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Between state and society: Local governance of forests in Malinau, Indonesia

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Abstract

Decentralization in post-Soeharto Indonesia has not only changed state and society relations at the local level, but brought increased control over forests at the district level. Local social forces gained more influence because of their close relations with local government and acted to limit the local government. In this article we use the case of Malinau, East Kalimantan Indonesia to show how the new local autonomy over forests played a role in the rise of new local political orders.

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1. Introduction

New local political orders are emerging in forests. Decentralization is causing the state to become more firmly lodged in society (Migdal, 1994), and specifically in *local* society. As a result, society and the state

are making new kinds of joint efforts to dominate forests from the bottom up. These changes have profound implications for how forests are managed and their benefits are distributed.

In this article we examine how decentralization has led to more formal influence of local society in forestry and the consequent impacts on forest management and benefits to local people. We illustrate our case by examining the changes in district governance and small-scale, district-led forest exploitation during 1998 to 2003 in Malinau, East Kalimantan, Indonesia. We argue that decentralized state control over forests created a new type of politics in which state and society have become more interdependent. We use the case of Malinau to explore how such conditions affected the forest and people around it.

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2. Struggles between state and society

In most countries, the autonomy and capacity of the state in forests has historically been based on the state's control of policy, forestry operations and or ownership of forest and forest based land (Finger-Stich and Finger, 2003). Although society has had little *formal* control over forests, society exercises *informal* control in two important ways: semi-autonomous social fields and weapons of the weak.

Where state presence and authority in forest areas is weak, local people act as “semi-autonomous social fields” that have their own principles, norms, rules and practices and selectively implement or ignore laws imposed externally by the state (Moore, 1973: 720–722). McCarthy (2000) and Obidzinski (2004) show how such informal systems existed in the New Order Period in Indonesia when informal local logging networks controlled by local bosses often operated in tandem with formal concessions. While such autonomy enables local people to influence their immediate environment, it does not enable them to engage in and influence the larger political framework.

Where state presence and authority is strong, local people have sought to influence local officials through the usual weapons of the weak (Scott, 1998) of co-opting officials (Lipsky, 1980); developing personalized patron-client networks with officials (Shue, 1994), resisting or implementing policies poorly (Mayers and Bass, 1999); or in extreme cases, arson, vandalism, poaching, uprooting seedlings, and seizing equipment. In Indonesia, as elsewhere, parastatal concession holders informally allowed people to continue swidden farming and hunting, despite clear national regulations outlawing both activities.

Decentralized governance, by its very nature, enables local groups to exercise more influence informally *and* formally. It sets up intermediate arenas of struggle that encourage new social organizations and political engagement at the local level (Shue, 1994). Decentralization thereby makes the boundaries between state and society more indistinct and fluid and has the potential to be an integrating force between the state and society at the same time that it fosters struggles between them. This rearrangement of the state and society's interdependencies creates special challenges and opportunities for people living near forest areas.

First, the creation of local governments *increases the presence of the state locally*. Where such local presence is also associated with strong authority, *forest communities' capacity for behaving semi-autonomously is reduced*. Instead, communities need to *engage more directly with the state* to maintain influence over forest management. Enhanced engagement can be a double-edged sword however. Local elites may co-opt or collude with the state to achieve their own personal interests, including appropriating government resources intended for the poor (Echeverri-Gent, 1993). To promote desirable outcomes from engagement, the state needs to be strong enough to guard against elite greed or inequities caused by markets, and society needs to be strong enough to exert its “civil authority over public matters” (Antlöv, 2003: 73).

Second, decentralization introduces divisions that can *fragment the state* and thereby weaken it (Kohli, 1994), especially during the reform transition. Effective horizontal and vertical relationships among the new cells of local government are necessary for the state to achieve integrated domination. Where these links do not occur, district governments are likely to act themselves more like the semi-autonomous fields described above. In Indonesia, the new district forest services and the national Ministry of Forestry have little coordination and act nearly as if the other does not exist. A weak, fragmented state also makes it easier for local government officials and the private sector to engage in collusive corruption, whereby officials can overlook the lack of permits, logging outside of designated areas or false reporting associated with illegal logging in exchange for bribes (Smith et al., 2003; Resosudarmo, 2003).

Third, the impersonal nature of the centralized state has been one of its defining sources of power (Kohli, 1994). Decentralization *makes the state more personal* to the extent officials share kinship, friendship, economic interdependence, shared cultural norms and local power relations with local society. While this reduces the state's power and makes co-optation of local officials more likely, personalization can also *make the state and society more accessible to each other*, facilitating communication, understanding and mutual engagement.

Fourth, in contrast to the period when central government's tried to play a unifying role among

cultural groups, decentralization, weaker states and the revival of so-called traditional values and indigenous identity, have allowed *local cultural groups to become more politically relevant*, especially where their scales of influence coincide with that of local governments. This tendency reinforces the personalized links between local society and officials and the possibilities for cooptation.

