



LARGE SCALE LAND ACQUISITIONS PROFILE INDONESIA

This country profile presents the Land Matrix data for Indonesia, detailing large-scale land acquisition (LSLA) transactions that:

- entail a transfer of rights to use, control or own land through sale, lease or concession;
 - have an intended size of 200 hectares (ha) or larger;
 - have been concluded since the year 2000;
 - are affected by a change of use (often from extensive or ecosystem service provision to commercial use)
 - include deals for agricultural and forestry purposes. Mining operations are excluded.
- The objective of this country profile is to present LSLA data at national level to a broad panel of stakeholders, stimulating broad engagement and data exchange, facilitating the continuous improvement of the data. The data used in this profile was downloaded on February 2018.¹

¹ Land Matrix Indonesia deals database: [click here](#)

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Table 1: Key socio-economic and institutional indicators.

BASIC SOCIO-ECONOMIC CHARACTERISTICS	
Population (2015) ²	257 563 815
Total land ('000 hectares, 2015) ²	1 811 570
Total Agricultural Lands ('000 hectares, 2015) ²	57 000
Total arable land ('000 hectares, 2015) ²	23 500
Total arable land (as a % of total land, 2015) ³	13
Contribution of agriculture to GDP (2016, %) ⁴	14
Food imports (% of merchandise imports, 2014) ¹⁰	9.6
Food exports (% of merchandise exports, 2014)	20
INSTITUTIONAL VARIABLES	
Political stability index (2016) ⁵	-0.38
Voice accountability index (2016) ⁶	0.14
Government effectiveness index (2016) ⁷	0.01
Control of corruption index (2016) ⁸	-0.39
Investor protection rank (2017) ⁹	36

² <https://data.worldbank.org/indicator/AG.LND.AGRI.K2?view=chart>

³ <https://data.worldbank.org/indicator/AG.LND.ARBL.ZS?view=chart>

⁴ <https://data.worldbank.org/indicator/AG.LND.TOTL.K2?view=chart>

⁵ https://www.theglobaleconomy.com/rankings/wb_political_stability/#Indonesia

⁶ https://www.theglobaleconomy.com/rankings/wb_voice_accountability/#Indonesia

⁷ https://www.theglobaleconomy.com/rankings/wb_government_effectiveness/#Indonesia

⁸ https://www.theglobaleconomy.com/rankings/wb_corruption/#Indonesia

⁹ <http://reports.weforum.org/global-competitiveness-index-2017-2018/competitiveness-rankings/>

¹⁰ <https://data.worldbank.org/indicator/TM.VAL.FOOD.ZS.UN?end=2015&start=1974>

CONCLUDED AGRICULTURAL LAND DEALS IN INDONESIA



Figure 1: Overview of large-scale land acquisitions.



OVERVIEW OF LARGE-SCALE LAND ACQUISITIONS

Table 2: Dynamics of international large-scale land acquisitions according to negotiation status.

	NUMBER OF DEALS	INTENDED SIZE (HECTARES)	CONTRACT SIZE (HECTARES)	SIZE UNDER CONTRACT (% OF INTENDED SIZE)
Concluded (contract signed)	138	3 597 525	3 190 785	84
Concluded (oral agreement)	11	660 522	511 522	77
Concluded	149	4 258 047	3 702 307	86
Intended (expression of interest)	3	145 000	0	0
Intended (under negotiation)	4	41 986	7 160*	n.a
Intended	7	286 986	7 160*	n.a
Failed (negotiations failed)	2	0	170 000	n.a
Failed (contract cancelled)	1	0	4 072	n.a
Failed	3	0	174 072	

* represents the total land area of 1 intended deal still undergoing negotiation.

- Majority of the deals (86%) covering 4.2 million hectares has already been concluded, 84% of which are covered by signed contracts. It will be more difficult to have deals with reported human rights and environmental violations canceled.
- Only 1% of the deals were classified as "failed" mainly due to the cancellation of deal itself and failure in negotiations.
- While the concluded deals only covers 7% of the total agricultural land of the country, the area covered under the deals already covers 16% of the total arable area in the country.

Table 3: Nature of concluded deals.

