

# **Decentralization without Accountability: Power and Authority over Local Forest Governance in Indonesia<sup>1</sup>**

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## *Abstract*

*The decentralization of forest resource management authority to local governments has resulted in a situation in which district governments are neither accountable upward to the central government nor downward to the local people. The decentralization of authority without appropriate devolution processes or control mechanisms has resulted in the decentralization of opportunistic behavior that is in direct opposition to the development of good local forest governance. The delegation of authority has in fact resulted in the decentralization of power to the private sector. This paper examines some of the counterproductive impacts of decentralization, and explores possible mechanisms to prevent or minimize negative behaviors in order to support better accountability in local forest governance.*

## Introduction

After more than thirty years of ruling Indonesia, the centralized and authoritarian New Order regime ended in 1998 with the spread of economic crises and political turmoil. The chaotic situation resulted in the resignation of President Soeharto and the emergence of a “reformed government.” The process of reform (*reformasi*) began with a call for democratic government and improvements in the political and economic situation. The demand for democratic government that grew from a disgruntled population upset with the corrupt New Order regime resulted in a new cabinet and a civilian government. The powerful voices and pressures of the people, however, could not be easily accommodated without a clear and strong legal and regulatory foundation upon which to build the new government.

Among the broader critiques of the politics of the New Order was a call for a complete reformulation of the division of authority and power between central and regional governments. The central government, with support of various elements of the public, began to develop concepts and strategies for regional autonomy (*Otonomi daerah*) and fundamental policies, rules and regulations. In 1999, less than a year after the fall of Soeharto, Law No 22/1999, “Regarding Regional Government,” and Law No. 25/1999, “Regarding Inter-Governmental Fiscal Balance,” were promulgated. A few months later the government passed the Basic

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<sup>1</sup> This paper is based on a case study carried out in Jambi, Sumatera by the Responsive Policy Research and Development Project of Forest Resource Governance Program at CIFOR (Center for International Forestry Research Organization), Bogor, Indonesia from 2001 – 2002. Djogo worked with CIFOR from late 2000 to mid-2003, and has now joined Konphalindo. The responsibility for opinions expressed rests solely with the authors, and publication does not constitute endorsement by CIFOR, KONPHALINDO or WARSI.

Forestry Law No. 41/1999. In 2000, the Indonesian Parliament passed the essential laws known as Parliament Act No. IX/2000, outlining the position of local governments in the decentralization process. Together these laws granted substantial power to district governments, but they also created new and complicated problems for decentralized government.

The forestry sector is perhaps one of the most complicated areas of governance with possibilities for notorious consequences and negative impacts. Valuable forest resources are at the root of conflicts over power and authority between political and business interests. Indonesians perceived decentralization as an instrument for improving the social, political, and economic situation of the nation. In the forestry sector, there were growing expectations that with the decentralization process district governments would implement better forest resource management regimes, the benefits of which would accrue to local people.

Decentralization is not a panacea; many studies have documented the failures of decentralization in achieving its stated objectives (Rondinelli and Cheema 1983, World Bank 1997, Ribot 2002, FKKM 2003). To be truly successful, decentralization needs certain conditions to exist (Litvack, et al. 1998). Democratic decentralization can be a promising means of institutionalizing and “scaling up” popular participation which can make community-based natural resource management more effective and accountable to local people. However, decentralization can also lead to conflict, particularly when it involves the transfer of ownership and use of valuable natural resources (Ribot 2002).

In Indonesia, the implementation of decentralization has faced a number of challenges. The decentralization to local governments of the authority to manage forest resources has resulted in a situation where those now responsible are accountable neither upward to the central government nor downward to the local people. The decentralization of authority without appropriate devolution processes and control mechanisms has resulted in the concomitant decentralization of opportunistic behaviors that have hampered the development of good local forest governance. The delegation of authority has in fact resulted in the decentralization of power to the private sector backed up by the personnel of police and military institutions. In this paper we discuss some of the counterproductive impacts of decentralization, and explore possible mechanisms to prevent or minimize negative behaviors in order to support accountability in local forest governance.

## Authority, Power and Accountability: The Conceptual Framework

In Indonesia, decentralization (*desentralisasi*) has generally been interpreted as regional autonomy (*otonomi daerah*). Although “decentralization” and “regional autonomy” describe distinct phenomena, these terms are often used interchangeably (Simarmata 2000). Decentralization is the transfer of management from central to local government, while autonomy is the transfer of power from state to society (Yuwono 2001). Autonomy has also been perceived as the rights that follow the delegation of authority to district governments (Koswara, 2001). In addition there are also the concepts of de-concentration (*dekonsentrasi*) and co-administration (*tugas pembantuan*). De-concentration is the transfer of authority from the central level to provincial governors or to local branches of central government institutions. Co-administration describes the authorization of a specific task by the central government to be done by the district or the village governments. This authorization is accompanied by financial,

infrastructural, technical and human resources support<sup>2</sup>. Devolution (*devolusi*) was only commonly employed in Indonesia during the transitional period between the political transformation and decentralization era. Devolution involves the creation and revitalization of elected bodies at the local level (Carney 1995), but it also emphasizes the empowerment and delegation of rights, access, and power to local communities and informal institutions – including customary, private, and non-governmental organizations (Koswara 2001).

