



**DEFORESTATION AND COMPENSATION FOR THE SURROUNDING
COMMUNITY FROM A LEGAL PERSPECTIVE**

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ABSTRACT

Forests are the lungs of the world, benefiting both the environment and the communities surrounding them. Forest destruction, including through deforestation, will have detrimental impacts on society. Some of the detrimental impacts that can occur with deforestation are: landslides and floods have damaged both medicinal and community-owned crops. This means local communities cannot utilize the forest. The problem that will be discussed in this article is how to regulate forest protection, and if deforestation occurs, can the community receive compensation? The method used in this research is normative juridical, which studies more about the existing regulations in Indonesia regarding environmental protection, especially forests. From the research results it can be seen that the existing regulations are sufficient to protect forests, however, compensation for the community has not yet been regulated. Things that can be done regarding the losses experienced by communities due to deforestation include restoring the environment and helping communities to meet their needs. Environmental restoration and assistance to the community can be carried out by companies that manage forests, or the government, especially if the forest is a customary forest or state forest.

Keywords: Deforestation, Compensation, Community, Law.

A. INTRODUCTION

Indonesia is a country that has very extensive forests, which is noted as the world's third-largest tropical rainforest, primarily on Sumatra, Kalimantan (Borneo), and Papua (New Guinea), known for its immense biodiversity.

Indonesia consists of nearly 18,000 islands, spanning the Pacific and Indian Oceans. Containing the largest expanse of rainforest in all of Asia, it is home to hundreds of distinct



Indigenous languages and over 3,000 animal species, including Sumatran tigers, pygmy elephants, rhinoceros, and orangutans.¹

However, in recent years, deforestation has occurred, resulting in a reduction in forest area and leading to environmental damage, including the loss of protected animal habitats and increased flooding. In some places in Indonesia, forests are a vital part of the surrounding communities, which rely on forests for their daily needs. Forest has economic value for the people surrounding; clearing of natural forests and drainage of peatland is creating serious economic losses as well. Indonesia's standing forests provide innumerable services, most of which have been poorly valued economically and are only just starting to be appreciated.

Deforestation is also linked to climate change, and forest loss will lead to rising temperatures. As is known, forests are one of the world's lungs, absorbing CO₂, as rainforest and peatland ecosystems store billions of tons of carbon. When we nurture forests, we fight climate change, prevent biodiversity loss, and protect workers and Indigenous communities around the world.² Forests matter to our climate, clean the air we breathe, and filter the water we drink. They also provide habitat for wildlife and plants, especially in Indonesia, which have diversity animal and plantations.

Indonesia is now the world's third-largest emitter of greenhouse gases after the U.S. and China, with 85% of its emissions profile coming from rainforest and peatland degradation and loss.³ According to the Environmental Paper Work (EPN), Indonesia's rainforests are disappearing at one of the fastest rates in the world. Much of this loss is driven by global markets for throwaway paper and the delusion of bioenergy, both falsely marketed as sustainable.⁴ Deforestation in Indonesia is significantly influenced by economic growth, renewable energy consumption, and population density.⁵ Furthermore, the largest percentage decline in forest area occurred in Malaysia and Indonesia, partly due to the expansion of the

¹ Rainforest Action Network (Ran) "Indonesian Rainforest", <https://www.ran.org/indonesian-rainforests/>, Accessed 5 November 2025

² FSC, "Why Forest Matters: When forests thrive, people prosper", <https://fsc.org/en/why-forests-matter>. Diakses 12 Desember 2025.

³ Rainforest Action Network, Loc.Cit.

⁴ Environmental Paper Work, "Protecting Forests and Communities in Indonesia", <https://environmentalpaper.org/project/indonesia-rainforests/> Accessed November 5, 2025

⁵ Umi Khoiriyannah, Shanty Oktavilia, "A Longitudinal Study on Deforestation Trends in Indonesia from 1996 to 2022", **Research Horizon** Volume 5 Issue 3, 2025, pg 795.



palm oil commodity industry.⁶ Deforestation significantly impacts local and global ecosystems and economies, with compensation for communities acting as a key strategy to incentivize forest conservation by providing alternative economic benefits. Forests in Indonesia, such as those in Sumatra and Kalimantan, are still important for communities who utilize forest products. Forests provide essential resources like wood, medicinal plants, and food, which communities rely on for income and subsistence.

From what has been explained, it can be said that forests in Indonesia must be protected, not only for environmental protection, including biodiversity, but also for the protection of the surrounding community. One way to protect the environment, including forests, is to make regulations so that excessive forest use does not result in losses.

This paper will discuss whether the existing regulations in Indonesia regulate the use of forests for both industry and the community, and the compensation for community surrounding. Some of the regulations that will be reviewed are Law Number 32 of 2009 concerning Environmental Management, the Law on Forestry, and regulations on forest utilization.