NATURE OF DEAL	NUMBER OF DEALS
Lease / Concession	49
Contract Farming	6
No Information	103
Total	159

- At least 30 % of the deals were under lease and concession agreements, while 4% are under contract farming. These agreements provide specific provisions which make it easier to monitor violations which could be the basis for its immediate cancellation or non-renewal after the signed contracts end.
- 103 of the 159 was neither classified as lease/concession or contract farming making it difficult to classify the nature of the land deal. There is no available information regarding the nature of most of the concluded deals (65%) even those deals which were found on existing company sources.

Table 4: Concluded deals according to implementation status.

IMPLEMENTATION STATUS	NUMBER OF CONCLUDED DEALS	SIZE UNDER CONTRACT (HA)	AVERAGE SIZE UNDER CONTRACT (HA)	CURRENT SIZE UNDER PRODUCTION (HA)	AVERAGE SIZE UNDER PRODUCTION (HA)
In operation (production)	95	2 573 670	33 424	1 221 748	21 434
Project abandoned	2	13 000	6 500	0	0
Project not started	10	107 498	21 500	0	0
Startup phase (no production)	11	209 532	23 281	892	446
No information	41	805 767	21 204	n.a	n.a
TOTAL	159	3 709 467	28 317	1 222 640	20 723

- Over half or 60% of the concluded deals are already in operation. This may imply easier delivery of promised compensations compared to the deals that are still not operational.
- However, of the concluded deals that are operational, only 47% of the total land under contract are being used for production. This may imply two things: that the lands are

not being fully utilised or that the lands are not being used for production. Either scenario may have grave implications on the country's agricultural production and food security. There is also the possibility that reported human rights and environmental violations may increase as investors fully utilise their contracted lands.

Figure 2: Concluded and failed deals over time (2004 - 2013).



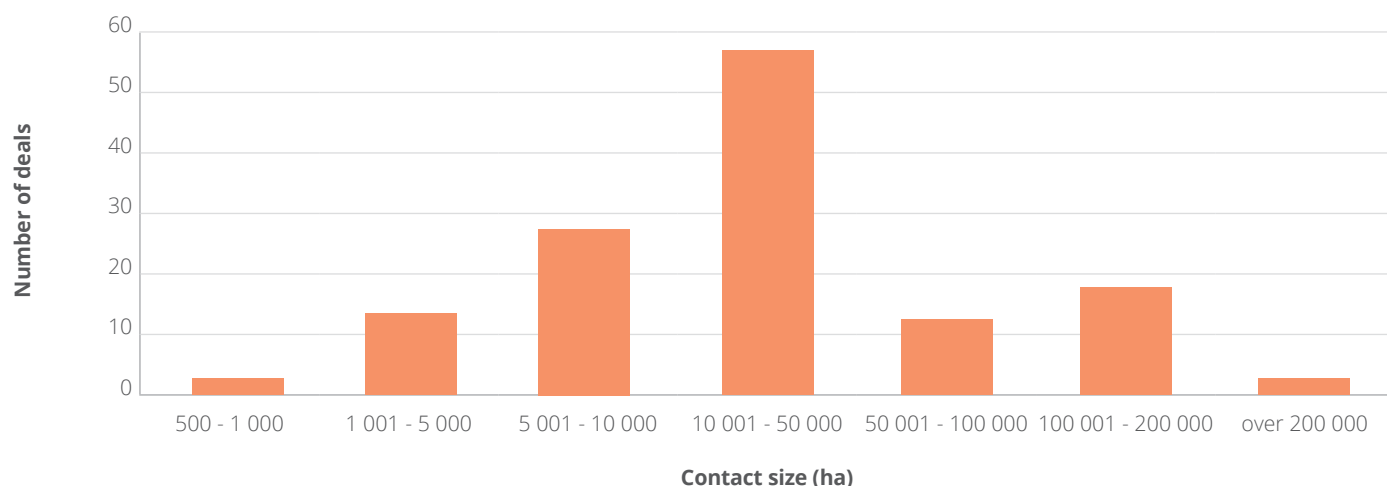
Note: There is one reported deal for 2015 which has not been included in the table for lack of information on the contract size. 68 deals covering 1 349 914 hectares have no information on what year the contracts were finalised.

- Both the number of concluded deals and the size of contracted lands peaked at 2007 with notable decrease over time in the succeeding years. The sharp decrease

on the number of concluded in 2009 may be due to the 2008 global food, land and fuel crisis which gave pause to countries to rethink their food security.