Agrawal and Ribot (2000) propose analyzing decentralization through three main elements: actors, power and accountability; and Agrawal and Ostrom (2001) suggest analysis requires an examination of the politics and property rights. Decentralization can be seen as a strategy of governance, prompted by external or domestic pressures, to facilitate transfers of power closer to those who are most affected by the exercise of power. Decentralization includes not only the transfer of power, but also access and use rights over forest resources. Ribot (2002) suggests using the concepts of power transfer and accountability representation in studying the decentralization process.

Decentralization can be assessed through the degrees to which it is democratic and accountable. The accountability of power-holding actors to their constituencies are important indices of democratization as this broadens popular participation (Agrawal and Ribot 2000). According to Robbins (1998), power relates to the potential or capacity possessed by individuals or institutions to influence others' behavior, while authority is comprised of regulated or legally founded functions, mandates, jurisdictions, tasks, or responsibilities of an organization or official. One criteria of good governance is accountability (ADB 1997). Accountability concerns the mechanisms through which those who are affected by decentralized power can exercise countervailing powers. Accountability mechanisms are required as instruments in shaping or controlling the process for bringing about positive outcomes, and they are a combination of electoral, financial, economic, social, environmental, internal and external accountability (World Bank 1989, Asian Development Bank 1997, Herdman 2000, Ribot 2002).

This paper analyzes the decentralization process by linking authority and power relations to the accountability of forest resource governance. Institutions or officials with authority may not be powerful enough to execute good forest resource governance. On the other hand, shadow institutions may possess great power and determine forest resource governance through the influence they exert on policy and decision making, despite their lack of formal authority.

## Decentralization and Forest Governance in Jambi, Indonesia

This paper is based on a case study from Jambi Province, Indonesia carried out in the districts of Kerinci, Bungo, Batanghari, Merangin, Sarolangun and Tanjung Jabung Timur. The paper seeks to identify the underlying key issues that have influenced the decentralization process, to analyze the impacts of these processes, and to suggest ways of addressing the problems which could be incorporated into district government forestry sector policy reforms. This paper also reviews some of the impacts of decentralization at the national and provincial levels in the ways that decentralization relates to forest resource governance. The case study offers insights to key problems of power and authority in forest resource governance.

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<sup>2</sup> Peraturan Pemerintah No. 106/2000 tentang Pengelolaan dan Pertanggungjawaban Keuangan dalam Pelaksanaan Dekonsentrasi dan Tugas Pembantuan (Central Government Regulation on Financial Management and Responsibility in the Implementation of Deconcentration and Co-Administration)

The research for this case study was conducted over two and half years and involved extensive interviews, dialogues, and consultations with various stakeholders involved with and committed to forest resource management in Jambi. In addition, much of the information incorporated in this paper is gained from authors' participation in meetings, seminars, workshops, and policy dialogues at the village, district, and provincial levels. This study is a part of the field research and policy dialogue to support forestry sector policy reform at the district level by the Center for International Forestry Research (CIFOR) and local Non-Government Organizations.

### **Case Background**

Jambi is located on the island of Sumatera and is comprised of nine district and city governments. The province is rich in forest, fish, oil, and other natural and mineral resources, and serves as a tourist destination. The largest oil reserves are found in the district of Tanjung Jabung Timur. There are four national parks and a number of nature reserves with rich and diversified natural genetic resources.

The forestry sector in Jambi has had difficulty coping with the consequences of decentralization, especially in production forests which can easily become the source of conflict. Forest destruction is primarily due to the rampant illegal logging and illegal wood-based industries, as well as encroachment and unauthorized forestland conversion for other purposes.

Jambi has 2,179,440 hectares of forest, or nearly 43% of a total land area of 5,100,000 ha. There were 30 concession holders or *Hak Pengusahaan Hutan (HPH)* in the 1980s, but now there are only 15 who share total logging concession of 1,226,001 ha, representing 18.8% of the total area of Jambi and 43.9% of the total area of forest. There are nine Industrial Timber Concession Companies or *Hak Pengusahaan Hutan Tanaman Industri (HPTI)* which have concessions and rights to plant a total area of 269,380 ha, and 146 units of forest processing industries, nine units of plywood industry, and 137 legal sawmills. At the end of 2001, there were more than 200 illegal sawmills; by early 2003 that had increased to more than 300 illegal sawmills.

