

Winners take all. Understanding forest conflict in the era of decentralization in Indonesia

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Summary

The competition for benefits from decentralized forest management has dramatically increased forest-related conflicts among different stakeholders in Indonesia. Conflicts have been especially intense in areas of remaining valuable forest, such as Malinau, East Kalimantan. In this paper I aim to show how decentralization has influenced conflict. I show the increasing level of conflict that has occurred in Malinau and characterize the different types of conflict that have emerged. I then explain their causes in the context of decentralization. I use data from 27 villages to show that the new intensity of conflict has been related largely to (a) increases in value of forest and associated with district leaders' initiatives to promote small-scale timber harvesting (b) uncertainties in village boundaries, forest land claims and rights to forest, (c) disagreements about how benefits should be shared, (d) more freedom of expression in civil society; (e) hesitance and lack of capacity in government to address tenure issues and (f) hesitance and lack of capacity by government or civil society to manage conflict. I show how conflict can be best understood within a nested set of contexts that includes the roles of different stakeholders. In Malinau conflict is deeply rooted in historical relationships among local settlements and ethnic groups. These relationships traditionally defined access to land and forest resources, as well as relations of power, conflict and cooperation among groups. Reform has strengthened the identity of these groups through revival of *adat*, presence of more local representation in district government and freedom of expression. As they have become stronger, the competition among them has increased. Decentralization is thus creating opportunities for more contestation and transforming social relations.

I. Introduction

Changes brought by reforms and decentralization also brought increased levels of conflict. Conflicts laid dormant for years have re-emerged and new conflicts are more open and explicit. Protests, sometimes violent, have become a new phenomenon among local communities.

Many of these conflicts are directly related to the increase in value of natural resources. With reform and decentralization, local governments are required to raise part of their own revenue. This is most commonly done by granting as many permits as possible to

small scale logging companies. At the same time, reforms have opened space for local communities to demand a share in the benefits. The resulting competition for compensation paid by mining and logging companies triggered boundary disputes between communities as well as conflict within a community. Conflicting claims over land and territories, using ethnicity or history, has exacerbated the problem. Uncertain government policy, the lack of appropriate conflict resolution approaches, and low capacity of both communities and local government in conflict management resulted in prolonged and increasingly bitter rivalry among ethnic groups.

Based on observations of conflict in villages along the Malinau River in the district of Malinau, East Kalimantan, this paper aims to (a) describe the characteristics of local conflict, (b) identify causes, and (c) describe the impacts of conflicts to better understand how conflict can stimulate change.

II. Methodology

Observations were carried out over a period from 2000 to 2003 in 27 villages along the Malinau River, comprising of about 10 ethnic groups each with their own history, customs and land use systems. Information was supplemented by interviews, especially for conflicts occurring before 2000.

We limited our observations on conflicts linked to the exploitation of timber and non-timber forest products, use of agricultural lands and village boundaries. To gain an understanding of conflict, we tried to identify causes, factors leading to conflict escalation, and actors involved. We also followed process for resolution, observing frequency of contact between actors, the settlement process (negotiation and mediation) and the outcome of the process (agreement and contracts). Using ‘an incident or event’ as unit of analysis, whereby an incident is defined as the presence of conflict indicated by demonstrations, fights, discussions, letters, complaints or threats. Each conflict was observed independently and analyzed in relation to one another.

III. Conflict before and after Decentralization

A. Change in Frequency

For purposes of analysis we distinguished between three periods: the New Order period 1967 to 1996, the period of reforms 1997 to 1999 and the period of early decentralization, 2000 to 2002. Over the whole period, 94 cases of conflict were observed with 8 (8.5%) occurring during the New Order, 17 (18.1%) during the reform period and 69 (73.4%) after decentralization. Some conflicts are recurrent, as these were never satisfactorily solved. During the New Order, especially, many conflicts were repressed and hidden by the military or settled by force. The new unstable government during the early years of decentralization provided opportunities for communities to re-claim resources taken away

during the earlier period. Thus of the 69 conflicts erupting during this period, 25 are continuations of previous conflicts.

Although it is clear that the root of the problem grew from the New Order, reform and decentralization had significant effect on the escalation of conflict. This is shown by the increased incidence of demonstrations, visits to government offices and debates. The question, however, is who is responsible for managing conflicts over natural resources?