Figure 3: Concluded deals according to contract size.



- Majority of the deals have a contract size between 10 001 to 50 000 hectares. At least 18 investors have contracted more than 100 000 hectares of land, while two investors have acquired rights over 200 000 hectares of land. Majority of the investments are for palm oil production which require large tracts of land. The current regulations

are quite limited and do not regulate the size given to large scale land investments. Other countries like Cambodia has enacted legislation limiting the size of leased land to 10 000 has and India where large scale land investment are intended for industries which require smaller tracts of land.



INVESTORS AND INVESTOR COUNTRIES

Table 5: Number of deals based from investor origin.

INVESTOR COUNTRIES		SIZE UNDER CONTRACT (HA)	NUMBER OF DEALS CONCLUDED
Asia	China	625 457	14
	Hong Kong Special Administrative Region	625 457	10
	India	55 847	1
	Malaysia	1 296 928	58
	Republic of Korea	171 400	9
	Singapore	750 650	11
	Sri Lanka	128 732	11
	United Arab Emirates	n.a.	1
Europe	Belgium	50 215	8
	British Virgin Islands	199 000	1
	Luxembourg	n.a.	1
	United Kingdom of Great Britain and Northern Ireland	196 580	19
North America	United States of America	31 000	2

- There are 13 investor countries in Indonesia, excluding Indonesian companies of government which signed some of the deals with other investor countries. 64% of the investors are based in Asia while the remaining 36% are from Europe and North America. Among the Asian countries, Malaysia has the most number of investment that totals to 30% of all deals and 40% of all the deals in Asia. This may be due to proximity of the two countries which can help reduce costs for investors or other concessions/benefits provided only to Malaysian investors.
- The large number of deals by foreign investors may indicate that the profits from the investments do not circulate in the local economy since in most cases the profits are forwarded to the countries where the companies are primarily based. This may decrease the benefits that a host country can accrue because of the investments.

Note: If there are two or more investor countries, the deal is assigned to both countries though the size assigned per country is based on actual hectares contracted by a specific country.

Table 6: Investor type per concluded deals.

INVESTOR TYPE	SIZE UNDER CONTRACT (HA)	NUMBER OF DEALS CONCLUDED
Private company	719 907	22
Stock exchange listed company	2 876 747	106
Individual entrepreneur	140 692	9
Semi state-owned company	41 999	5
No information	n.a.	17

- Stock Exchange listed companies with 75% of the concluded deals have the most number of deals, followed by private companies. Semi State-Owned companies have the least number of deals. This may imply that the state has less control on the majority of the deals since they are ran by companies rather than the state. There is no information what type of company had invested in 11% of the concluded deals.

Table 7: Number of investors with and without domestic partners.

	INTERNATIONAL INVESTORS WITHOUT DOMESTIC PARTNER	INTERNATIONAL INVESTORS WITH DOMESTIC PARTNERS	TOTAL	% OF SIZE AND DEALS RELATING TO INVESTORS WITH DOMESTIC PARTNERS
Intended size (ha)	575 809	93 519	669 328	14.0
Size under contract (ha)	3 059 731	231 263	3 290 994	7.0
% Of land acquired	18.8	40.4	59.3	n.a
Intended deals	0	0	0	0
Deals under contract	105	17	122	13.9

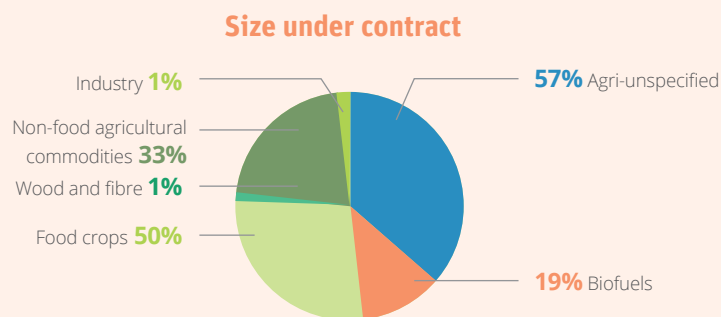
- Majority or 86% of the deals were given to international investors with no domestic partners or local companies. This further strengthens the assumption that such deals

contribute nothing or very minimal at best to strengthening the host country's local economy.