Demand for timber by all legal forest industries in Jambi through 1998 was 3.8 million cubic meters annually, while the allowable and sustainable timber supply was only 1.1 cubic meters annually. In 2001, the demand for timber from upstream wood processing industries had increased to approximately five million cubic meters, while the legal and sustainable supply was reduced to only 500,000 cubic meters per year. The rest of the supply is met through illegal logging, including encroachment in national parks and protected forests (Dinas Kehutanan Propinsi Jambi /Provincial Forestry Service 2003). Forests degradation has been very significant and has resulted in environmental consequences such as flooding, landslides, and fires. The incidence of flooding has increased while spatially floods have occurred in areas where there was no flooding before. The denuding of forests has caused erosion in turn resulting in sedimentation of many of the rivers and their tributaries. Many of the watersheds in Indonesia have been classified as critical by the Ministry of Forestry through the Watershed Management Agency (*BPDAS or Balai Pengelolaan Daerah Aliran Sungai*), and are now in need of serious attention for rehabilitation. The classification is based on several factors, including forest coverage, extent of erosion, sedimentation of forest streams and others.

Illegal activities in logging have also disrupted the timber market, resulting in significant transaction costs and prices that cannot be based on the real costs of production. Timber is freely

obtained from the forest, but the companies and illegal loggers must pay bribes for securing their illegal logging operations. District governments have imposed taxes on the transportation and selling of forest products – both legal and illegal – that often contradict central government regulations. Much of the illegal timber is not taxed, however, which means that by comparison the legally obtained products may have higher transaction costs.

Logging and wood-based processing companies have played key roles in shaping the patterns of forest resource governance in Jambi – they are, in fact, the most powerful institutions in the process. As market forces are the primary drivers of illegal activities in forest exploitation, it can be said that market forces have been destructive and are associated with deforestation and the ensuing environmental disasters, the exploitation of local communities, and the misuse of institutions' authority and power. Jambi is experiencing massive forest destruction amid complicated conflicts of power and authority.

### **Problems of Authority**

In order to analyze the accountability of district government actors in forest resource governance, we start by looking at how district government officials perceive their mandates, roles, rights and responsibilities. The district government executive body consists of the district head (*bupati*) and the deputy head (*wakil bupati*), both of whom are elected by local legislative members (*Dewan Perwakilan Rakyat Daerah or DPRD*), and supported by services (*Dinas Teknis Pemerintah*) such as the forestry service. The *bupati* appoints the officials of the technical services (*Dinas*).

Decentralization Law No. 22/1999, “On Regional Governments,” and Regulation No. 25/2000, “On the Authority of the District and the Provincial Government” for enforcing this law, stipulate the power and authority delegated to the districts as well as the responsibilities of the districts when implementing the decentralization law. Law No. 22/1999 and Parliament Act No. III/2000 have provided the means for district and provincial governments to have substantial power. Parliament Act No. III/2000 has removed the power of central government ministries to issue Ministerial Decrees, thus opening the door for regional government regulation. District and provincial governments both interpret this as giving them power to regulate local resources.

Forestry Law No. 41/1999 focuses on the forests from the perspective of the ecosystem and natural resource management, and not on the authority and opportunity of district governments to manage and exploit the resources. Law No. 41/1999 and District Government Autonomy Law No. 22/1999 have made it clear that the conservation and rehabilitation of forests are the responsibility of the central government. This has resulted in the ambivalence of many district government officials toward forest rehabilitation and conservation. Government Regulation No. 6/1999 and Ministerial Decree No. 05.1/2000 regulate forest exploitation. District governments have not paid much attention to these regulations, except to issue small-scale logging permits – *Ijin Pemanfaatan Kayu* or IPK and *Ijin Pemanfaatan Kayu Rakyat* or IPKR – to private companies. Finally, in addition to administrative policies, fiscal decentralization policies have also made district governments more powerful.<sup>3</sup>

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<sup>3</sup> With their new authority and power district government leaders are often called names such as *the little kings* or *rulers (raja-raja kecil)*, the form of the local ruler institutions that functioned as puppets of the past colonial regime. In fact these “little rulers” can do anything, even ignoring the rules and regulations issued by the central and the provincial governments.

The allocated budget from the central government in the form of the General Allocation Fund (*Dana Alokasi Umum*) has often been misused for such things as the purchase of luxury cars, the daily consumption of the district head, travel, and an allowance for new building construction. This leaves only a small portion for development and public service.

Changes in government organizational structures and authorities, at both the provincial and district levels, have also led to increased conflicts among various actors involved in forest resource exploitation and management. For example, the Provincial Forest Service (*Kantor Wilayah Departemen Kehutanan* or *Kanwil Kehutanan*), previously the representative of the Ministry of Forestry at the provincial level, has been disbanded. *Kanwil* staff members have been relocated to provincial and district forestry services, creating competition for positions.

