, an important resource for their livelihood, is often obstructed, condemning them to poverty more deeply. The incidence of land tenure conflicts between forest communities and government has increased, creating a discouraging environment for community involvement in managing their natural resources, including forests. Secure land rights are an option, not only to reduce natural resource conflicts, but also as a way of rewarding farmers for being more responsible in managing forest resources and providing environmental services. However, giving land access to communities as a reward for environmental services should have clear conditionality, with a focus on outcome-based criteria of environmental services provision.

In this case study, giving land access is different from the option of giving land access based on human rights, such as land restitution to communities whose land was seized by force during previous regimes. "Conditional land tenure" with policies that recognize these local rights and provide the landholders with legal and regulatory support can be an attractive incentive for communities to adopt conservation practices and feasible as a poverty reduction strategy.

### KEY FINDINGS

1. Land tenure is an unconditional right that needs to be recognized by the state for the local community.
2. Land tenure appraisal can be a solution to seek better communication based on perceived legal claims.
3. Conditional tenure agreements, with outcome-based criteria, are a promising environmental services reward mechanism. Conditional land tenure can be interpreted as a form of payment for environmental services that uses secure tenure rather than cash payments as a reward for providing environmental services. This can offer a path to both improved livelihoods and protection of forest services.

### IMPLICATION FOR RES PROJECT<sup>1</sup>

1. Increase general awareness of existing opportunities for and legal constraints to land use in state-controlled areas with high environmental service values, such as watershed protection and biodiversity buffer zones.
2. Review opportunities within national legal framework for conditional individual or community-based land tenure and/or community-based access to resource management.
3. Assess local tenure claims and locally applicable regulations as basis for negotiated agreements. This can be done by applying RUPES-built tool: Rapid Tenure Claim Appraisal (RATA).<sup>2</sup>
4. Apply negotiation support for attaining actual agreements with conditions for enhancing environmental services.
5. Manage transaction costs by setting operational criteria and indicators for performance review at the initial agreement.
6. Support negotiations for joint and participatory monitoring and evaluation for long-term and transparent agreements.

## SECTION 1. LAND TENURE IS AN UNCONDITIONAL RIGHT

Land is the recipient of rainfall, the habitat of organisms, the substrate for vegetation storing carbon and the scenery appreciated its beauty. Control over land thus implies considerable influence on (if not control over) environmental services. Control, however, can be based on full legal ownership, *de facto* use and many forms in between. In many societies there has historically been a claim to ownership of all lands outside of villages as royal and/or state forests. These claims often overlap with local claims and *de facto* use. Depending on the history of human settlement patterns and colonial control, part of these local claims can be labelled as ‘customary’ (belonging to people who have law system different from the current politically dominant group). Over the past decades, international support for legal recognition in situations of customary use has helped to improve the situation.

Many *de facto* users, however, cannot claim to be ‘indigenous’ but have moved into the area in response to opportunities and/or partial government support or pressure to leave their former area (often due to loss of livelihood opportunities). Many of these settlers are now officially considered to be ‘squatters’. Negative perceptions of their impacts on environmental services increase the potential for conflict. It is for such groups that ‘land on loan’, or conditional tenure agreements can lead to improved natural resource management if such agreements can provide enough security to warrant investing in the land.



Trust building and awareness raising about conservation issues. Lampung, Indonesia

## SECTION 2. CONDITIONAL TENURE AGREEMENTS ARE A PROMISING ENVIRONMENTAL SERVICES REWARD MECHANISM

It is to be expected that ‘rewards for environmental services’ are primarily accessible to those who control land. Land tenure refers to the legal or customary rules and procedures governing the rights, obligations and liberties of individuals and groups in the use of and control over land resources.<sup>3</sup> Land tenure is best conceived as *the ‘bundle of rights’ or ‘collection of rights’* associated with a land parcel. Very often, these ‘rights’ are held by different people and can be acquired in different ways and held for different periods. In the case of RUPES, tenure as a ‘bundle of rights’ links environmental services provision to existing public policy. The Sumberjaya case below shows that land tenure under the protected land forest is held by both the state and the farmer groups if they accomplish required management systems for a certain period of time (5 to 25 years). The conditional tenure agreements can resolve conflicts over migrant smallholder farming in places where the government owns major forest tracts that are common in the uplands of Asia.



Sumberjaya farmers take part in developing indicators for monitoring. Lampung, Indonesia

## Step by step towards conditional tenure rewards: experience from Sumberjaya

- 1) Start with trust building and raise awareness about conservation issues.
- 2) Strengthen local institutional capacity.
- 3) Identify the champion from government officers who can act as spinner in the negotiation process.
- 4) Collect and synthesize scientific evidence for use in the negotiation process.
- 5) Facilitate enabling conditions for negotiation among the stakeholders.
- 6) Develop indicators for monitoring using a participatory approach.

### Land on loan? – Case study of Sumberjaya<sup>4 5</sup>

In Indonesia, forestry law combined with a decree from the Ministry of Forestry has authorized community forestry permits since 2000. The permits promote proper forest management practices by providing farmers with conditional land tenure if they contribute to watershed health by using appropriate coffee management practices and protect remaining areas of natural forest. Under those conditions, farmers maintain the right to use the land for their livelihoods. The primary policy concern is to utilize unproductive forest lands without public benefits or functions that are near poor rural communities which have the capacity to productively use the land once they are provided with sufficient tenure security.

