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In and Out of the Forest: Decentralisation and Recentralisation of Forest Governance in East Kalimantan, Indonesia

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The 'big bang' decentralisation reforms Indonesia embarked upon in 2001 went along with a decentralisation of the forestry sector. Hopes were high that this would improve local development and contribute to more sustainable forest management. However, undesired outcomes of decentralisation have been counteracted by an immediate effort to recentralise forest governance. In this paper, we address the question what actual impact both de- and recentralisation of forest governance had on the livelihoods of local communities in East Kalimantan. Our findings are based on field studies conducted in two villages using ethnographic methods. We show that under decentralised forest governance, unclear functional competences and overlapping authorities of the central and local governments triggered a logging boom that increased inter- and intra-village conflicts, exacerbating inequality, and leading to further deforestation. On the other hand, the recentralisation of the forestry sector and the increased central state control of illegal logging deprived villagers of lucrative income sources without offering adequate alternatives, while ending therewith associated conflicts. Our case studies thus show that de- and recentralisation had both positive and negative effects on a local level. However, we argue that continual decentralisation efforts would be more promising for the improvement of local communities in East Kalimantan.

Keywords: *Decentralisation; East Kalimantan; Forest Governance; Indonesia; Local Livelihoods*

Die weitreichenden Dezentralisierungsprozesse, die Indonesien 2001 in die Wege geleitet hat, schlossen eine Dezentralisierung des Forstsektors ein. Die Hoffnungen waren groß, dass damit die lokale Entwicklung vorangetrieben und nachhaltiges Waldmanagement gefördert würden. Den unerwünschten Folgen der Dezentralisierung wurde jedoch mit umgehenden Bemühungen entgegengewirkt, den Forstsektor zu rezentralisieren. In diesem Artikel befassen wir uns mit der Frage, welche tatsächlichen Folgen sowohl die De- als auch Rezentralisierung des Forstsektors auf die Lebensumstände lokaler Gemeinschaften in Ost-Kalimantan hatten. Unsere Ergebnisse beruhen auf Feldforschungen in zwei Dorfgemeinschaften unter Anwendung ethnographischer Methoden. Wir zeigen, dass die unklare Aufgabenverteilung und überlappenden Autoritäten von Zentral- und Lokalregierung während der Dezentralisierung einen logging boom hervorgerufen haben, der zu steigenden Konflikten innerhalb von und zwischen Dörfern sowie wachsender Ungleichheit und ansteigender

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Entwaldung geführt hat. Auf der anderen Seite haben die Rezentralisierung des Forstsektors und die zunehmende zentralstaatliche Kontrolle des illegalen Holzeinschlags den DorfbewohnerInnen lukrative Einnahmequellen entzogen, ohne adäquate Alternativen zu schaffen. Unsere Fallstudien zeigen somit, dass De- und Rezentralisierung sowohl positive als auch negative Auswirkungen hatten. Dennoch argumentieren wir für die Fortsetzung der Dezentralisierungsbestrebungen, da dies für die Verbesserung der Lebensumstände von lokalen Gemeinschaften vielversprechender ist.

Schlagworte: *Dezentralisierung; Forst-Governance; Indonesien; Local Livelihoods; Ost-Kalimantan*

Introduction

Decentralisation is assumed to hold a great potential for local development and sustainable natural resource management (Larson & Ribot, 2004; Moser, Norton, Conway, Ferguson, & Vizard, 2001; Steinich, 1997). However, recent studies on the impact of decentralisation reforms show mixed results (Baumann & Farrington, 2003; Ribot, 2002; Shackleton, Campbell, Wollenberg, & Edmunds, 2002). A more critical and differentiated view has thus replaced the initial celebration of decentralisation.

These mixed results emerged in Indonesia, where 'big bang' decentralisation reforms also decentralised forest governance. Governmental and popular hopes for improved living conditions of the local population and a more sustainable forest management did not materialise. The excessive encroachment of new authorities on forests and legal uncertainty led to increased deforestation and a lack of long-term improvements of local livelihoods (Barr, Wollenberg, Limberg, Anau, Iwan, & Made Sudana, 2001; Casson, 2001a, 2001b; McCarthy, 2001a, 2001b; Obidzinski & Barr, 2003; Potter & Badcock, 2001; Soetarto, Sitorus, & Napiri, 2001). Consequently, as was the case in other countries where central government called for recentralisation when decentralisation did not go smoothly, the Indonesian government recentralised forest governance (Barr, Resosudarmo, Dermawan, & McCarthy, 2006, p. 128).