The authority given to the district governments has frustrated provincial governments efforts to coordinate and control them. For example, the provincial governor's efforts to stop illegal logging have been blocked by district government officials. Provincial government officials complain that district government officials do not respect them anymore, and indeed district level officials ignore many of the instructions, orders, and directives from the provincial government. It is not surprising that the provincial forestry service faces challenges when coordinating administration tasks with the district government.<sup>4</sup>

When the provincial government criticizes the district governments, the district governments accuse the provincial government of being against the reformation process. Some district governments have suggested that the criticism from provincial and local government officials is due to their frustration with decreased revenue from graft: in the past these governments enjoyed the rents from forest exploitation and the district governments received little, while today district governments are retaliating for past grievances by extracting resources for district or personal use. Historical inequity of access to the national budget, development opportunities, and policy development authority further complicate the relationship between these levels of government.

An evaluation by the Ministry of Home Affairs and State Ministry for State Apparatus Reform (*Menteri Negara Pendayagunaan Aparatur Negara, MENPAN*) over the three year period since implementation of regional autonomy Government Regulation No. 84/2000 suggests that too much authority and power over the structure of local government has been delegated to district governments. Unsurprisingly, district officials have restructured district governments in ways that have furthered their political and business interests. Some districts have developed organizational structures that are large and consume too much of the funding allocated by the central government through its general budget allocation (*Dana Alokasi Umum, DAU*). The rampant misuse of the *DAU* has led the central government to replace the old regulation with Regulation No. 8/2003, "Guidelines for District Organizational Structure and Function." The district governments have accused the central government of using this amendment to re-centralize their authority and power.

Several organizations have mandates to represent the central government at the provincial and district levels to execute de-concentration tasks and responsibilities. These organizations include Kerinci Seblat National Park Agency (*Balai Taman Nasional Kerinci Seblat*), Natural Resource Conservation Agency (*Balai Konservasi Sumberdaya Alam*), Watershed Management Agency (*Balai Pengelolaan Daerah Aliran Sungai*), Forest Mapping Agency (*Balai Pemantapan*

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<sup>4</sup> In a workshop jointly organized by CIFOR and FPHJ (*Forum Penyelamat Hutan Jambi*) in January 2002, the governor frankly disclosed his disappointment that he could not stop district government officials from issuing IPKRs.

*Kawasan Hutan*), and National Land Agency (*Badan Pertanahan Nasional*). These organizations, which are administratively and technically responsible to the central government, face difficulty in commanding respect from other levels of authority.

There are also conflicts of authority and interests among these de-concentration institutions. No clear coordination exists among the National Park Agency, the Natural Resource Conservation Agency, the Watershed Management Agency, the National Land Agency and the provincial- and the district-level forest services that should be responsible for the protection and rehabilitation of conservation forests. Officials from the Natural Resource Conservation Agency cite their impotence within the official hierarchy as the reason district governments do not respond to their directives. In an interview in a village near Berbak National Park, local people explained that they own private land within the nature reserve with certificates from the National Land Agency. The nature reserve is a forest area classified as conservation forest that cannot be owned by individuals or even become communal property; it is under the jurisdiction of the state. Therefore, it can not be certificated for private property – it is contradictory, then, that from the forestry point of view it is illegal yet the National Land Agency has issued a legal certificate of land ownership.

Officials from the Natural Resource Conservation Agency also complain about being powerless when they encounter illegal logging or the transportation of illegal logs from conservation forests. Loggers are often protected by military and police personnel as well as by officials of district forestry services. Several times when Natural Resource Conservation Agency officials confiscated illegal timber, military and police officers returned the confiscated logs and never tried to bring the case to the justice. Naturally, these actions have intimidated Natural Resource Conservation Agency personnel. The position of protected forests (*Hutan lindung*)<sup>5</sup> has also been complicated. District forestry officials are responsible for managing these forests in collaboration with officials from the Natural Resource Conservation Agency. Natural Resource Conservation officials complain that the district forestry personnel in some districts grant permits for illegal logging in protected forests.

Most of the land in Kerinci District is classified as a National Park. District officials argue that they are not sufficiently compensated because the National Park cannot be exploited for timber, and that the central government should pay them for their loss. The management of the National Park is under the authority of the Kerinci Seblat National Park Agency and not the district government. This division of authority and responsibility has caused the district government to be ignorant of their responsibilities to protect conservation areas and to bear the costs of conservation. Central government institutions that are responsible for protecting and managing conservation areas have not been able to adjust to political changes brought about by decentralization. This is one of the pitfalls of the decentralization laws.

Land use and spatial planning by the provincial and district governments have created another problem, resulting in a mismatch between the spatial planning maps (*Peta Tata Ruang*) developed by each. There are many examples of unauthorized land conversions endorsed by district governments without approval from the provincial and central governments, in violation of policy. For example, in an interview at the provincial plantation service office in Jambi, an official complained that certain district governments have allocated permits for converting large

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<sup>5</sup> Under government regulation No. 34/2002, protected forests, national parks, wildlife and the nature reserves are classified as conservation forest areas.

areas of forest to plantation crops while official permits for plantations of that size can only be issued by the central government.

The same situation has also occurred with the design and preparation of regional development plans (*Program Pembangunan Daerah* or *Propeda*) by provincial and district governments. Logically, the provincial government should develop provincial plans based upon the data contained within district development plans. Unfortunately, the two levels of government do not share information or collaborate on planning. The provincial government argues that the districts should adjust their development plans to fit the outlines developed in the provincial development plan.