B. METHOD

The method used in this research is normative juridical, which examines and analyzes the existing legal framework in Indonesia governing environmental protection, particularly laws and regulations related to forest management, conservation, and deforestation control. This study employs a statutory approach to review relevant legislation and regulatory frameworks concerning deforestation, environmental responsibility, and forest governance. The research relies on primary legal materials, including statutes and government regulations, as well as secondary materials such as legal doctrines and scholarly writings. All legal materials are analyzed qualitatively through systematic legal interpretation to assess the adequacy of current regulations and to identify regulatory gaps, especially regarding compensation mechanisms for communities affected by deforestation.

C. DISCUSSION

C.1. Indonesian Regulations Regarding Forest Protection

c.1.1. Law Number 32, 2009 on Environmental Protection and Management

⁶ Decintya Maharani, "EU Deforestation Regulation and Palm Oil: Environmental Protection or Non-Tariff Barrier?", *Journal Paradigma Hukum Pembangunan*, Vol 10 No 2, 2025. Pg 116.



This is a comprehensive framework establishing the right to a healthy environment and mandating sustainable development by integrating environmental protection into all development. As mentioned before that this law aims to protect the environment, such as controlling the use of natural resources. According to Article 13, the control of pollution and/or damage to the environment shall be conducted for the sake of environmental conservation. This action shall include :

- a. The prevention;
- b. Solution (overcoming); and
- c. Recovery for the environment

Environmental protection is carried out, among other things, by some action as mentioned in Article 14, such as standard quality of environment; standard criteria of environmental damage, environmental impact assessment, environmental audit; and other instruments as per needs and/or based on the advancement of sciences. To determine the damage to the environment, there shall be criteria for the standard of environmental damage. The criteria on the standard of environmental damage shall include the criteria on the standard of ecosystem damage and the standard of damage caused by climate change. The use of natural resources, including forest use, must be in harmony, compatible, and balanced with the function of the environment.

Every activity that can have a significant impact on the environment has to undergo an Environmental Impact Assessment (EIA). This activity is to prepare for environmental management and monitoring for any damage to the environment. Any of the undertakings and activities that are required to possess an EIA shall be obliged to obtain an environmental permit. The environmental permit shall obligatorily include the requirements based on the determination of environmental feasibility or the recommendation of Environmental management efforts, and monitoring (Article 36). The environmental permit can be canceled if the application for the permit contains a legal defect, error, abuse, untruth, or falsification of data, documents, or information that affects its fulfillment of the permit requirements. In relation to forest utilization, permits are required for activities carried out, whether in the form of the utilization of forest products such as wood or the utilization of mineral resources inside the forest.

If carrying out an activity causes environmental damage or potentially generates a significant impact on the environment and threatens ecosystems and life, or if Human health



and safety are at risk, an environmental risk assessment analysis or audit shall be conducted. (Article 47)

All activities that can damage the environment will give rise to responsibility, so any person or individual who pollutes and/or damages the environment shall be obliged to overcome (solve) or tackle the pollution and/or the damage to the environment.

Furthermore, that person not only tackles the damage, but also is obliged to recover the functions of the environment.

Related to environmental damage mitigation and restoration, the holder of an environmental permit shall provide a guarantee fund for the restoration of the environment. (Article 54)

Forest protection is not only carried out by individuals or entrepreneurs who have permits, but also by the community that uses forests for their daily lives. Article 67 stated that Everyone shall be obliged to preserve the functions of the environment and to control the pollution and/or damage to the environment. Everyone shall be prohibited from carrying out activities that cause pollution and/or damage to the environment. (Article 69;1a) The role of society is very important in protecting the environment, because communities have the rights and obligations in environmental protection and management, such as providing information and carrying out social supervision.

There are administrative Sanctions for those who breach the rule, such as temporary suspension of production activities, relocation of production facilities, shutting down the sewage or waste disposal, temporary suspension of all activities, or other measures aimed at stopping the violation and restoring the environmental functions.

In addition, violations of environmental damage can also be asked to pay compensation. Article 42 stated that in order to preserve the function of the environment, the Government and Local Government shall be obliged to develop and implement economic instruments of the environment. Furthermore, Article 87 mentioned that every person or individual in charge of the undertakings and/or activities who commits any illegal action regarding pollution and/or damage to the environment that can cause harm to other humans or the environment shall be obliged to pay compensation and/or take specific actions

The last sanction (*ultimum remedium*) is criminal sanction for actions that fall into the criminal category, then imprisonment and a fine can be imposed.



c.1.2. Law No. 18, 2013 on Prevention and Eradication of Forest Destruction

This regulation was made against the background of environmental damage due to deforestation, which damages the environment. The aim for forest protection is to ensure legal certainty and provide :

- a deterrent effect for perpetrators of forest destruction;
- b. Ensuring the sustainable existence of forests while maintaining their sustainability and preventing damage to the surrounding environment and ecosystems;
- c. Optimizing the management and utilization of forest products while maintaining the balance of forest functions to achieve a prosperous society; and
- d. Increasing the capacity and coordination of law enforcement officials and related parties in preventing and eradicating forest destruction.