Together these challenges and opportunities shape forest communities' possibilities for control over forest management under decentralization. The possibilities for semi-autonomous forest management are decreasing, while the possibilities for political engagement, especially through more personalized, cultural-group relationships are increasing. In contrast to centrally driven government programs that give local people limited access to forest resources, decentralization creates opportunities for forest users to engage in a broader realm of politics and influence the state itself, including its historical domination over timber and forest land. How these new local orders evolve remains to be seen in the coming years and will vary in different contexts. We examine Malinau District as one such context that may be indicative of broader trends.

3. Methods

CIFOR conducted action research on forest management and governance in the 27 communities of the Malinau River Watershed from 1998 to 2005. The research took place in the context of Malinau as a long-term research forest designated by the Government of Indonesia in 1996. Our methods included participant observation, workshops, surveys and key respondent interviews carried out by largely resident staff, including researchers from villagers in Malinau. The findings reflect the collective work of different teams and individuals, who are cited below.

4. Malinau district

Malinau is a new district, established in 1999 by the division of the Bulungan District. Because of its inaccessibility, this area remains one of the last and richest remnants of dipterocarp forest in East Kali-

mantan (Fig. 1). Malinau's forest is its most valuable asset. The district's population of 40,000¹ is divided into about 21 ethnic groups, including Borneo's largest group of hunter-gatherers, the Punan. Most rural households rely on swidden agriculture, hunting and gathering from the forest. Some also collected and sold valuable forest products such as birdnests or gaharu (a fragrant fungal infection of *Aquilaria* sp. sold for perfume and incense).

Soeharto's New Order (1966–1998) designated most of Kalimantan and other outer islands as state land during Indonesia's timber boom of the 1960s and 70s. Ninety-five percent of Malinau District subsequently became state forest land (Barr et al., 2001). Nearly all of the area was organized into large timber concessions of about 50,000 to 200,000 ha. Logging was organized through centrally assigned timber concessions that began operating in Malinau in the 1960s. These included parastatal logging operations such as Inhutani I and II. In the 1990s, one million hectares of as yet unlogged land was set aside as Kayan Mentarang National Park. Timber, forest land and protected areas were under the centralized control of the Ministry of Forestry and Soeharto's cronies.²

Under Soeharto, formal control over forests was highly centralized (see Fig. 2). The Ministry held nearly all authority, which it exercised through provincial and branch offices. Forest services under the provincial governor were intended to provide development services that were more regionally oriented. In practice, however, these services functioned to implement Ministry policies (the dotted arrow indicates de facto control). For most residents of Malinau, government remained a distant, unknown, inaccessible entity. Similarly, few ministry decision-makers ever visited Malinau, let alone knew and understood the informal, customary governance that occurred there.

In Malinau, as elsewhere in Indonesia, national forest management policies existed to limit the extent of cutting and ensure regeneration, however, concessions were only loosely monitored and few, if any, were logged in a sustainable manner. Little effort or capacity existed to conduct community development

¹ An estimate from the 2003 pre-election census.

² In contrast, valuable nontimber products such as gaharu and birdnests were managed through informal trader networks and largely escaped government regulation.