While several studies have documented the impact of decentralised forest management in Indonesia, the effect of recentralisation on village level has been hardly documented so far. In this paper, we address the question of what impact these two subsequent policy shifts had on the intended beneficiaries of new decentralised policies. Our case studies illustrate that decentralisation and recentralisation have

both positive and negative impact on local communities. However, we argue that the negative consequences of decentralisation are the result of the sudden and disorderly nature and weak implementation of the decentralisation process in Indonesia, which was conducted in a phase of economic and political crisis and was seen as an instrument for protecting the nation state from breaking up due to separatist movements. We thus support the argument that recentralising authority is not the best answer to the shortcomings of decentralisation (Larson, 2005). Instead, we are optimistic that improved decentralised forest policies will be able to reduce the negative impact of decentralisation while strengthening its advantages and thereby offer a more promising future for local communities.

Our findings rest on field research conducted between 2004 and 2007 in the district of Kutai Barat as an integrated part of the project *Making Local Government More Responsive to the Poor: Developing Indicators and Tools to Support Sustainable Livelihood under Decentralization* which was carried out by the *Centre for International Forestry Research* (CIFOR) in co-operation with Freiburg University. We used descriptive and exploratory fieldwork methods, including participant observation, informal interviews and semi-structured interviews, focus group discussions, and village level household surveys. Informants included a broad range of stakeholders, such as policy-makers and administrators on the district and sub-district level, village authorities, private business operators, NGOs, and village inhabitants. We discussed our findings with local communities and submitted recommendations to district government officials.

After providing a short overview of the legal framework that shaped the de- and recentralisation of forest governance in Indonesia in the next section, we introduce the local setting of Kutai Barat. In the main part of this paper, we describe the impact of decentralisation and the subsequent recentralisation policies within two sample villages. In the final section, we provide an analysis of these impacts and present our arguments for continued decentralisation efforts.

De- and Recentralisation of the Indonesian Forestry Sector

During the early phase, decentralisation included a temporary relaxation of the highly centralised Indonesian forestry sector. First steps towards decentralised forest

governance undertaken in 1998[3] were strengthened in 1999 through the newly enacted regional autonomy laws. Law No. 22/1999[4] regulated the devolution of political authority to local governments. The central government retained the authority over foreign policy, defence and security, monetary policy, legal systems, and religious matters while ceding authority over all other policy fields to local governments. These subsequently gained the full responsibility for natural resource management, including forests. Law No. 25/1999[5] devised a new system of financial arrangements between the centre and the regions, whereby districts received a much larger share of forest revenues generated within their boundaries and were empowered to generate their own additional revenues. Government Regulation No. 6/1999[6] and its implementing regulations issued by the Ministry of Forestry[7] further strengthened the decentralisation of forest management, empowering district heads to allot small-scale timber concession licences for areas of up to 100 hectares and a period of up to one year. However, the exact extent of district governments' new authority over forests remained vague, as Law No. 22/1999 contained ambiguities which invited multiple interpretations (Resosudarmo, 2004, p. 114). Further inconsistencies arose between the decentralisation legislation and the new Basic Forestry Law passed in 1999[8], as the latter retained the notion of central control (McCarthy, 2004, p. 10).

In this situation of ambiguous functional competences and overlapping authorities, district heads throughout Indonesia's forest rich regions interpreting the legislation in their own favour issued small-scale logging permits with renewed zeal (Nugroho, Russell, & Sardjono, 2009, p. 1). In response to these emergent excesses, the Ministry of Forestry withdrew the authority for issuing small-scale concessions from district heads in February 2002[9]. Four months later, the central government reinforced this policy when it finally issued the implementing regulations for the new

3 Government Regulation 62/1998 (*Peraturan Pemerintah No. 62/1998 tentang Penyerahan Sebagian Urusan Pemerintahan di Bidang Kehutanan kepada Daerah*) granted authority over a number of forestry affairs to district heads and was partly read as a signal that the central government was prepared to support decentralised forest governance (Dermawan, Komarudin, & McGrath, 2006, p. 3).

4 *Undang Undang No. 22/1999 tentang Pemerintahan Daerah.*

5 *Undang Undang No. 25/1999 tentang Perimbangan Keuangan antara Pemerintah Pusat dan Daerah.*

6 *Peraturan Pemerintah No. 6/1999 tentang Pengusahaan Hutan dan Pemungutan Hasil Hutan pada Hutan Produksi.*

7 *Keputusan Menteri Kehutanan dan Perkebunan No. 310/1999 tentang Pedoman Pemberian Hak Pemungutan Hasil Hutan.*

8 *Undang Undang Pokok Kehutanan No.41/1999.*

9 *Keputusan Mentri Kehutanan No. 541/2002 tentang pencabutan Keputusan Menteri Kehutanan No. 05.1/Kpts-II/2000 tentang kriteria dan standarperizinan usaha pemanfaatan hasil hutan dan perizinan pemungutan hasil hutan pada hutan produksi.*

Basic Forestry Law[10], which returned the authority over forests to the centre and provided the Ministry of Forestry with the sole authority to issue logging licences (Resosudarmo, 2004, p. 125). Finally, the decentralisation laws of 1999 were replaced by Laws No. 32/2004 and No. 33/2004[11], which affirmed regional autonomy but recentralised many fields of authority to higher levels of government. The short period of 'big bang' decentralisation in the forestry sector thus came to an end by legal means in 2002 (Dermawan, Komarudin, & McGrath, 2006, p. 5).