B. Factors that cause conflicts

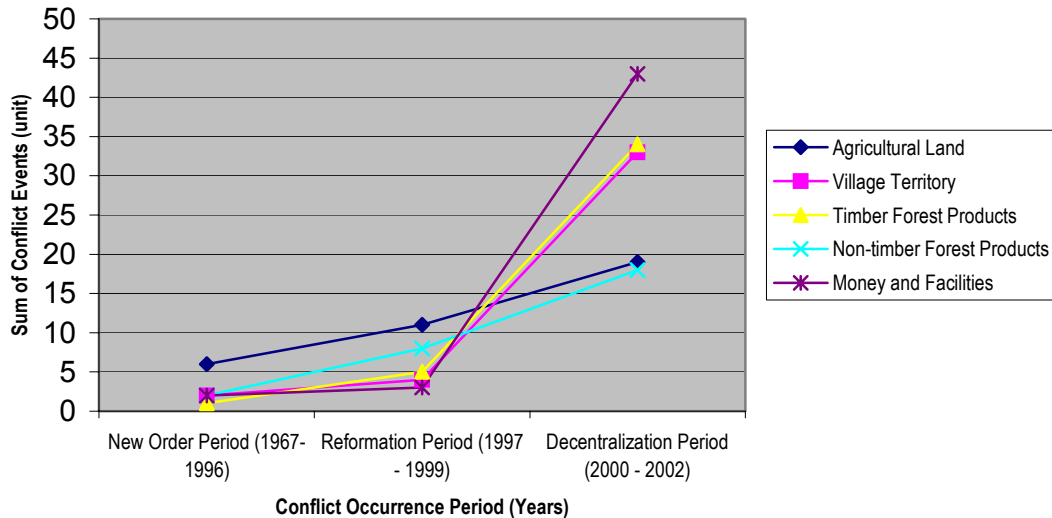
Conflicts along the Malinau River take many forms depending whether it concerns village boundaries, agricultural lands or competition in sharing benefits of timber and non-timber forest products. However, the drivers are not always simple nor are the solutions. In fact the apparent simplicity of the problem during the New Order is a main cause of latent conflict. For example, village boundaries were settled through placement of boundary markers without consideration to the real problem.

Reform and decentralization changed this. No longer are simple solutions acceptable. A main source of conflict, for example, is due to encroachment on community territory by logging companies. Usually a certain amount of money is demanded in compensation. Arguments are brought to bear with regard to the value of the timber, boundaries, money and sometimes the environment. The course of the conflict is dynamic as it changes over time in response to counter claims.

Before decentralization, the most frequently occurring conflicts were arguments over agricultural land: farms, rice fields, and plantations, i.e. in 17 out of 27 villages. Other conflicts occurred over rights to forest products such as swallow nests and eaglewood (*gaharu*); compensation by a coal mining company (6 villages); competition over timber (3 villages) and conflicting land claims based on different histories (in 13 villages) (see Anau et al, 2001). During decentralization, conflicts arise from encroachment by logging activities into village territories causing loss of forest products such as eaglewood, rattan or birds nests or damages to agricultural fields. In compensation, villagers demand money and or public utilities.

Diagram 1 below shows sources of conflict and the changes before and after decentralization.

Diagram 1. Conflict Frequency Before and After Decentralization based on the Causes



1. Agricultural land

Agricultural land has always been a source of conflict ever since the Kenyah migrated to this area. Examples are a 1967 conflict between the Kenyah Uma' Long in the village of Batu Kajang and the Merap in Gong Solok; the Kenyah Uma' Long in Setulang against the Abay in Sentaban in 1969; and the Kenyah Lepo Ke' in Long Loreh were also the Merap in Langap in 1974. All these conflicts concerned the acquisition of fertile land. Each party involved in the conflict tried to settle their problem in amicable manner. Solutions were sought through *musyawarah* (village meetings) to come to an agreement, usually with regard to village boundaries. Agreements were unfortunately often short lived, as one or the other parties would stake another claim. Claims on land were eventually linked to village boundaries and became complicated long lasting conflicts

Increased population added to the problem. Between 1980 and 1999, quite a number of Punan moved from upstream in the lower part of the Malinau river as part of a government promoted resettlement scheme. In the later period, many other people moved in search of better economic opportunities, health facilities or schools. During this same period, logging companies entered the area leading to conflict between companies and individuals whose land was used in building logging roads. In most such cases, the conflict was solved by a compensation settlement.