Forest resources have been exploited without considering the environmental consequences of human actions. Flooding and landslides are occurring more frequently. Policies passed by district governments focus solely on the territory under their jurisdiction while ignoring the role and authority of the provincial government. The coordination and consultation with the provincial government that is required by law has simply not occurred (Simarmata, 2002).

### **Power and Opportunism: The Roles of the Private Sector**

The study in Jambi has provided evidence and insights into the relationship between power and authority, especially those which involve illegal activities or opportunism. In many districts the role of the Forestry Service has been that of an important economic engine for raising district government revenue from timber. District Forest Service officers are responsible for increasing district revenues from forest resources – *Pendapatan Asli Daerah* or *PAD* – and this is a major indicator of their performance. For example, the head of the forestry service in Kerinci was asked by the district government to raise 700,000,000 rupiah (rp, approximately US\$86,000) per year from forest resources, even though most of Kerinci District is classified as national park.

In October, 2002, the local newspaper published a story stating that the Batanghari District Forest Service managed to increase revenues to rp 7.2 billion from a target of rp 4.23 billion per year. This 70 percent increase (approximately US\$365,000) raised questions about the source of the revenue. It is impossible to get this income from production forests given their current degraded condition.<sup>6</sup>

Shadow institutions – those invisible institutions, organizations, and networks backed by private companies, gangsters, and military personnel with money and power to organize illegal logging activities – are significant players in Jambi. These institutions do not have any role in formal government institutions, but they are influential in government policy-making and implementation. Most illegal logging activities involve the misuse of power to manipulate formal authority, rules and regulations. The private sector, including forest industries, concession companies, capital owners, and exporters, play key roles in shaping the patterns of forest governance in Jambi.

Members of the district government legislative bodies (*Dewan Perwakilan Rakyat Daerah* or *DPRD*) elect district government heads. It is common knowledge in Jambi that these

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<sup>6</sup>*KSPRES*, 26 Oktober 2002. *PAD Dari Sektor Kehutanan, Keberhasilan atau Malapetaka*. The Batanghari District Forestry Service has been able to get additional 3 billion Rupiahs (approximately US\$365,000) above the targeted plan. This dramatic increase has raised questions among academics and NGO personnel about the source of money and whether it is really the money received by the district government. It is impossible to get this amount as the forest in this district has been significantly degraded – unless exploitation were to take place in the national parks or there are other illegal sources of money.

elections are controlled by money politics. For example, between 1999 and 2000 each member of the local parliaments received approximately 100 to 120 million rp (\$12,000 to \$15,000) from candidates for district government head (*Bupati*). It is believed that between 2002 and 2003, legislative members will ask a minimum a 150 million rp (\$18,000) for their vote. Legislative members are in a strong position to name their price. In a district with 40 legislative members, a candidate would need to allocate around 4 to 6 billion rp (\$488,000 to \$732,000) to win. The money will not come from the candidate's personal wealth, but will instead be obtained from the private companies that have a strong connection to the candidate. Once the candidate has been elected and inaugurated as the *Bupati*, he or she will authorize small-scale logging permits (IPKR or IPKH) to the private companies that supplied the election money.

One of the largest forest companies in Jambi provides facilities for government officials if they visit the field, as well as regular payments for officials at the district, sub-district, and village government levels. Officials do not stay in local hotels because the facilities prepared by the company are more luxurious. Therefore, the company can act with impunity in breaking forest laws. This company also coordinates with the local community to conduct illegal logging in the nearby National Park (*Taman Nasional Bukit Tiga Puluh*). Access to the National Park is gained through the company's concession areas, which have no more timber to harvest. If the community members sell illegal timber taken from the national park to the company, they are safe. If community members do not sell their timber to this company, forestry officials will confiscate their chainsaws. These machines are returned to the local community when they agree to supply logs to the company. Collusion among company staff members and local military and district officials is strong.

The giant private companies collaborate with the apparatus of the military, police and justice institutions to protect their illegal activities. This conspiracy has been widely discussed but has not yet been controlled. Often, after forestry and enforcement officials confiscate timber and arrest illegal loggers, they are forced to release them under threats from military personal or local communities backed by security institutions. The Jambi provincial government has formed a joint task force comprising all enforcement officials to collaboratively prevent illegal logging. Unfortunately, this task force has not yet effectively checked the powerful shadow institutions.