Regional Setting

The district of Kutai Barat is located in the province of East Kalimantan and came into existence in October 1999, when the former district of Kutai was split into three parts, Kutai Barat, Kutai Timur, and Kutai Kartanegara. It stretches along the Mahakam River, covering a territory of 31,628 square kilometres with a population of nearly 150,000 people (Badan Pusat Statistik, 2003). Most of the district's poor infrastructure is concentrated around the new district capital, Sendawar, which occupies the highland region of the Middle Mahakam. The district population is comprised of a vast amalgam of ethnicities including several Dayak groups, which form the majority of the population, Malay groups like the Banjar and Kutai, and migrant groups from other Indonesian islands. The district possesses rich forest resources with a state forest area of 2.3 million hectares (KK-PKD Kutai Barat, 2001, p. 6). The district's most important economic sectors are timber and mining, with diminishing gold mining and an increasing significance of coal mining. The development of oil palm estates in the sub-district of Jempang is marked by a long history of conflict and controversy (Casson, 2001a, p. 20; Gönner, 2002, pp. 84-85; Gönner, Cahyat, Haug, & Limberg, 2007), but currently only plays a minor economic role in Kutai Barat. The smallholder economy of the district is characterised by swidden agriculture, animal husbandry, market gardening, and small-scale estate crop production.

To demonstrate the impact of the subsequent de- and recentralisation policies on local communities, we will employ examples from two villages. The first, Jambuq, is

10 *Peraturan Pemerintah No. 34/2002 tentang tata hutan dan penyusunan rencana pengelolaan hutan, pemanfaatan hutan dan penggunaan kawasan hutan.*

11 *Undang Undang No. 32/2004 tentang Pemerintahan Daerah* and *Undang Undang No. 33/2004 tentang Perimbangan Keuangan antara Pemerintah Pusat dan Daerah.*

a self-proclaimed Kutai village[12] that lies on the eastern border of Kutai Barat and is located directly on the Trans-Kalimantan road connecting Sendawar with the provincial capital of Samarinda. According to official village records of 2004, Jambuq has 549 inhabitants living together in 116 households. The village covers an area of 30.1 square kilometres, with a great share of secondary forests of different stages and only minor primary forest spots left. The amount of valuable timber in the village's forest has declined over the last few decades due to commercial logging under HPH-legislation[13] which started in 1979, and disastrous forest fires which occurred in 1997/98[14]. Jambuq villagers subsist mainly on swidden agriculture, forest gardens, and additional income from various monetary sources.

Jontai, a Dayak Benuaq[15] village, is located in the westernmost part of Kutai Barat on the shore of the Nyuataatn River. The village area is densely forested and is bordered in the north by the province of Central Kalimantan. Numbering 361 inhabitants[16] living in 60 households, its settlement size is slightly smaller than that of Jambuq, while the village area, covering 64.32 square kilometres, is more than twice as large. The inhabitants of Jontai practice an extended subsistence economy with a high importance of subsistence and a situational orientation towards monetary income. The largest proportion of the village area (65 percent)[17] consists of old secondary and primary forest, while the remaining 35 percent is used for agriculture, including rice cultivation, fallow fields, as well as rattan, rubber, and forest gardens. Commercial logging undertaken by different companies has played a major role in Jontai since the log flood enterprises[18] of the late 1960s. The logging company currently active started its operations in the village area in 2001.

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12 The inhabitants originated from Benuaq ancestors and converted to Islam in the early twentieth century, therewith adapting Kutai customs and Kutai language.

13 Commercial Forestry Concession (*Hak Pengusahaan Hutan* – HPH) for state forests, issued by the Ministry of Forestry, introduced during the Suharto regime (1967-1998).

14 Forest fires in Indonesia's tropical swamp forests have occurred in the past few decades mainly due to a combination of ecological and economic reasons. In 1997/98, a prolonged drought caused by a strong El Niño – Southern Oscillation (ENSO) event, created an extraordinary fire prone situation in East Kalimantan (Hoffmann, Hinrichs, & Siegert, 1999). Villagers in Jambuq suspect fire setting on behalf of plantation owners as the major reason for the outbreak in the forest surrounding Jambuq.

15 The different ethnicities of our sample villages are not of primary importance for the argument laid out in this article. A discussion of how different impacts and perceptions of decentralisation are influenced by different ethnic backgrounds is currently in preparation by the authors.