Conflict over agricultural lands increased significantly during the reform period of 1997 to 1999, when a mining company started operations in area of Long Loreh. The company offered compensation for land and crops affected. Typically people tried opportunistically to claim fallow fields, thereby causing additional conflicts among

villagers. During the decentralization time from 2000 to 2002, individual conflict decreased but conflict between ethnic groups increased.

2. Territorial Boundaries

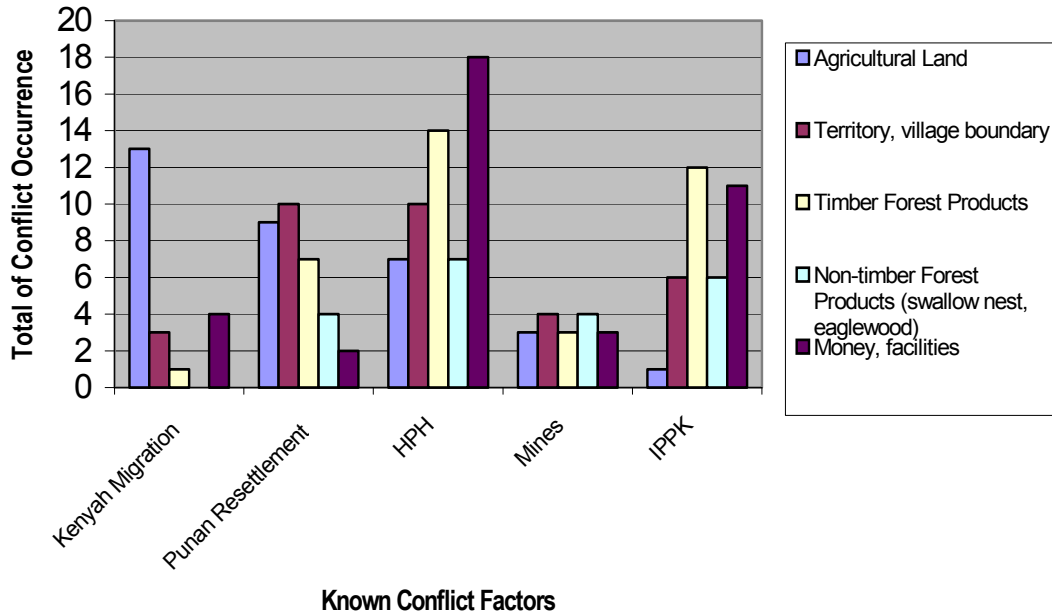
During the New Order, village boundaries were not a significant source of conflict. One example concerns the boundary between the villages of Langap and Loreh. The original agreement of 27 February 1975 was broken in 1977 when the Merap people of Sengayan moved to Loreh, thereby shifting the boundary upstream.

The coalmine which started operations in Loreh in 1995 triggered a renewed set of conflicts. Compensations paid for the use of land by the mine, changed perceptions on the value of land. Villages started to delineate their territories more explicitly. In 1998, the villages of Langap and Loreh clashed whereby Langap demanded that the boundaries were returned to the 1975 agreement. In the same year, boundary conflicts erupted between the villages of Langap and Tanjung Nanga and between Langap and Laban Nyarit disputing rights over land with coal deposits for which compensation payments were expected. For the same reason, Langap was in another conflict with Nunuk Tanah Kibang.

Further downstream the villages of Setulang and Sentaban had disputed land rights since the Kenyah had settled in this area. In 1992 the two villages fought over rights to rice fields and forests along the Senarau and Sebatiung rivers. At that time the conflict was settled by the government of the sub-district of Malinau. On 21 April 1999, boundary conflict between Setulang and Sentaban recurred. While not directly due to reform and decentralization, the spirit of the times empowered communities in stating their demands.

Boundary disputes in the Malinau basin have still not been settled satisfactorily. Langap and Loreh are still in dispute as are Batu Kajang and Gong Solok.