The Government and Regional Governments are obliged to eradicate forest destruction. Eradication of forest destruction is carried out by taking legal action against those who destroy forests, whether directly, indirectly, or through other related parties.

Communities living around the forest can utilize the forest for various purposes, such as collecting branches for firewood, collecting medicinal plants, or mushrooms. However, there are several provisions that must be taken into account, including: Communities that cut down trees outside conservation and protected forest areas for their own use and not for commercial purposes must obtain a permit from the authorized official in accordance with statutory provisions.

Article 12 mentions some activities that are prohibited :

- a. Felling trees in a forest area that does not comply with a forest utilization permit;
- b. Felling trees in a forest area without a permit issued by an authorized official.
- c. Exploiting forest products suspected of originating from illegal logging.

The tree logging within a forest area, as mentioned in Article 12 c, is prohibited if the logging within a forest area is within a radius or distance of up to:

- a. 500 (five hundred) meters from the edge of a reservoir or lake;
- b. 200 (two hundred) meters from the edge of a spring and on either side of a river in a swampy area;
- c. 100 (one hundred) meters from the left and right edges of a river.



Furthermore, this law also stated that Everyone is prohibited from using wood from illegal logging and/or illegal use of forest areas originating from conservation forests.

Communities have both rights and obligations to utilize forests. Communities are obligated to:

- a. protect and preserve forests; and
- b. manage forests in accordance with statutory provisions.

On the other hand, the community has the right for a good and healthy environment, including the quality of the environment produced by forests. If it turns out that forest damage or deforestation occurs which is detrimental to the community, then of course the community can apply for compensation and environmental restoration efforts.

c.1.3. Government Regulation Number 26 of 2020 on Rehabilitation and Reclamation of Forest.

To protect forests from damage, Government Regulation No. 26 of 2020 was created. This Government Regulation on Forest Rehabilitation and Reclamation regulates efforts to restore forests and critical land through reforestation, reforestation, and repairing damaged land so that it functions optimally. One of the ways to protect and preserve the forest is through rehabilitation. Forest rehabilitation activities with the aim of protection and conservation are prioritized because of the social benefits, such as flood and drought control, erosion prevention, and strengthening water management conditions.

Land rehabilitation, including forest, is carried out through reforestation and/or application of soil conservation techniques. (Article 26) This reforestation can be carried out through, among other things, development activities for private forests. The meanings of "Private forest" or "Rights Forest" refer to forests located outside of forest areas and growing on land encumbered with land rights, commonly referred to as community forests. Development of rights forests is carried out, among other things, through community forest development activities using agroforestry and/or pure forest patterns.

In carrying out forest rehabilitation, the participation of the community, especially local communities around the forest, is required. Community participation in forest rehabilitation and reclamation activities can be achieved through public consultation in the development of



regulations and policies related to forest rehabilitation and reclamation, conveying aspirations, socialization, and discussion.

C.2. Compensation For Community

Compensation for communities due to deforestation includes financial compensation and non-financial compensation in the form of environmental restoration measures.

For compensation in the form of money, a lawsuit can be filed against the company that carried out deforestation, including for certain actions. According to the provisions of Law Number 32, 2009, specifically Article 87 states that any person responsible for a business and/or activity who commits an unlawful act in the form of environmental pollution and/or destruction that causes harm to others or the environment is required to pay compensation and/or take certain actions.

The Non-Financial Compensation may include:

Infrastructure development (roads, electricity).

Provision of public facilities (schools, health centers).