16 The data on Jontai and the sub-district Nyuatan was obtained during an interview with the staff of the sub-district office (Dempar, personal communication, April 27, 2005).

17 As the village area has not been measured yet, this percentile division is based on the estimation of key informants.

18 The log flood enterprises used traditional, non-mechanised logging techniques. The logs were placed at river banks so that they could be transported downriver with the seasonal floods.

Impact of Decentralised Forest Governance on Local Livelihoods

Impact on District Level

New forestry regulations issued by the provincial and district governments provided local communities with a larger share of benefits from the forestry sector and improved their access to forests and forest resources.

For example, the provincial government of East Kalimantan issued Governor Decree No. 20/2000[19], which requires holders of large-scale logging concessions (HPH) to pay up to IDR 3,000 (USD 0.36 [2000][20]) per cubic metre of harvested logs to local communities who hold customary rights to the respective forest areas. The decree further demands that HPH-holders make retrospective payments for timber cut during the previous five years (Center for Social Forestry, 2005, pp. 2-3). In Kutai Barat, this policy was transferred into District Head Decree No. 283/2000[21] and implemented in the same year.

The introduction of the new small-scale concessions was regulated in Kutai Barat through District Head Decree No. 4/2000 on Procedures for Granting Forest Product Harvest Concessions (*Hak Pemungutan Hasil Hutan* – HPHH). By the end of 2000, the district government had already granted hundreds of such licences; the actual amount varied between 622, according to KK-PKD Kutai Barat (2001, p. 43), and 223, according to Dermawan et al. (2006, p. 7). The licences were granted to individual inhabitants of Kutai Barat, groups or cooperatives who then mainly worked together with logging companies as contractors to exploit the forest. Negotiations between logging companies and villagers determined the fee contractors would have to pay to the traditional owners of the forest. These fees varied between IDR 50,000 (USD 5.50 [2004]) and IDR 150,000 (USD 16.50 [2004]) per cubic metre of timber (Andrianto, 2006, p. 45).

Several studies demonstrate that in the majority of the cases, local communities only gained short-term economic benefits from decentralised forest governance,

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19 *Surat Keputusan Gubernur Kalimantan Timur No. 20/2000 tentang Standar Pemberian Biaya Kompensasi Kepada Masyarakat Adat Atas Kayu Yang Dipungut Pada Areal Hak Ulayat di Propinsi Kalimantan Timur.*

20 We use average conversion rates for each year (indicated in brackets) as follows: (1999): 0.00013 – USD 1 = IDR 7,879; (2001): 0.00010 – USD 1 = IDR 10,250; (2003): 0.00012 – USD 1 = IDR 8,593; (2004): 0.00011 – USD 1 = IDR 8,945; (2005): 0.00010 – USD 1 = IDR 9,721; (2007): 0.00011 – USD 1 = IDR 9,110.

21 *Surat Keputusan Bupati Kutai Barat No. 283/2000 tentang Desa-Desa di Dalam dan di Sekitar Areal HPH Yang Berhak Menerima Dana Kompensasi dari Perusahaan-Perusahaan Kehutanan Yang Ada di Wilayah Kabupaten Kutai Barat.*

while local elites and companies were the main beneficiaries (see for example Barr et al., 2001, 2006; Barr & Resosudarmo, 2002; Casson, 2001a; Haug, 2010; Resosudarmo, 2004; Rhee, 2000). However, the new regulations not only provided new income opportunities for local communities but strengthened their customary rights politically. Another example can be found in the licences for collecting forest resources (called IPPK – *Izin Pemungutan dan Pemanfaatan Kayu)*, which were supposed to provide legal means to clear small forest plots for community plantations (Casson & Obidzinski, 2002, pp. 40-41).

The district government of Kutai Barat further developed community-based forestry management models, such as the IUKhM scheme[22]. These initiatives can be seen as an important attempt to provide local communities with legitimate access to their forests. This is of special importance as customary rights to state forest lands are not yet recognised in a meaningful way under national law. The Basic Forestry Law of 1999[23] acknowledges *adat*[24] rights as long as *adat* still exists and is not contrary to national interests or to superior national legislation. However, this acknowledgement of customary rights in state forests only provides people with forest management rights and rights to collect forest products but does not recognise ownership rights. Therefore, local communities have limited prospects of claiming rights to land or forest resources (Bakker & Moniaga, 2010, p. 189).

The legal insecurity which arose through unclear functional assignments and overlapping authorities within the forestry sector triggered a logging boom during the early phase of decentralisation. The villagers in Kutai Barat enjoyed practically free access to their forest and thus set up their own logging operations. Many HPHH-holders also made use of this opportunity by extending their logging operations well beyond the actual boundaries of their concession area as the district government lacked the capacity to monitor the implementation of these small-scale licences. In addition, the distinction between *legal* and *illegal* logging blurred as logging activities could be *legal* according to district government regulations while they were considered *illegal* by the central government (Casson & Obizinsky, 2002, p. 2134).