Diagram 2. Conflict Events and Known Factors



3. Timber forest products

A little known fact as it was covered up during the new order is the conflict between communities and logging companies over timber harvesting. At that time such conflicts were normally settled by military presence. For the people in Loreh and Langap where INHUTANI II had a concession area this was a common sight. Villagers had to ask permission from the concessionaire to obtain timber for the construction of their houses and public buildings.

After decentralization, conflict over timber harvesting increased sharply. This was initially triggered by Governor Decree No. 20 of 2000 concerning the payment of compensation by forest concessionaires to communities in and around the forest. The granting of the Timber Utilization and Harvesting Permit (IPPK) by the regional government since 2000 stimulated more conflict whereby communities used all kinds of reasons for claiming a share in the compensation payments. This period saw the beginning of multi-dimensional conflicts between communities and forest concessionaires (HPH), communities and IPPK holder, communities and owners of birds nest caves, between villages, between HPH and IPPK, HPH and cave owners, and between IPPK and other IPPK.

Conflicts between local communities and HPH holders occurred most frequently in the villages of Langap (against PT. Inhutani II), Metut (against PT. Meranti Sakti Indonesia),

and in Laban Nyarit (against PT. Tribudi Wisnu). When the local government started to issue IPPK in cooperation with local communities, HPH holders were increasingly excluded, leading to more conflict. In implementing regional autonomy, the district government took control over the forests in the region. HPH's meanwhile received their mandate from the central government and in the first confusing years saw their control over their concessions disappearing. Meanwhile, IPPK holders and communities came increasingly into conflict. No longer could IPPK holders ignore their promises to the communities with impunity. Communities demanded fulfillment of promises and when not given would resort to other actions such as demonstrating, blocking logging roads, or even seizing equipment. IPPK related conflicts were not only between companies and communities but also between communities over who had the right to receive the fees and compensation and within communities over the sharing of fees and compensation.

4. Non-timber forest products

Conflicts related to non-timber forest products were few during the During the New Order. Only two cases are recorded affecting people in Long Jalan and Adu. On 20 August 1992, villagers of Long Jalan prohibited the entrance of eaglewood harvesters to their territory through a letter signed by subdistrict military command (Koramil). On 17 November 1988, Adu villagers stood up against Datuk Husein, owner of a stand of rattan, who claimed ownership of the forest on Gunung Bintang Mountain to be his possession.

During the reform area, conflicts occurred between owners of birds nest caves and companies, and between local communities and HPH holders over access to eaglewood, rattan, and leaves to wrap rice during ceremonial occasions. In the decentralization period conflict over birds nest caves occurred more frequently, although most were using the pretext to obtain IPPK benefits. Such conflicts occurred mainly in the Gong Solok and Langap territories where the caves are located. It should be noted that these cave owners are Merap who were the first settlers or Tidung people who obtained legal rights from the Dutch colonial government. The owners of today are descendants from the original owners. Conflict between cave owners and local communities and cave owners and HPH and/or IPPK holders and coalmine occurred frequently in Gong Solok and Langap villages. In these conflicts, the Punan who are heavily dependent on the harvesting of non-timber forest products have the most to lose but are the least able to defend their claims.

5. Money and facilities

Reforms and decentralization most significant effect has been in the empowerment of local communities. No longer silent observers, communities forcefully demand what they see as their rights, unfortunately translated most often in monetary terms. Payments for timber harvested or compensation for land used for mining has greatly contributed to this attitude. Today, people will use any reasons possible to collect money.

Encroachment of village boundaries, damage to land, dust from the road covering their crops, water pollution, and harvest failure are among the many reasons to ask for financial compensation. And usually, companies will oblige as it is less bother to pay than to make a case. The root of the problem, which is who really has the right, is not solved, however.

C. General patterns

1. Demonstrations and protests

Decentralization has changed the patterns by which conflicts are expressed. In the period before decentralization (New Order and the reform period), conflicts were expressed through complaints most commonly settled through community or village meetings. Sometimes, when one party was dissatisfied, hostility might lead to fighting.