AIM OF INVESTMENT

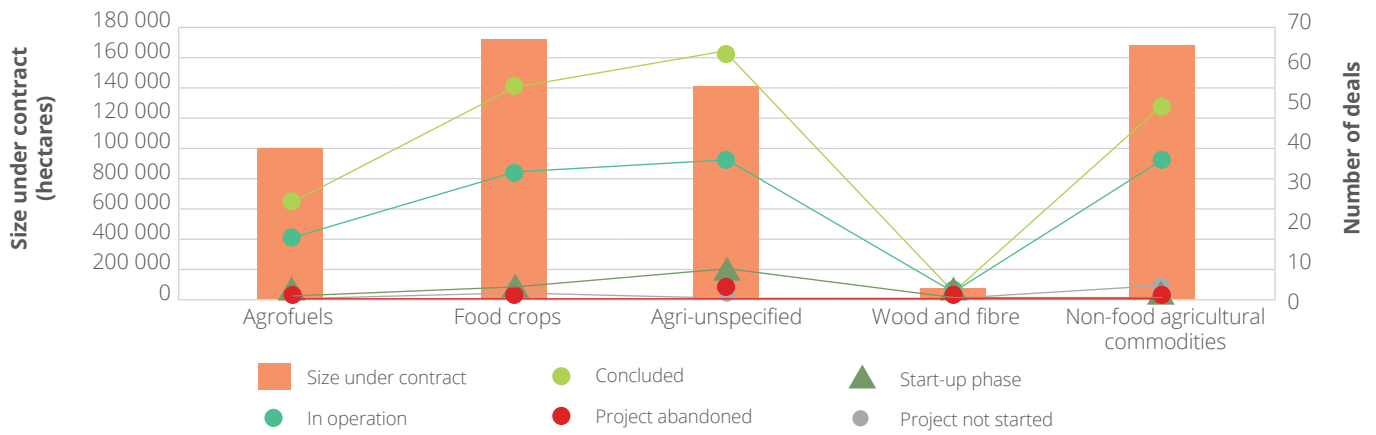
Figure 4: Aim of investment (concluded deals).



- Unspecified agricultural products dominate the aim or intention of investment with 90 deals citing this reason for the investment. Deals dedicated to producing food crops come in second with 79 of the deals citing it as the aim of the investment. 53 concluded deals will be used for non-food agricultural commodities. Aside from the 79 deals citing its main aim as that of producing food crops, all the other deals intended to produce goods that are will not directly address food security or food self-sufficiency. Given that these deals already cover 16% of the country's total arable land, this may impact adversely country's food security situation.

- There is a very small difference in terms of the percentage of lands that will be dedicated to food crops (50%) and for non-food agricultural commodities (57%).
- Unspecified agricultural products was the main aim of investments of the concluded deals. This may have grave implications on the country's food security given that it would be difficult to anticipate what agricultural products would decrease or increase production. This may impact small producers' incomes since a glut in production of an agricultural commodity they are producing and the investor is producing means lower selling price for the agricultural product.

Figure 5: Concluded land acquisitions by category of production, according to implementation status⁷.



The number of deals that are currently in operation are low compared to the number of concluded deals. Even if the deals in operation are combined with projects that are already in the start-up phase, there are still a

significant difference when compared with the number of concluded deals. This probably means that the promised benefits to the communities because of the investment has not been delivered.



FORMER LAND USE, TENURE AND OWNERS

Table 8: Former land use (concluded deals).

FORMER USE	NUMBER OF DEALS
Conservation	4
Commercial (large-scale) agriculture	9
Forestry	6
Smallholder agriculture	8
No information	140

Majority of the concluded deals (88%) has no available information on its former land use. 5% were formerly used for commercial or large-scale agriculture, while 5% were formerly used for smallholder agriculture. 3% or 6 deals admitted to being used for forestry purposes prior the land investment and 2% were originally intended for conservation purposes.

Table 9: Former land owner (concluded deals).