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22 *Keputusan Kepala Dinas Kehutanan Kabupaten Kutai Barat Nomor 521.21/130/DK-I/2004 tentang Petunjuk Teknis Permohonan dan Pelaksanaan Pengukuhan Serta Ijin Usaha Kehutanan Masyarakat* (IUKhM).

23 Forestry Law No. 41/1999 Article 4, Paragraph 3 (*Penguasaan hutan oleh Negara tetap memperhatikan hak masyarakat hukum adat, sepanjang kenyataanya masih ada dan diakui berandaanya, serta tidak bertentangan dengan kepentigan nasional).*

24 *Adat* can be best understood as a dynamic system which controls all aspects of human life and which varies among the different regions of Indonesia. As *adat* also includes traditional law, it is sometimes used synonymously with customary law.

Impact on Jambuq

In Jambuq, decentralised forest governance led to two substantial changes. First, the logging company holding an HPH over parts of Jambuq's forest began paying annual compensation for its logging activities. These payments were allocated to village development (30 percent) and direct cash payments to the villagers (70 percent). The first compensation in 2000 included retrospective payments for the previous five years, with a total amount of IDR 450 million (USD 53,900 [2000]). The distribution of this payment was accompanied and supervised by the HPH-owner, so villagers received payments in three classes of IDR 750,000 (USD 89 [2000]), 3 million (USD 359 [2000]), and 4 million (USD 479 [2000]) for each family. This monetary distribution depended on the age of the family head, status within the village, and, for immigrants, the time the family had spent in the village. In the following years, compensation decreased as the amount paid depended on harvested logs (about IDR 30 million (USD 3,000) to IDR 70 million (USD 6,850) a year [2001]). While statements by informants concerning the first compensation payment were consistent, they were contradictory concerning the amounts paid out in the following years. However, villagers benefited from compensation payments in 2001 and 2002 with IDR 20,000 (USD 2 [2001]) to IDR 70,000 (USD 7 [2001]) per household. Nevertheless, the distribution of *kompensasi* within the village was unclear as villagers had limited information and some families did not receive payments at all.

Second, access to the forest was possible due to negotiations between the HPH-holder and village leaders. This led to an agreement that village leaders could grant permits for cutting particular tree species[25] to villagers or external operators in the HPH-area, which is considered communally owned forest according to *adat*. These self-organised logging groups then had to pay fees to the village leaders amounting to IDR 10,000 (USD 1.30 [1999]) per cubic metre in 1999, which were subsequently raised to IDR 25,000 (USD 2.70 [2002]) in 2002. For forest areas that are claimed by individuals or groups due to inheritance rights according to *adat,* fees for chainsaw operators were increased to IDR 50,000 (USD 5.40 [2002]) and subsequently paid to the respective owners. The fees for the village's forest resulted from village negotiations and were allotted equally to village development and additional village leader

25 In particular, two tree species were included: *Ulin* (Eusideroxylon zwageri) and *Ipil* (Intsia palembanica).

salaries. However, village leaders showed an unwillingness to regularly inform people of the fee amounts.

Increased financial revenues on the village and district level which corresponded with logging activities opened up opportunities for development activities at the expense of forests. Government programmes for private business credits, education, and health were introduced in the village as in other parts of Kutai Barat. For Jambuq, infrastructure projects (e.g. the construction of pathways, mosques, water tanks, and market stalls) as well as some development programmes (e.g. wet rice field planting, reforestation, and mixed agroforestry) were closely linked to decentralisation as programmes and projects were co-financed by the district government of Kutai Barat, the HPH-holder, and village funds (Bullinger, 2008, pp. 70-77).

Although welcomed by most of the villagers, both development activities and cash payments led to new problems in terms of transparency and the distribution of shares. Our research shows that village leaders and people with close ties to the village's elites profited the most. Village leaders were in the powerful position of gatekeepers who could decide who participated in development programmes and who did not. Moreover, village leaders controlled compensation payments and fees, and profited disproportionately from these payments, as democratic institutions on the village level remained weak. Additionally, no efficient control mechanism was institutionalised by the district or sub-district government at this stage of decentralisation. Thus, village leaders accumulated new power and villagers became increasingly dependent on local elites.[26]

Economic benefits from compensation payments and returns from logging activities led to increased visible material wealth, in particular electricity (generators), housing, motorbikes, and electronic equipment (such as TVs and mobile phones). In addition, some families invested the money in education or future income options (such as kiosks and chainsaws). However, these temporary effects contrast with other outcomes, such as increased inequality and conflicts among villagers, neighbour associations, and neighbouring villages mainly over boundaries of logging permits and the distribution of compensation and fees as well as growing distrust as a consequence of the limited availability of information.