During the decentralization era, conflict became more complicated. Claimants would involve community leaders or institutions in the village, such as the village head or traditional leaders or call a meeting to discuss goals and methods. A common pattern is: (1) The village sends a messenger to gain information and convey the demands of the claimant. (2) If the messenger fails in getting the demands fulfilled, mass mobilization will follow preceded by a meeting to determine actions, timing and divide tasks. (3) Action. Some common actions are demonstrations, blocking access roads, raising banners, or gathering in front of the office. (4). Negotiations. (5) Solutions are proposed and accepted, usually the payment of a certain amount of cash. (6) When the solution is not satisfactorily or demands are not met, a follow-up demonstration will be staged, repeating the process from the second phase.

In areas along Malinau river, 26.1% (18 out of 69) conflict incidents during the decentralization era are carried out through demonstrations with mass mobilization by local people such as what happened in Loreh, Langap, Gong Solok, Setarap, and Setulang. In some places such as in Loreh and Langap, demonstrations are carried out repeatedly. Most participants of the demonstration are men. Only in one case did women participate.

Conflict is also used by third parties, mainly to advance their business interest. Bribing and manipulation of village and political elite is common. Another complication is that many of the small companies causing conflict are in reality smokescreens for larger companies. For example, many IPPK are subsidiaries of or sometimes directly operated by large concessionaires. For the HPH this is lucrative as IPPK operate on lower costs than HPH.

2. Negotiations

Prior to the decentralization period, negotiation only involved the village head, traditional leaders and community leaders. During decentralization, negotiation involved not only the village and traditional head, but also other community members either as representatives or as many people as possible. Successful negotiations today tend to involve mass mobilization (people power) to apply political pressure. In such cases, demonstrations are a part of the negotiation process.

In areas along the Malinau River today, conflicts involve many parties, including local and national politicians, local and central officials, local companies with international networks, and the community. Therefore, negotiations are difficult and seldom achieves a stable agreement. For example, conflict between the Langap villagers and the state-run PT. Inhutani II has yet to be settled fully although the demands have been met. PT Inhutani II, whose shares are held by the state and whose management consists of state appointed staff, is helpless to face local politicians and entrepreneurs who want to take over forest management and replace the position of PT. Inhutani II. Through negotiation, Langap villagers have already succeeded in winning a fine and compensation to the amount of Rp 2.3 billion, but PT. INHUTANI II is still not able to operate.

3. The role of local government

Malinau is a new district separated from the Bulungan District in 1999, and having an official District Head only in the year 2000. Before decentralization, conflict was usually handled by the Malinau Subdistrict.

To solve conflicts, involved parties or their representatives were called to the sub-district office for a meeting. The meeting must achieve a solution and the parties are required to make peace. In this way was the conflict between Setulang and Sentaban settled in 1999, Minor problems are usually resolved in a village meeting, after which the agreement will be sent to Subdistrict Head for acknowledgement and signature.

During decentralization era, both the Malinau District and the Malinau Subdistrict governments were actively involved in resolving conflicts. The sub-district government is responsible for settling conflicts within its area and only when a solution cannot be found is the District government called in. During this period, there were 13 cases resolved in the South Malinau Subdistrict and 7 cases settled in the Malinau District with parliament involvement. The Subdistrict government usually invites the conflicting parties after receiving reports from the claimant. At the sub-district office, a meeting is held to discuss solutions acceptable to both parties. Unresolved conflicts will be handed to the District government, for example the conflict between PT. Inhutani II and Langap village required several discussions at district level. Conflict between Tanjung Nanga and Langap and IPPK Meranti Wana Lestari was also settled at district level. Conflict between PT. WIKY, who opened an access road from Tanjung Nanga to Long Alango, and the people of Laban Nyarit could not be resolved at subdistrict level because PT. WIKY did not respond to the invitation. This forced the people of Laban Nyarit people to stage a demonstration, block the access road, and seize the company's heavy equipment.

This case was subsequently handled by the district government, who sent representatives (Assistant I and II, the District Secretary and his staff, subdistrict head, Chief of Subdistrict Military Command, and police personnel) to the location. This conflict was settled in a meeting at the District Head office.