It is difficult to reduce the growing and persistent clout of the private sector in collaboration with military and police officers. Information obtained from local NGOs indicates that an official enforcement commander (either police or military commander at the district or provincial level) will soon be relocated if they obstructed illegal logging activities. The giant forest companies in Jambi province have a strong connection to the military commander in Jakarta.<sup>7</sup>

### **Roles of NGOs and the Media**

Non-governmental organizations (NGOs) and the media play key roles in controlling the behavior of private business as well as of government officials. NGOs have actively facilitated debates, workshops, and policy dialogues to discuss forest sector problems. As key actors in forest governance, district government officials are invited to participate in these debates; an offer they often decline. The results of these discussions as well as individual case studies have been publicized in the local and national media and on the internet. NGOs and media have brought public attention to the inappropriate actions of government officials, private

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<sup>7</sup> Information obtained from an interview with members of FPHJ (*Forum Penyelamat Hutan Jambi*) and WARSI Networks and Consortium of NGOs in Jambi

businessmen, military personnel, and even other NGOs, but few cases of corruption have been brought to justice. NGOs have also participated in inspecting forest resources and tracking illegal logging activities. They encounter serious risks in this work, including intimidation from illegal loggers, private businesses, and military and government officials.

In 2001 the provincial government launched a new regional economic development policy to promote and support the expansion of oil palm plantations of up to one million ha in Jambi Province. Investors from Malaysia and Jakarta expressed great interest in this plan. WALHI (*Wahana Lingkungan Indonesia or Indonesian Forum for Environment*) a strong environmental NGO argued that if this policy were implemented, large areas of forestlands would be converted to oil palm cultivation. Further, it was not clear which lands were suitable for conversion. Activists suspected that private companies were more interested in extracting timber from the forests to be cleared than in developing the oil palm plantations. NGOs also suspected that private business people were the masterminds behind this policy and its implementation, and based upon the experiences of the last decade, local people would accrue no economic benefit. The oil palm plantations would bring numerous negative environmental impacts. With strong advocacy and protest from NGOs led by environmental activists in WALHI, the provincial government refrained from implementing this policy. After the governor's plan was opposed, several private companies mobilized local people to demonstrate in the provincial capital on behalf of the oil palm plantations, with some resorting to thuggish tactics of intimidation and the threat of destruction of WALHI's office.

NGOs in Jambi working under the guidance of WARSI (*Warung Informasi Konservasi*) have struggled to accommodate the rights and access of the *Orang Rimba* indigenous people, who are in a difficult position because their traditional territories have been under pressure from logging activities and the expansion of permanent agriculture.

NGOs have strongly urged the government to close those forest industries which are technically and financially not feasible. Some companies must use illegal timber from other areas as their forest concessions cannot supply timber of sufficient quality or quantity, or as their permits have expired. Because of their advocacy, NGO personnel have been intimidated by military officials, informal civil security guards from private company, or by community members whose livelihoods are dependent upon the forest company.

Some private companies have established NGOs of their own; while some have even been reported to pay bribes to NGO activists not to talk about their company's opportunistic behavior. From personal communication with personnel from WARSI and FPHJ, the authors learned that private businesses have encouraged young people to join local activist NGOs and report back to them on the NGO's plans in advance of their release. In a field inspection carried out with a group of NGOs in Jambi in 2001, we observed that government officials who accompanied us to inspect illegal logs that had been transported and stockpiled in a company's log pond were barred entry. The company was well informed about the moves of the NGOs. Some NGO personnel have been implicated in opportunistic behavior. In an interview on national television, a private businessperson stated that some NGO personnel would not complain or launch any protests if the company bribed them. Government personnel in certain districts have also been implicated in collaborating with NGO activists to conduct illegal forest exploitation (interview with NGOs activists affiliated with WARSI in Jambi).

In one of the villages we visited in Bungo District there is an Integrated Conservation and Development Project (ICDP) funded by the World Bank to protect and maintain the Kerinci

Seblat National Park (TNKS). Because this project involves large amounts of money, it has attracted much interest. One person, supposedly from the Indonesian Anti-Corruption NGO (*Anti Korupsi Indonesia or AKSI*<sup>8</sup>), visited the village to inspect how money was being used by this project. This person reportedly blackmailed the treasurer of the local project into paying him one million rp (approximately \$120) to avoid being reported to the local police for the mismanagement of project funds.

Members of the media are free to expose inappropriate actions by the government, private businesses, military, and even NGOs, and are free to air their opinions and to facilitate policy discussions. However, the media are subject to the same intimidation and control tactics as others. Certain reporters consistently expose any inappropriate actions by the government or private businesses, but others are easily tempted by financial offers from private companies and powerful people from Jakarta.

### **The Role and Position of Forest-Dependent Communities**

Under centralized government, forest-dependent people tended to be marginalized – in the current situation they are being exploited. Local communities remain largely disenfranchised, though some have been acting as the spearhead in defending illegal activities. With the decentralization process there is increasing evidence that communities increasingly pressure to claim or reclaim their rights over forest resources. These claims may be legal or illegal. Several forms of community claims to forest resources have been identified in Jambi. Some communities claim their right to access their traditional forests and to provide illegal logs to private companies and illegal sawmills. These communities will defend the logging companies or forest industries if these companies face legal action with regard to illegal forest exploitation, protesting any effort to close down forest industries on which their livelihoods have become dependent. Local communities have claimed forestlands near their settlements and have converted them into agricultural production systems. Some have occupied secondary forests and ex-concession areas for household plantations. Some communities also assert their rights to customary forests, including forestlands that have been occupied by the government or private companies. In these cases, they demand that the government recognize their traditional institutional (*Adat institution*) rights and control over forests resources.