26 This phenomenon is known as *elite capture*, explaining that local elites profit disproportionally from public resources due to their dominance in local planning and governance processes as well as proximity to state institutions and decision-makers. Various aspects of elite capture in Indonesia can be found, e.g. in Dasgupta & Beard (2007), Hadiz (2003), McCarthy (2011), and Sidel (2004).

Impact on Jontai

The villagers in Jontai interpreted the changes in the forestry sector after decentralisation as a re-establishment of their customary rights.

> *Formerly, the forest has been in the grip of the state. Now timber is coming under adat rights again. Formerly, the people were quiet and did not dare to talk. Formerly, the state was still in power, but now the forest has been returned from the state to the people (T. Usni, personal communication, September 10, 2004).*

In cooperation with a local logging company, the villagers gained one of the new small-scale logging licences. Due to their strengthened position, fees rose from IDR 3,000 (USD 0.36 [1999]) per cubic metre under the HPH system up to IDR 65,000 (USD 7.15 [2004]) per cubic metre under the new HPHH regulation. After initial plans to share the fee payments equally among all families failed, the villagers formed descent-based groups who shared customary use rights in certain parts of the forest and divided up the village forest according to their different 'locations'. Each of these groups was represented by a partly self-appointed leader who was responsible for the arrangements with the logging company and the distribution of the fee payments among all group members. Although 73 percent of all households received fee payments, the amount a person received varied greatly according to the honesty of the group leader, the size of the respective location as well as the number of people belonging to his or her inheritance group. Fee payments were disbursed in irregular intervals and the amount a person received per payment varied between IDR 200,000 (USD 22 [2004]) and IDR 15 million (USD 1,650 [2004]). Single children had a definite advantage as they did not have to share the fee payments with siblings. However, people in powerful positions gained the largest advantages because village elites with noble origins received the highest profits.

As a consequence of the *de facto* open access to the forest, people also started to set up their own small logging operations along new and abandoned logging roads which meander through the village area. Timber traders came regularly into the forest to collect square blocks and shelves sawn by the villagers. Prices varied according to timber species. For *meranti*[27] cut into square blocks they paid IDR 300,000 (USD 33 [2004]) per cubic metre, and IDR 600,000 (USD 66 [2004]) if already sawn into shelves.

27 The name *meranti* refers to several kinds of trees from the family of *Dipterocarpaceae*, e.g. *Shorea spp.*, *Shorea sp.*, and *Anisoptera sp.*

In one week, an experienced chainsaw operator working on his own location could thus earn an income of up to IDR 3 million (USD 330 [2004]). This contributed to active involvement in logging although the villagers were aware of the negative long-term effects. Most, however, viewed logging as a window of opportunity which they did not want to miss, like, for example, Kakah Diren: "If the forest gets closed up again, if it is given back to the state, we can't manage the forest anymore" (K. Diren, personal communication, August 31, 2004). Furthermore, some villagers perceived it as their longstanding right to cut timber and finally gain financial profit as various companies had earned fortunes from their forests over the last decades while they remained poor.

With new income from logging and fee payments, material wealth increased. Many families invested their growing income into house building and the purchase of motorbikes, working tools, and electronic equipment. Because most logging money was received by young men, a large amount of it was also spent on alcohol, gambling, and prostitution. A few households used their increased income for long-term investments and education. For example, the first adolescent from Jontai that took up university studies was financed by fee money.

Due to the fact that people received different benefits from fee payments and logging, inequality within the village increased sharply and many conflicts arose among the villagers concerning the size of their different 'locations', and the distribution and utilisation of fee payments and logging income.

Impact of Recentralisation on the Local Level

Impact on District Level

Two years after the decentralisation of the forestry sector had been ended legally, the logging boom came to an abrupt end in November 2004 when central government control of illegal logging increased significantly as part of newly-elected President Susilo Bambang Yudhoyono's ambitious plans to tackle Indonesia's most serious problems within the *first* 100 *days* of his presidency.[28] Thus, the recentralisation

28 During the election campaigns Susilo Bambang Yudhoyono promised that he would combat Indonesia's most serious problems within the first 100 days of his presidency. Poverty, corruption, terrorism, slow economic growth, unemployment but also illegal logging were commonly viewed as the most serious problems.

of the forestry sector became effective in Kutai Barat two years after it had been initiated legally.

With recentralisation, the district government lost its authority over state forests. Subsequently, community-based forest management models created by the local government under decentralised forest governance in Kutai Barat were restricted to the existing 800,000 hectares of non-forest areas (Nugroho et al, 2009, p. 4). While decentralisation can be seen as a move into the forest from the perspective of local communities, recentralisation can be seen as a movement out of the forest.