4. Settled conflicts (fee distribution) and Unsettled conflicts (land claims)

Conflicts quickly settled are those between companies and communities involving monetary payments. On reaching an agreement for payment and distribution of fees and compensation, the conflict is resolved. For example, conflicts between Metut and PT. Meranti Sakti; between Laban Nyarit and PT. Tribudi Wisnu; between Halanga and PT. Wahana Stagen Lestari; between Pelancau and PT. Wana Yasa Kahuripan Indonesia, and several conflicts between the people and IPPK holders such as the conflict between Bila Bekayuk and CV. Sebuku Lestari, conflict between Setarap and CV. Gading Indah, conflict between Langap and CV. Hanura, etc.

More difficult to resolve are conflicts over use of natural resources, such as fertile agricultural land, forests, and mines. Examples of unresolved conflicts over agricultural land are conflicts between the villages of Langap and Loreh, Gong Solok and Batu Kajang, Setulang and Sentaban. Conflicts relating to forests or mines occurred in between the villages of Halanga and Laban Nyarit, Paya Seturan and Langap, between cave owners and the surrounding villages, and so on. Most of these conflicts have not yet found a way out and are potentially becoming worse.

The government interests in increasing local revenues plays an important role in decentralization politics to take over the management of natural resources from the central government. Thus, companies who have obtained licenses from the central government will receive less attention from the district government with regard to conflict settlement. The district government will support the people if they are involved in a conflict against the companies. Therefore, conflicts will not be resolved until the regional government manages to take over the affected company.

5. Inadequate institutions

Malinau District is rich in natural resources and is home to at least 18 ethnic groups. Various mining and logging companies own concessions in the district, several of which operate in the Malinau river watershed where concessions overlap with community territories. The entire forest in this region has been divided into concessions including people's lands. Villages often have no clear boundaries and rights to the forest are fuzzy. It is therefore no surprise that land and forests are a main source of conflict between villages and between communities and other parties such as companies and birds nest cave owners. Reform and decentralization have encouraged people to daringly and freely express their wishes, thus leading to open conflict

The District Government of Malinau is aware of the situation and has established a conflict mediating team to cope with the rampant conflicts relating to lands, forest, and

other natural resources. On 27 February 2003, the District Head of Malinau issued Decree No. 26 of 2003 concerning the Establishment of a Mediating Team to Settle Disputes/Claim between the People and Companies in the Malinau District. As a newly founded district, however, Malinau does not have a district regulation addressing the settlement of natural resources-related conflicts within communities. There is still no agreement on how to utilize or distribute the available natural resources fairly and proportionately. There are also few people with sufficient knowledge and experience in managing conflicts. The parties involved in conflict, especially the villagers, have little understanding on how to channel conflicts and conflict settlement process. The strong will repress the weaker, resulting in an unfair solution and recurrent claiming. There has been no serious efforts by the government to address conflicts in villages.

In the face of such constraints, the mediation team is not fully operational. At present the team only acts in the event of urgent and incidental conflicts that cannot be settled at village and subdistrict levels. In the future, when the requirements are fulfilled and capable manpower is available, we believe that conflicts between many parties will be better resolved.

IV. Conflict Analysis

A. A history of ethnic groups, forestry, and regional government

In the Malinau river watershed, conflicts have occurred since people settled along the major rivers such as Kayan, Malinau, and Mentarang. Between 1750 and 1850, ethnic communities of the Ngurik or Bae in areas of the Bahau River, Lurah and Pujungan were attacked frequently by Kayan Uma' Laran, Kayan Uma' Apan, and Ga'ai (Modang) people from Apo Kayan in alliance with the Kenyah. The Ngurik people have long lived in enmity with the Tenggelang, but not with the Abay in the Mentarang River, and Punan and Berusu in the Malinau River (Kaskija, 2000)

The Bae people moved to the Malinau River seeking protection and asked for support from the Punan and Abay to fight their enemies. In the Malinau and Tubu rivers, the Bae allied themselves with the Punan and vowed to become brothers. The Bae and Punan people are described as the black and the white of the eye that cannot be separated. Between 1830 and 1840, they lived together on the Malinau and Tubu Rivers, and inter-married with other groups such as the Abay, Tebilun, Milau, Berau, and Berusu. Later, the Bae people, later called the Merap people, fought the Berusu over ownership of birds nest caves.