In 2004 when RUPES first started work in Sumberjaya, only five farmer groups had been awarded such permits and these for only five years. Covering only 7 percent of the protected forest, the area with conditional land use permits was too small to bring measurable improvements to watershed functions.

The RUPES project started working in Sumberjaya with 18 farmer groups of about 40 members each. All farmer groups were greatly interested in securing community forestry permits. The World Agroforestry Centre (ICRAF) ensured that all required partners had a full voice, creating essential good will among change agents in local and national governments. ICRAF also assisted the farmer groups in facilitating negotiations. ICRAF research shows that without a trusted partner, local people have great difficulty in forming relationships with government, which are essential for dialogue that creates needed policy change. On the technical side, ICRAF analyses on river flows and land use change kept other technical experts and powerful interests from disregarding farmer perspectives.

RUPES empowered farmer groups and local collaborators through participatory mapping, developing working plans, learning nursery techniques and communicating the emerging reward mechanisms to members. In July 2006, all 18 farmer groups received community forestry permits, increasing the area covered from 1,367 hectares to 11,633 hectares. Nearly 6,400 farmers now have permits. With 70 percent of the protected forest now covered by conditional land use permits, analysis projects that Sumberjaya will soon start to see measurable improvements in watershed functions. While verification of these improvements awaits future measurement, conditional forestry permits have already demonstrated improvements for the farmers.

Recently, RUPES completed a study with researchers from Michigan State University and the International Food Policy Research Institute<sup>6</sup> on the impact in Sumberjaya of land tenure. The study found that the community forestry permits:

- increased land tenure security;
- doubled the local land value;
- reduced corruption;
- increased income, mostly due to a reduction in bribes;
- increased equity, relative to the in-village resources farmers have;
- promoted tree planting/agroforestry;
- promoted soil and water conservation; and
- gave farmers good reasons to protect the remaining natural forest.

## Further Reading and References:

- <sup>1</sup> See also Step by step towards conditional tenure rewards
- <sup>2</sup> RATA is an in-depth exploration of strongly contested claims, links to property rights and collective action. Galudra G, Pasya G, Sirait MT and Fay CC. 2006. Rapid Land Tenure Assessment (RaTA): Panduan Ringkas Bagi Praktisi. Bogor, Indonesia. World Agroforestry Centre - ICRAF, SEA Regional Office. 50 p. (English version will be available in 2008)  
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- <sup>3</sup> Acquaye, E. 1984. Principle and issues. In E. Acquaye & R. Crocombe, eds. Land tenure and rural productivity in the Pacific Islands, pp. 11-25. Suva, Fiji, University of the South Pacific.
- <sup>4</sup> Suyanto S. 2007. Lessons on the conditional tenure and RiverCare schemes in Sumberjaya, Indonesia: conditionality in payment for environmental services. In. Rossander, M, eds. 2007. Insight: Notes from the Field. Bangkok, Thailand. RECOFTC, World Agroforestry Centre (ICRAF) and Winrock India (WII). Pp. 29-35.
- <sup>5</sup> Suyanto. 2006. Conditional Land Tenure: a pathway to healthy landscapes and enhance livelihood. RUPES Sumberjaya Brief No.1.
- <sup>6</sup> Kerr J, Pender J and Suyanto S., 2006. Property Rights and Environmental Services in Lampung Province, Indonesia. Presented at "Survival of the Commons: Mounting Challenges and New Realities," the Eleventh Conference of the International Association for the Study of Common Property, Bali, Indonesia, 19-23 June 2006.

## Acknowledgements:

This note was prepared under the RUPES Project, supported by grants from IFAD, the Ford Foundation and European Union. Within IFAD, this note benefited from comments and continuous support of Carla de Gregorio (Grant Coordinator Asia and the Pacific Division of IFAD) and Martina Spisiakova (Knowledge Management Officer Asia and the Pacific Division of IFAD). The authors would like to express high appreciation to all members of the RUPES teams and communities, who have prepared many background information and documentation for this synthesis note.

## The RUPES Project:

Throughout the world, upland people, many of them poor, earn their livelihoods from land and landscapes that, when properly managed, provide valuable environmental services to others. However, management practices that maintain or increase environmental services often carry a cost to upland people in terms of time and/or income. Regulations and prescriptions of land use aimed at securing environmental services are often ill-designed and exacerbate rural poverty. RUPES aims to work with both potential users and producers of environmental services to find conditions for positive incentives that are voluntary (within the existing regulatory framework), realistic (aligned with real opportunity costs and real benefits) and conditional (linked to actual effects on environmental services), while reducing important dimensions of poverty in upland areas.

At each of the six RUPES action sites, local institutions partner with the World Agroforestry Centre (ICRAF) to implement action research aimed at developing effective reward mechanisms in the local context. The sites are Muara Bungo, Singkarak, and Sumberjaya in Indonesia; Kulekhani in Nepal; and Bakun and Kalahan in the Philippines. National policy dialogues are aimed at making policy frameworks more conducive to positive incentives.



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