Impact on Jambuq

While the logging operations of the local HPH-company continued largely unaffected, all self-organised logging operations came to an immediate halt due to the increased control of logging activities that were considered illegal by the central government. The resulting loss of fee payments reduced village funds significantly although compensation payments continued.

The loss of income from self-organised logging was felt severely by most villagers as obligations, such as for motorbikes or TVs, continued and cash needs for electricity, education and so forth increased successively. In the search for new income options, most had to turn to less lucrative alternatives. Immediately after controls started, only a few villagers continued their logging activities in spite of legal restrictions. For the majority of villagers, the cutting and cleaning of rattan became the temporary major income source. A year later, however, when the stocks of valuable rattan species were harvested and no capital was available to buy rattan for processing in neighbouring villages the situation changed. The majority of villagers gave up rattan processing and resumed subsistence activities such as farming and to a lesser degree fishing as well as additional small-scale cash crop production, such as rubber. Few people temporarily left the village searching external wage labour. Both logging and rattan activities disappeared from the village. As a result, villagers have suffered from distinct losses of income while the remaining alternatives have been seen as a step backwards.

As hopes for self-determination and a changing political climate were heavily disappointed, the majority of village inhabitants showed a lack of understanding of the

recentralisation of the forestry sector: "After decades of logging [by the HPH-owner] and restricted access to the community forest, we should decide ourselves how to use our forest" (M. Tommy, personal communication, December 1, 2004).

Finally, the cessation of self-organised logging operations contributed to the easing of social conflicts as the main contentious issue, the distribution of benefits from logging, largely disappeared. Some villagers welcomed the new restrictions as they raised concerns that "trees were stolen from the forest". In the same manner, inequality partly decreased although village elites remain powerful.

Impact on Jontai

Increased controls of illegal logging by the central government led to the cessation of self-organised logging operations in late 2004. In view of the strong police presence, regular confiscations of chainsaws, and high penalties, nobody dared to work in the forest or transport timber anymore. The local logging company also stopped its operations temporarily, but several months later continued under a new concession licence (IUPHHK[29]), issued directly by the Ministry of Forestry. The company is thus no longer the contractor of the villagers as it was under the HPHH regulation. This immediately adversely affected the bargaining power of the villagers. Fees in Jontai declined and subsequently (2005–2007) varied between IDR 25,000 (USD 2.75 [2007]) and IDR 45,000 (USD 4.95 [2007]) per cubic metre, depending on personal bargaining skills and the location of the respective forest plot.

As a more positive effect of the recentralisation policies, the number of conflicts within the village declined, as exemplified in Jambuq. It also became increasingly obvious that most of the people who had received large fee payments had not re-invested their money. We often heard remarks such as that of Ibu Kira who said: "Now at least we are all the same again" (I. Kira, personal communication, November 25, 2005). Despite this positive impact, most villagers felt disappointed in the recent policy changes.

Most households experienced a severe loss of income and a lack of alternative income opportunities while facing rising living costs due to rising prices and in-

29 These new IUPHHK licences (*Izin Usaha Pemanfaatan Hasil Hutan Kayu*) were introduced with the new Basic Forestry Law of 1999 and effectively replaced the HPH as principle licence for large-scale timber concessions (Barr et al., 2006, p. 92).

creasing regular expenses like electricity bills, school fees, and maintenance costs of motorbikes and other machines. Several families reported that they had to hand back items bought on credit or had to sell gold jewellery in order to make ends meet. In 2005, most households in Jontai shifted back to subsistence strategies, earning cash through the selling of agricultural products (33 percent) and rattan (33 percent) while the remaining households were seeking daily wage labour. Some households also sold a certain kind of grass (*kapilongan*) to the coal mining area downriver where the grass is planted to mount the waysides of mining roads. Rattan prices remained low at IDR 800 (USD 0.08 [2005]) per kilogramme for *rattan sokaq* (Calamus caesius) while the grass could be sold at IDR 5,000 (USD 0.5 [2005]) for a bunch of 100 blades. In comparison to logging, rattan or grass cutting and selling was perceived as hard and unsatisfying work and villagers expressed hopes for new coal mining operations in their area, anticipating high compensation payments.

Discussion

Our findings demonstrate that both decentralisation and recentralisation of forest governance have been a mixed blessing for local communities. While decentralisation opened up new economic opportunities, strengthened customary rights, and provided a feeling of increased self-determination, it encouraged unsustainable logging practices, led to rising numbers of conflicts, and increasing inequality. Recentralisation, on the other hand, has led to a decline of conflicts and reduced inequalities which were caused by the unequal distribution of benefits from logging, fee, and HPH-compensation payments. However, it also robbed local communities of important income sources without offering adequate alternatives. It has weakened customary rights and people have lost their recently-attained access to the forest again. Recentralisation brought an end to the logging boom and its excessive outgrowth, but logging operations are now exclusively in the hands of companies again.