Early in the 20th century, the Dutch colonial government arrived in the region and enforced law and order to boost trade. Tribal wars were outlawed. After independence until about 1970s, several waves of Kenyah from the Bahau River settled along the Malinau River. This migration was triggered by the marriage of the daughter of the Paramount *Adat* leader of the Bahau River to the son of the Paramount *Adat* leader of the Malinau River. Initially the Kenyah were welcomed by the people already living along

the Malinau River, but over the next years the increasing population caused conflict over boundaries of farmlands and villages.

Around the 1980s, the government of Indonesia implemented a resettlement program to move remote and isolated communities towards service centers. Thus the Punan, who lived scattered in the upstream areas were moved downstream, often with existing settlements. This mix of ethnic groups is one factor in conflicts relating to the use of land and natural resources. The changed perception on values of natural resources has also caused people to claim right to exploit natural resources in their territories of origin, a right which has become hotly debated in the first years of decentralization.

In the mean time, Malinau was opened to logging. The first concessions (HPHs) were established in 1974 but only in the 1980s, did conflict emerge. Local people began to contest the presence of companies and companies tried to prevent people from harvesting forest products in their concession areas. Conflicts escalated in the 1990s, and reached its peak in the period between 1998 and 2000, when the euphoria linked to reforms exploded throughout the country.

When regional autonomy was introduced in the year 2000, conflicts along the Malinau River were characterized by the issuance of IPPK permits by the District Government whereby the company had to cooperate with local people. Interviews indicate an impression that conflict sharply increased in a short period. The granting of IPPKs encouraged more community claims over forest based on village and agricultural land boundaries. Many of the IPPKs also overlap the still-effective HPH areas, which adds to the overall complexity of conflict.

History also plays a role in conflicts related to control over lands and natural resources along the Malinau River. The Merap people claim to be the oldest settlers in the Malinau river watershed. The Merap saying “who catches the fish will divide it” is used to justify their claim of being the first therefore having the right to allocate land to other people. The Punan and Berusu meanwhile also claim first rights. The Berusu, having lost the war with the Merap had left the area, but the Punan never left. The Punan have a completely different lifestyle and are semi-nomadic living in scattered small groups. As such, their voices are not heard and as a force are considered negligible. The Kenyah, on the other hand, put high value on agricultural land and have negotiated assertively to obtain rights to agricultural land and forests.

B. Payment of Compensation and Fees

Conflict is related to the value of natural resources. The increase in monetary value of natural resources has increased the conflict and pressure on natural resources. In the past, exploitation of natural resources was limited to the harvesting of non-timber forest products such as *damar* and birds nests, whereby conflict over rights to collect these products was part of the picture. When logs became a high priced commodity, conflicts over rights to timber soon followed

During the New Order, the most dominant conflict in the Malinau river watershed was related to agricultural land. This conflict stemmed from the fact that the Kenyah have always depended more on rice fields. They tend to make larger fields and work these more intensively. As a result, they view land itself as an important resource and require the certainty of long term tenure. As a result they soon used all of the land allocated when they arrived and are encroaching on neighboring areas. Rice fields are still an object of disputes although not always involving the community as a whole.

When HPH holders operate in this region, other forms of conflict, albeit minor in influence, began to appear. It was the coal mining company which by paying compensation for land used, which triggered an increase in conflict. To be eligible for compensation payment people use many reasons, including claiming previous ownership, fallow land and village boundaries. Among the prominent conflicts were conflicts between the Loreh and Langap, Langap and Nunuk Tanah Kibang, Langap and Paya Seturan and Long Lake, Langap and Tanjung Nanga, Laban Nyarit and Tanjung Nanga. Most of these conflicts occurred between 1996 and 1999 coinciding partly with the reform movement. While reforms cannot be considered a cause of conflict, it certainly aided the empowerment of local people in raising their voice to demand their rights.

It can be said that the sharp increase in conflict during the reform and early years of decentralization is more a result of a combination of events over several years. The opening of Malinau to HPHs by the central government, the policy of the mining company to pay compensation, reforms and decentralization, and the opening of forests to small scale logging enterprises by the district government all contributed to the creation of conflict. A Provincial Decree (No. 20 of 2000) added fuel by requiring companies to pay a stumpage fee to local communities.

