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Issue cover-dated May 16, 2002

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INDONESIA

Jurassic Showdown

It feels like the most ancient place on Earth, but Komodo National Park is being swept up in a very modern debate: Is private better than public when it comes to preserving unique habitats?

By **Sadanand Dhume/KOMODO ISLAND**

Issue cover-dated May 16, 2002

THE KOMODO DRAGON sits motionless under a bush. Its unblinking eyes take in a small knot of visitors, while its forked, yellow tongue flicks in and out, tasting the air for the scent of carrion. After a few minutes, the five-foot-long lizard hoists its leathery body a few inches above the ground and breaks into a trot before disappearing into nearby brush.

Here, on the remote island of Komodo in eastern Indonesia, is the only place in the world where you can see the fabled lizard in its natural habitat. The island is at the heart of Komodo National Park--a place as other-worldly as its most famous inhabitants: Tree-covered islands loom behind pristine beaches; emerald waters teem with exotic fish. The few thousand dragons--which can grow up to

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eight feet long, outrun a human and hunt down a deer--only add to the prehistoric feel.

So it's ironic that some decidedly 21st century forces are buffeting this throwback to another age. The Nature Conservancy (TNC), the United States' largest independent environmental group, wants Jakarta to hand over the management of the park for 25 years to a private company jointly owned by TNC and a Malaysian-born business partner. The conservancy's executives say they will give the cash-strapped park a makeover and a much-needed dose of marketing savvy. Their self-proclaimed goal: To protect the local environment by boosting tourism revenues and ploughing the cash back into the park.

Not everyone is convinced. Some local non-governmental organizations and small businesses accuse TNC of heavy-handedness and of plotting to take over a national asset by stealth. They also question the role of TNC's business partner, Feisol Hashim, a hotel magnate who owns tens of acres of beachfront land in Labuan Bajo, the nearest town to the park. Any future resort developments there would stand to benefit from an influx of tourists to the neighbouring park.

"They're trying to create a state within a state," says Cody Shwaiko, founder of the Komodo Foundation, a not-for-profit group bitterly opposed to TNC's plans. "They can come in and decide who can come in and how much to charge."

The row shows how the interests of powerful global NGOs can collide with those of locals. It also illustrates a central dilemma facing the guardians of Indonesia's natural splendours. On the one hand, as three decades of environmental destruction have shown, Indonesia lacks the resources and the expertise to protect its endangered habitats.

But experience also shows the potential danger of handing over valuable resources to private interests. Critics say TNC and the government have been making important policy decisions through backroom deals. In the past, they allege, it was precisely this lack of openness that allowed



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powerful businessmen to lay claim to vast forestry concessions, with disastrous consequences for the environment.

Rili Djohani, the TNC director responsible for Komodo, says the group's management plan for the national park has been approved "in principle" by the minister of forests. But she is not willing to make a copy of the approved proposal public. Meanwhile, most residents on the islands in and around the park, including representatives of the local government, remain in the dark about a blueprint that could affect their lives for decades.

TNC's proposal hinges on getting Jakarta to hand over responsibility for the park for 25 years to a private company called Putri Naga Komodo, 60% of which is held by TNC and the rest by Feisol. Djohani says TNC wants to "share management" with the current park authorities. But, she admits, TNC and Feisol propose to control six of the eight seats on the management board, leaving just two for government representatives.

According to Djohani, Putri Naga would invest about \$2 million a year in the park, about 100 times the current budget. To be sure, there's a lot of room for improvement. Although it has been a United Nations heritage site since 1995, the park--which comprises Komodo and Rinca islands and the surrounding seas--is in a state of disrepair. The walking trails are overgrown. The museum is little more than a dusty cabinet filled with small snakes pickled in glass jars. The souvenir shop consists of a few men under a tree hawking small dragon replicas for 30,000 rupiah (about \$3) each. Little money has been available for marketing, and visitor numbers have plummeted from 36,000 in 1996 to about a third of that last year.

Djohani says that with its investment, Putri Naga could solve many of those problems and then go on to make the park self-sufficient. She says an ACNielsen survey shows tourists would gladly pay \$70 to visit a properly equipped and managed park, instead of the current \$2. The new fee would provide sufficient funds for continued investment and improvement. Gate fees would also be supplemented by grants and user fees for activities like diving.





To safeguard those investments and guarantee efficiency, TNC says it needs a degree of control. Indeed, Djohani goes further than that: Had it been permitted under Indonesian law, the wealthy NGO would have bought the entire park outright, adding to its existing portfolio of conservation sites around the world. As for Feisol's role, she says TNC needs him for his tourism-industry expertise, marketing savvy and contacts in Jakarta (Feisol is a nephew of Malaysia's Prime Minister Mahathir Mohamad). "He has been instrumental in talking to politicians," says Djohani.

Such arguments make little impression on locals, who are already unhappy with TNC's and Feisol's interventions in the area. Some years ago, the NGO and the tycoon teamed up to tackle illegal fishing in the park's waters. Local fishermen were dynamiting delicate coral reefs to catch fish lurking behind them. They were also using cyanide to stun large fish such as groupa, which would eventually end up on the tables of expensive restaurants in Hong Kong and Taiwan.