Despite the indisputable shortcomings of decentralisation, we argue for a resumption of decentralisation efforts because we are convinced that: a) many negative effects of regional autonomy were rather caused by its sudden and disorderly nature and weak implementation than by the mere devolution of political authority,

as argued for example by Casson & Obidzinski (2002) and Nugroho et al. (2009) and b) prudent, multi-level decentralisation policies could counteract elite capture and therewith associated conflicts as well as limit unsustainable practices while promoting the recognition of customary rights and enhancing local well-being.

Indonesia's far reaching decentralisation reforms were carried out rashly in the face of economic and political crisis, when especially resource-rich regions threatened to break away. Regional autonomy was intended to loosen these tensions by providing the regions with more power and a larger economic share. After 32 years of marginalisation, both local elites and local communities were eager to take the chance to finally benefit from their forests. The great legal uncertainty which characterised the early phase of decentralisation supported this reaction as it created a situation in which "who dares most gains most".

In the vacuum of power that followed the fall of Suharto's authoritarian regime, the central government was extremely weak and *de facto* absent in many parts of the outer islands. The central government was thus unable to enforce national laws and policies or monitor district activities, which made it easy for local governments and local elites to take advantage of the situation. A strong central government, which is needed for a successful decentralisation according to decentralisation experts (Barr et al., 2006, p. 132; Crook & Manor, 2000, p. 23), was thus absent during the initial phase of decentralisation in Indonesia.

Although customary rights were politically strengthened during decentralisation, they still lacked proper legal acknowledgement and consequently remained extremely insecure. Local communities thus tended to view the new situation not as a serious long-term improvement of access to the forest but rather as a window of opportunity which they did not want to miss. However, the examples of other countries show precisely how important these two aspects – secure rights for local communities and trust in the long-term commitment of reforms – are for sustainable resource management. Experiences in the Philippines (Balooni, Pulhin, & Inoue, 2008; Pulhin & Inoue, 2008) and Vietnam (Nguyen, 2008) suggest that one of the most critical factors for decentralised forest management is sustained access to forest resources. In Yunnan, China, deforestation increased dramatically after local authorities were given new power over forest resources – but this trend reversed (Dachang & Edmunds, 2003). According to research findings, the temporary increase of deforestation was caused by tenure

insecurity and concerns that newly established forest management rights would again be taken away – fears that were also widespread in Indonesia (Larson, 2005, p. 53).

Lessons learned on Java and the Philippines further show that central elements of successful decentralisation in the forestry sector are effective control mechanisms and community participation. The latter includes the active involvement of local communities in the planning and management processes of forest resources, which require a high degree of community organisation and self-management capacities in order to develop institutions, mechanisms, and protocols for enhancing village development (Balooni et al., 2008, p. 2128-2129; Dasgupta & Beard, 2007, p. 244-245). At the same time, control mechanisms need to be established at all levels of government which comprise transparent and reliable procedures as well as internal and external accountability measures (Balooni et al., 2008; Dermawan et al., 2006). There are several possibilities for exercising control at village level. This can be done, for example, by NGOs or other civil society organisations as is the case in the Philippines or by a strengthened sub-district level, as Antlöv & Eko (2012, p. 13) suggest. In Indonesia, the hastily carried out decentralisation reforms were not accompanied by such mechanisms, leading to a poor implementation quality.

This shows that many of the shortcomings of decentralised forest governance can be attributed to the particular way and specific circumstances under which the reforms have been implemented in Indonesia. The central government, however, has raised two main arguments for recentralisation. The first is that local governments do not yet have the capacity to exercise 'good' forest governance. This might be correct for the transitional period when districts were not prepared for their new range of duties. But instead of recentralising authority, an alternative response could be capacity-building for sub-national government units and refining hierarchical arrangements of multi-level polities.

The second argument says that local governments have encouraged unsustainable practices. However, sustainable forest management was also not achieved during three decades of centralised forest governance and there is little evidence that recent forest management is any more sustainable than decentralised management. Further, it should be considered that district governments have issued timber extraction and forest conversion permits covering a few hundred thousand hectares under decentralised forest governance, while the Ministry of Forestry issued timber con-

cessions covering some 69 million hectares of forested lands during the New Order period (Barr et al., 2006, p. 128).

To lay out the detailed terms and conditions for a successful decentralisation of forest governance is beyond the scope of this article. However, central points would be: 1) to decentralise in a more structured and clear way supported by a coherent legislation, 2) to have a strong central government that is capable of controlling the decentralisation process, 3) to provide clear and secure tenure rights for local communities, and 4) to develop effective control mechanisms as well as participation models for local people. We argue that in such a way, improved decentralisation efforts could avoid the previous shortcomings while holding potential for strengthening the positive impacts by providing increased rights for local communities, improving local livelihoods, and securing long-term sustainability.

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