In several field visits we observed that communities pressed their rights to forest resources whether they are acting legally or not. This has resulted in enforcement problems when the same communities that are implicated in illegal logging. For example, in April, 2003, we observed in Kerinci Seblat National Park approximately thirty to forty trucks, carrying approximately forty local people each, to demonstrate in front of army camps between Banko and Sungai Penuh. The government and army had deployed a platoon of soldiers to control illegal logging activities in the national park. With the presence of the army, local people were prevented from harvesting. They protested that the presence of the army cost them their incomes. One can question where the local community found the money to hire these large trucks – information from the field suggests private companies with large resources hired the communities to protest. However, interviews with several drivers who passed by the military camp indicated that the presence of the military camp was only a camouflage, as the military continues to support illegal logging. Any vehicle stopped or driven at low speed near the military camp were intimidated and directed away.

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<sup>8</sup> It was not possible to get this person's name and address since he did not provide them or show his ID card.

Community claims over traditional or customary forests have also affected private companies. In one case in Sarolangun District, a local community demanded a concession company return their 10,000 ha of customary forestlands. The returned land should be placed under the authority of the central government, which issued the permit, but the community forced the district government to issue an official letter endorsing their claim.

## Forest Governance Accountability

Various stakeholders argue that stronger accountability measures are imperative in any effort to improve forest governance. Accountability is the key element in making public officials answerable for government behavior and responsive to the entity from which they derive their authority (Asian Development Bank 1997). It can be supported by developing control mechanisms and strengthening legal and regulatory systems. The rule of law should be the main foundation for establishing mechanisms of accountability. Other important mechanisms include electoral accountability, economic and financial accountability, social and environmental accountability, and punishment and reward systems (Asian Development Bank 1997, World Bank 1989, Herdman 2002, Hugo 2002, Ribot 2002).

At the local and national levels there are already some accountability mechanisms that may be improved, including: exposure of inappropriate action by officials in government, the private sector, military, or NGOs; protest and demonstration by local communities; advocacy and protests by the NGOs; codified evaluation and audits of district government annual reports (*Laporan Pertanggung-jawaban Bupati*); exposure of the wealth of government officials; litigation; administrative sanctions; customary laws; public consultation processes; and the improvement of the electoral process.

### **Accountability of District Governments**

District government officials in Jambi are less accountable to the public or the central government than they are to the private business interests that support their elections and contribute to their official district revenues as rent from extracted forest resources. District government leaders and legislative members are often not accountable to their political parties because their positions have been determined by the support of the legislative members and by the donors of their electoral funds from the private sector; therefore there is no electoral accountability of the district legislative body either to their party or to the local people. There have been some efforts to improve elections by making the district government head elected by direct vote, but this change has not yet occurred. Control mechanisms by the local branches of the political party have not worked at all. Several efforts to recall political party members in the local legislature have been ineffective. On the contrary, legislative members who play key roles in controlling the accountability of the district governments have in fact come under the control of the district executive body. This is because the head of the executive body (*bupati*) bribes them to be elected.

Forest service officers are generally only accountable to the *bupati* who have the authority and power to appoint them. Therefore, these government officials become little more than “rubber stamps”, supporting any appropriate as well as inappropriate idea of the *bupati*. The head of the district forest service is often frequently replaced due to political expediency or competence. Local identity is another important issue; officials from other provinces who are

not “local people” (*putera* or *orang daerah*) can be replaced at anytime with local people regardless of capability. This is a major disincentive for non-local people to enforce accountability measures.

### **Signs of Re-centralization**

There is evidence that the central government has hesitated to relinquish authority for managing forest resources to district governments. Central government efforts to develop regulations show signs of attempting to regain control and jurisdiction over forest resources. The central government issued Government Regulation No. 34/2002, “Concerning Forest Structuring and Development of Forest Management Plans, Utilization of Forests and Use of Forest Areas,” as the first implementing regulation under Basic Forestry Law No. 41/1999. This regulation was intended to facilitate decentralization, including the introduction of some aspects of community based forest management. However, the policy for community based forest resource management will be difficult to implement since the central government imposes too many restrictions. NGOs and district governments have analyzed and interpreted this regulation as an effort to re-centralize power and authority to the central government.

The central government uses the current situation – namely, the failure of decentralized government – as the reason for recentralizing authority and power. The Ministry of the Interior also has also request inputs from all stakeholders to reform the decentralization policies. However, the reactions from district government officials have tended to be counterproductive, as they are fearful of losing their newfound power and authority. Again, they have accused the central government of attempts to recentralize authority and power.