FORMER LAND OWNER	NUMBER OF DEALS
Community	10
State	2
Private (large-scale farm)	9
Private (smallholders)	2
No information	138

Majority or 87% of the concluded deals has no available information on the former owner of the lands covered by the deals. 5% was previously owned by private individuals/companies that are into large-scale or commercial farming, while 1% was formerly owned by smallholders. Compared with the data on former land use, it can be assumed that some of the smallholders were tilling communal lands or lands owned by the community before.



HOW LAND DEALS ARE IMPLEMENTED

Table 10: Community reaction to the deals (concluded deals).

COMMUNITY REACTION	NUMBER OF DEALS
Mixed reaction	9
Rejection	4
Consent	1
No Information	145

Information is not available for 91% or majority of the concluded deals on how the communities reacted to the entry of the investments in their respective areas. 5% of the land deals reported that the communities have mixed reaction about their investments. Four land deals or 3% reported that the communities rejected their investments, while communities in one deals gave their consent to the investment.

Table 11: Involvement of the community (concluded deals).

COMMUNITY CONSULTATION	NUMBER OF DEALS
Free prior and informed consent	8
Limited consultation	6
Not consulted	1
No information	144

- Majority or 90% of the concluded deals do not have information on how the communities were involved. investments. 5% of the land deals reported that the communities free, prior and informed consent have been sought in consultations. Communities in 6 lands deals (3%) reported that there were consultations albeit limited, while communities in 1 deal reported that they have not been consulted regarding the investment.

DATA FIELDS WHICH WERE NOT INCLUDED IN THIS COUNTRY PROFILE DUE TO A LACK OF DATA

Please help us enhance the data, by contributing to the following fields:

- In-country processing activities
- Water usage
- Former legal land owner
- Number of projects with reported evictions
- Involvement of the community in pre-contract negotiations
- Compensation received by communities
- Reported and actual community benefits
- Foreign and domestic employment (planned and actual)

WE HAVE SOME INFORMATION ON SOME OF THESE ITEMS, BUT IMPROVEMENTS AND ADDITIONS WOULD BE WELCOME

CONTRIBUTE!

The purpose of the Country Profile brief is to enhance data and data quality. Please help us to achieve this by directly contributing to www.landmatrix.org



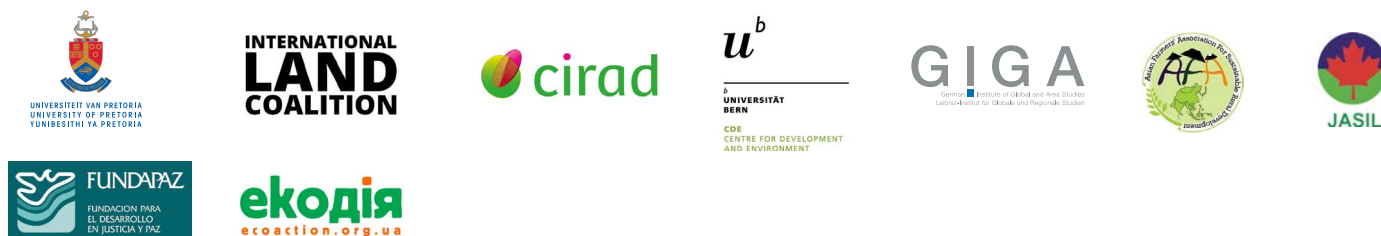
HOW TO CONTRIBUTE

If you would like to comment, contribute to the data, or obtain additional information.

- Contact the Land Matrix directly on www.landmatrix.org/en/get-involved/
- Add comments on existing land deals www.landmatrix.org
- Contact: **Carmina F. Obanil** afamenchie@asianfarmers.org or carmina.flores.obanil@gmail.com
- Lorraine Ablan** afalorraine@gmail.com

The Asian Farmers Association for Sustainable Rural Development (AFA) is the Land Matrix Regional Focal Point for Asia. AFA is a regional alliance of national farmers' organizations composed of small scale women and men family farmers, fishers, indigenous peoples, forest users, herders, and pastoralists. It has 20 members in 17 Asian countries and has active work and partners in 27 countries in the Asia-Pacific region or 46% of Asia. AFA also works with JASIL (Environment and Development Association), which heads the LM Central Asia Sub-Regional Data Unit.

The LMI partners are:



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Contributed to this country profile: Marciano "Jun" Virola, Carmina Flores-Obanil and Lorraine Ablan.

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