Conflict related to coal mining also intensified with the release of a new mine concession permit by the district government. With decentralization, district governments have the right to administer and manage its own natural resources. District governments are also required to increase their local revenue. In Malinau, this is done through increasing taxes, locally called 'retribusi' from forest exploitation but also from mining. This has created conflict between the different levels of governments as the Central Government still claims control over both forests and mining. In fact, there are still a number of companies operating in the Malinau river watershed, with permits issued by the central government. These companies are suspected to bring a lot of profit to Jakarta, but less to the district government. While administratively there could be a transfer of control from central to district level, but when companies refuse to follow the procedure, the district government might not be able to enforce this.

In view of the above facts, the district government of Malinau chooses an 'ignore, wait and see' policy. When conflict occurs between these companies and local people, the district government ignores it. When faced with bankruptcy because it is unable to operate, the company might pull out. The district government clearly prefers companies operating based on permits issued at the district level, which surely profits their own region. This is observable in the conflict between PT. Inhutani II and the Langap people,

and between a coal mining company in Loreh and the Langap people. At one event Malinau in 2000, the District Head stated that PT. INHUTANI II does not respect the district government. On another occasion in 2003 in Respen, the District Head said “For 30 years the people of Malinau shed tears seeing timber hauled by people from the center, then their eyes became dry seeing coal passing, while no benefit ever reached them”. This statement indicates that the regional government does not support companies already operating based on permits from the central government.

C. Uncertain Claims

One important problem underlying a large number of conflicts is the lack of clarity about village boundaries and rights to agricultural land. Village boundaries are a particular complicated issue because of the many ethnic groups residing in the area, each with different basis for claims. As was mentioned previously, the many different ethnic groups each with different background and culture arrived at different time to settle in the area.

The Merap are acknowledged as the oldest community and their adat leader is recognized as being the Paramount Adat Leader of Malinau (*Kepala Adat Besar Sungai Malinau*). As a result, the Merap try to regulate any tribes who come after them. In the mean time, communities have also become organized in administrative villages not always coinciding with customary territories. Exact boundaries between villages have not been decided and accepted by all parties. The problem is exacerbated by different ethnicities residing in one village and the fact that during the forced resettlement administrative villages settled as a whole thus resulting in two to four separate villages within one location. Customary or *adat* institutions do not have the authority to administer village boundaries and nor are the traditional rights to allocate and regulate the use of natural resources acceptable by the state.

Reforms and decentralization have promoted stronger group identity through the revival of *adat* (customs, traditions). These *adat* identities, however, sometimes comprise only small groups. For example, the Kenyah from the Bahau although all Kenyah, identify themselves in seven sub-groups. Each group has their own leader whom they respect. Likewise, the nine groups of the Punan while living together with other ethnic groups have their respective leaders. Even so, distrust of the leader is one of the factors that pose difficulties in administering agricultural land and village boundaries. Frequently the leaders are part of the conflict. Increasing population and mixing of ethnic groups can This affects the conflict in the long run. The increasing population within ethnic groups only add to the conflict for natural resources in the Malinau river watershed.

District government, which is expected to take the leading role, has not been able to settle and administer village boundaries. The government is not responsive to land ownership issues and there is no program to solve this matter.

V. Conclusions

1. Conflict needs to be studied in order to understand factors affecting conflict and the impacts on economic and social perspectives.
2. Conflict over natural resources in the Malinau river watershed is influenced by a number of factors (a) increase in the value of natural resources, forest and lands, because of market, money, and compensation (b) reform stimulated freedom of expression among the people, (c) the decentralized government granting small scale logging permits (IPPK), (d) uncertain village boundaries and rights to lands and forest, (e) the absence of agreement on how benefits from natural resources are divided fairly and proportionately, (f) hesitance and lack of capacity in government to address tenure issues and (g) hesitance and lack of capacity by government or civil society to manage conflict.
3. Conflict is deeply rooted in historical relationships among local settlements and ethnic groups in Malinau. These relationships traditionally defined access to land and forest resources, as well as relations of power, conflict and cooperation among groups. Reform has strengthened the identity of these groups through revival of *adat*, presence of more local representation in district government and freedom of expression.

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