Thanks to TNC and Feisol, much of the dynamiting and cyanide-fishing has ended. Wooden boats crewed by park rangers and soldiers, some armed with AK-47s, patrol the park's waters. If they come across a local fisherman's cyanide-fishing equipment, they sometimes seize it.

Some locals are happy that the military is keeping outsiders from fishing in their waters. But on the island of Messa, in a small hamlet where about 1,500 people live without either electricity or running water, villagers accuse TNC of clamping down on their livelihoods without providing viable alternatives. An alternative fishing programme flopped because it took fishermen three hours to get to the site TNC had chosen. "They are right about tourism," says one irate fisherman. "But in the meantime, how will the local people eat?"

The obvious wealth disparities between TNC's existing team of consultants, many of them foreigners, and the locals only adds to the resentment. TNC staffers zip past the creaky wooden boats of local fishermen in fibreglass speedboats that cost more than \$50,000 each. According to

Condo Subagyo, the owner of a small diving business in Labuan Bajo, the entire operation smacks of hypocrisy: "They talk about the environment with people here and then go back to their air-conditioned homes with swimming pools in a big city."

Condo and other owners of small businesses also worry that giving Feisol a large management stake in the park will freeze out small independent businesses that live off tourism.

For his part, Feisol says he's only trying to help protect the local environment. "TNC and my company have an honourable objective," he says, puffing on a cigar in his office in Jakarta. "But this is a period in this nation where honour means nothing." The future of Komodo National Park will depend on whether the government views Feisol's claim with sympathy or with suspicion.



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The Editor
Far Easter Economic Review



Sir or Madame:

Your readers may be interested in the facts concerning The Nature Conservancy's role in trying to secure the long term future of, and the livelihoods of the people dependent on, the Komodo National Park. (Jurassic Showdown. May 16, 2002.)

During the 1997/98 financial crisis the Indonesian Government asked The Conservancy to find a long-term private-sector financing solution for Komodo National Park that would ensure the environmental health of the park and benefit the local economy.

The Conservancy assisted the Ministry of Forestry, under whose jurisdiction the park lies, in creating a 25-Year Management Plan for the park. The plan was based on extensive ecological and socio-economic studies, five-years of on-site management experience and engagement of international expertise on park management and extensive stakeholder consultations. The resulting plan was approved by the local and central Indonesian government and supported by many multi-lateral institutions.

The 25 year management plan establishes an Eco-tourism Concession with the goal of protecting the park's bio-diversity and generating revenues required for the park in a way that is environmentally sound, socially responsible and economically viable.

As the Concession terms are still under negotiation with the Ministry of Forestry only they can make the document available. However, the Conservancy can declare unequivocally that the terms and conditions explicitly state that:

- Shareholders will not, under any circumstances, make any financial gain from the Concession.
- All visitors will have equal access to the park within the park's sustainable carrying capacity, which will be assessed using rigorous scientific criteria.
- All revenue generated in and from the use of the park will be used specifically and only for management and conservation of the park, and to continue to fund existing local stakeholder interests. (Certain local stakeholders currently derive revenues directly from the park. This will continue at least at the same level and, hopefully, at a slightly increased level).
- Park staff will have exclusive rights to park management and enforcement activity.

Indonesian law requires that the company that manages the Concession include a minority Indonesian shareholder. The Conservancy sought a partner with tourism expertise in order to raise the quality of visitation facilities and enhance visitors' experiences. We expect that such an enhanced experience will justify increased user fees for foreign tourists that will ultimately fully fund management and protection of the park. Local authorities will be represented on the Board. The Conservancy will have a controlling share of the company to ensure that the expanded tourism industry is compatible with environmental goals.

With the certainty that no direct financial gain will ever accrue for efforts to build the visitation infrastructure, it is a challenge to find a tourism expert willing to devote the time and energy necessary to create a vibrant, environmentally compatible tourism industry in the park. The partner, Feisol Hashim, has extensive tourism development experience. Neither Mr. Hashim, nor the company, through which he will operate, will ever receive any compensation from the Concession or from any other source for this work.

He does own land on the west coast of Flores, opposite from the park, which he bought prior to working with the Conservancy. He does not own any property in the designated park area. He has the intention to develop private tourism facilities on his land, so he does have an indirect incentive to ensure the Park is protected - but nothing more than any other private investor does and with no less risk. And, as stated above, it is unlikely that we would ever find a tourism expert to partner with who would do the required work on a purely philanthropic basis.

The Nature Conservancy is proud of the management plan and of the Conservancy's continued assistance to the park authorities in dramatically reducing incidents of destructive fishing practices in the park's waters, thus protecting the coral reefs all the local people depend on to survive. And, while our solutions may not always be perfect, we are committed to working with the local communities to develop environmentally and culturally sustainable sources of income and will continue this collaborative effort.

All local stakeholders in the park have been invited to meet publicly later this month in Bali and Komodo to discuss any concerns they may have.

Sincerely,

Russell Leiman
Director
Asia-Pacific and California Division
The Nature Conservancy