In October, 2002, the Ministry of Forestry launched a new policy on social forestry to accommodate all forest resource management. NGOs anxiously awaited this policy as an opportunity to consolidate different approaches and perspectives in forests-for-people development. Unfortunately, the Minister of Forestry refused to address land and forest tenure issues, meaning that communities still do not have clearly defined rights to use state forestlands. In addition, the Minister cancelled several locally developed policies on community based forest management in other districts in Indonesia that were promulgated as district government regulations (*Peraturan Daerah* or *Perda*). These actions are further indicators of central government attempts to recentralize its jurisdiction and power over state forests.

### **Summary**

Decentralization in Jambi has been implemented with limited preparation and a weak and inconsistent legal framework. Authority has been transferred to district governments without appropriate guidance or control mechanisms. District governments also have received little capacity-building support to enable them to appropriately implement decentralization policies and good forest resource governance in a democratic and participatory manner. Problems are also rooted in the past – some people are acting in retaliation against the oppression of the previous regime. Past inequities of development, welfare, power, and authority are remembered and can act as motivation for some, particularly with regard to valuable forest resources. In response, district governments have become more authoritative and powerful as characterized by the misuse of this power and authority, and are implicated in notorious opportunistic behaviors. Deforestation through illegal logging, encroachment, land conversion, and fire has been very

serious. Decentralization has to this point been a disastrous process leading to the destruction of large production forests, conservation forests, and nearly all of the national parks in Jambi.

Attempts by civil society to reform district governments through NGOs and the media have largely failed. The impact of NGO inputs and ideas has been dulled by communication methods. Their criticism of the government has resulted in either district or the central level officials rejecting the ideas of academics and NGOs as interfering with their authority. District governments continue to claim that NGOs are idealistic but not realistic.

Private sector actors have played key roles in shaping forest resource governance at the district level. These actors have used their financial resources to influence the district governments' power to control and regulate valuable natural resources. Decentralization is designed to devolve the power to manage local resources to local governments, but in Jambi the reality is this power has been devolved to the private sector. The position of the local community remains difficult, and members have become the victim of the struggle between central and district governments, and between the private sector and each.

Control mechanisms regulating the accountability of district governments upward to the central government or downward to the local people have been weak or non-existent. Representatives elected to district government legislative bodies are accountable neither to local people nor to their political parties. Rather, these officials are accountable to the heads of district governments and the private businesses who bought their votes. Other accountability measures have also not worked appropriately. The decentralization of authority over valuable resources has induced the decentralization of opportunistic behavior.

## Policy Options

The existence of shadow institutions that influence the management of natural resources through financial influence should be minimized. The key question is whether the government, either at the central or district level, can handle this problem. The politics of policy-making have always involved the role of these shadow institutions; hence most policies do not represent public interest and development goals. The private sector controls the market of forest products but the legislative arm of government cannot control the private sector while military institutions directly or indirectly support them. The key question could be: what kinds of accountability mechanisms need to be developed to control or prevent the opportunistic behavior of the military institutions and private sector?

In order to improve accountability at the district level, the central government must improve its accountability downward to the public. Control mechanisms or accountability measures at district, provincial and central government levels need to be improved. These measures need to be supported by appropriate rules of law and enforcement. Punishment and reward systems should be incorporated into the performance contracts of government officials – this has been widely discussed but implementation has been far short of expectations. There are still no clear signs by which the central government has demonstrated its accountability to the public, as they continue to promulgate inappropriate policies for community based forest management. This results in district governments arguing that they need not have to pay attention to the community participation in forest governance.

The other serious problem that has hampered the implementation of law enforcement has been the organizational structure and authority of forestry related government institutions and the

district and provincial governments. The governor may confiscate illegal logs because of his position, but he has no authority to confiscate and process the case through the court. The forest police do have the right to guard and may confiscate the illegal logs, but they do not have the authority to initiate the litigation process. This situation is repeated across other bodies such as the National Park Agency and the Natural Resource Conservation Agency.

Public participation in assessing the performance of the government needs to be facilitated. There are signs that some of the inappropriate actions by government officials are now being documented and exposed through various media, and there are some examples of these officials being brought to justice. This is a good sign and an important stepping-stone for imposing accountability measures and enforcing them, however there is still much more evidence of opportunism at the district and the village level. Corruption has been decentralized, institutionalized, and often classified as a way of life.

Land and resource tenure policies need to be taken into account in reforming forestry sector policies. In addition, incentives for district governments to develop good forest governance need to be identified and instituted.

Given the current chaotic situation there is a growing debate in Indonesia as to whether the control of valuable natural resources should be re-centralized. This debate is often framed as: “under the centralized regime Indonesia had order but no laws; under the decentralized regime the country has laws but no order – so what is the difference?” This is not an easy question to answer since both centralized and decentralized systems have strengths and flaws in terms of accountability to local people and public services. The country needs to reform both the centralized and decentralized governance systems. The key question is: “how can accountability be secured when the economic development of both district governments and local people cannot be insured?” Until we can answer these questions, we will not be able to successfully manage our natural resources.

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