Skills training for livelihood diversification

Communities can also get a share of the profits of companies that utilize natural resources in their area. The government is expected to help conserve forests and combat deforestation. One of the efforts that the government can make is through cooperation with other countries, especially regarding the issue of climate change. There are several programs that are also carried out to prevent deforestation, including REDD+(Reducing Emissions from Deforestation and Forest Degradation). This program, REDD+ aims to provide incentives to developing countries to make real efforts to reduce the rate of deforestation.⁷ Apart from the community, the role of entrepreneurs is also very much needed to prevent and handle deforestation. In several countries, the government has made regulations to ensure that entrepreneurs implement an environmentally-based business climate. The UK is currently considering new laws to ban big businesses from trading in commodities linked to large-scale forest loss, such as chocolate, beef, soy, coffee, corn, and palm oil, if they are not produced in

⁷ H.Z, Zandri, "Program Reducing Emission from Deforestation and Forest Degradation", *Journal Ikmedia*, Vol 4, No 1 2025.



accordance with local laws.⁸ Some international organisations, as well as non-governmental organisations, are also involved in business to protect the forest. AFi (Accountability Framework Initiative) is a coalition of 22 non-governmental organizations (NGOs) and organizations focused on human rights that develop new guidelines to help companies eliminate deforestation, ecosystem conversion, and human rights violations from their supply chains.⁹ These new guidelines aim to help companies eliminate deforestation, ecosystem conversion, and human rights violations from their supply chains. International trade, including forest products, must now meet certain criteria. For example, the European Union (EU) is also preparing regulations regarding the trade in forest products. The EU Deforestation Regulation (EUDR) protects against deforestation by banning products linked to forest destruction after December 31, 2020, from the EU market. The European Union Deforestation Regulation (EUDR) is a new regulation that applies to the industry and will be effective from 30th December 2025. The EUDR is a key step in responding to today's deforestation and supporting countries in achieving their national forest protection policies. It aims to combat deforestation and forest degradation by ensuring that products placed and made available on or exported from the EU market have not caused damage to forests.¹⁰

Local governments can also help by making various efforts, such as in Kalimantan. To protect the forests, the Governor of North Kalimantan has finally allocated a special budget for those involved in forest preservation.¹¹ Although the form or value of the incentives has not been detailed, it is understood that this is solely to preserve existing forests. The role of local government in forest management includes planning, licensing (limited), community facilitation (especially through Social Forestry), supervision, and sustainable local economic

⁸ CIFOR, World Agro Forestry, "Menunggu Akhir Deforestasi: Korporasi Perlu Turut Mendukung", <https://www.cifor-icraf.org/id/pengetahuan/kabar/76076/>. Diakses 12 Desember 2025. Terjemahan oleh penulis.

⁹ Kompas, "Cegah Deforestasi Koalisi LSM Rilis Panduan Baru untuk Perusahaan", 2025 <https://lestari.kompas.com/read/2025/12/10/173254386/cegah-deforestasi-koalisi-lsm-rilis-panduan-baru-untuk-perusahaan>. Diakses 12 Desember 2025

¹⁰ DS.Smith, "European Union Deforestation Regulation (EUDR) Explained", <https://www.dssmith.com/media/our-stories/2025/9/eudr-european-union-deforestation-regulation-explained>. Diakses 21 Desember 2025.

¹¹ Media Kalimantan Selatan." Gubernur Kalsel Paparkan Langkah Solusi Penanganan Karhutla 2024", <https://diskominfomc.kalselprov.go.id/2024/03/21/gubernur-kalsel-paparkan-langkah-solusi-penanganan-karhutla-2024/>. Diakses 10 Januari 2026.



development. This role is also mentioned in Law Number 32, 2009 on Environmental Protection and Management.

On the other side, communities also have the duty to protect the environment. They have their own role to protect the environment by applying their local wisdom. Community empowerment activities require a long time to change people's behavior.¹²

In this case, ongoing assistance is needed, and community participation is increased. Cooperation between the community, the government, and the private sector is very necessary to prevent deforestation and also to deal with the consequences of deforestation. Applying the principles of the Partnership Program with a Public-Private Partnership can eliminate the tendency to find a single cause of the failure of the cooperation program.¹³

D. CONCLUSION

Thus, the problem of deforestation not only impacts the environment but also harms communities surrounding forests, especially those who use the forests for their daily lives. If the community suffers losses, especially if deforestation occurs due to activities carried out by companies or the government, the community must receive compensation.

Some forms of compensation that can be accepted by the community are compensation in the form of money and also in the form of other actions. Certain actions that can be taken by companies are repairing or restoring forests, and also empowering communities in forest protection activities.

According to existing regulations, compensation can even be in the form of sharing company profits obtained from forest utilization. The government, both central and regional, also has a role to play in helping communities affected by deforestation and supervising companies that utilize forest products.

¹² Resi Diniyanti, and Alin Halimatussadiyah, "Mampukah Anggaran Mengendalikan Deforestasi di Kawasan Konservasi", **Jurnal Analisis Kebijakan Kehutanan** Vol. 17 No. 2, November 2020. pg 103

¹³ Dwi Ekasari Darmadji, et.all, "IMPACT OF DEFORESTATION ON FORESTRY AND FOREST VILLAGE COMMUNITY INSTITUTION (LMDH)", **Indonesian Journal of Multidisciplinary Science** Vol 1 No 9, 2022.



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