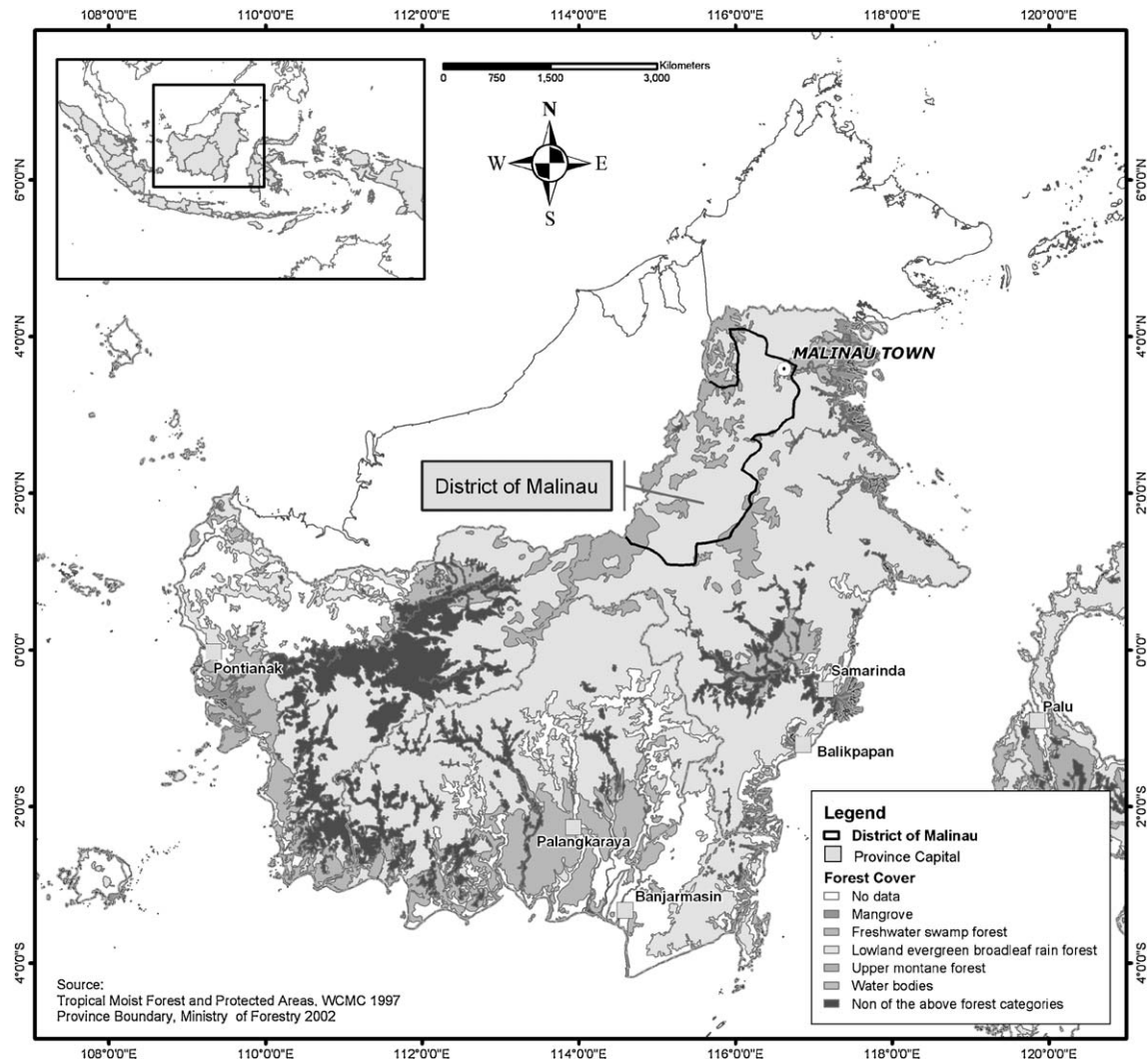


Fig. 1. District of Malinau.

by the Forestry Ministry. Birdnests, gaharu, rattan and other products were managed through local trader networks and usually escaped regulation. Most of the accessible lowland forests are now degraded as a result of logging and extensive swidden cultivation.

5. Decentralization

In the wake of the 1997 economic crisis and Soeharto's downfall in 1998, Indonesia initiated a series of ambitious reforms in 1999 that gave districts more

autonomy over most sectors, including forestry (Aspinall and Fealy, 2003).³ Control over forests shifted to districts nearly overnight, abolishing the powerful regional arms of the Ministry (Fig. 3).⁴ Channels for central government control over the districts were reduced to informal or party connections.

³ Except in matters of security, monetary policy, justice, foreign affairs and religion.

⁴ The Ministry of Forestry tried to establish its own district offices (Unit Pelaksanaan Teknis Daerah or UPTD), but these have been ineffectual and ignored.

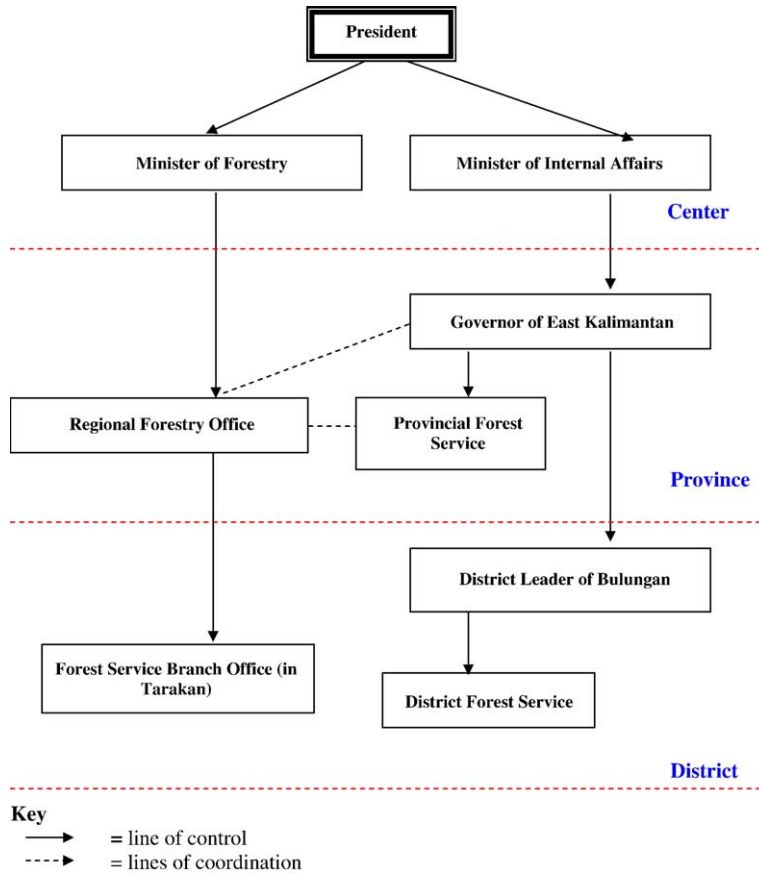


Fig. 2. Control over forests before decentralization⁵ (Figure by Nugroho Adi Utomo).

The new laws entitled districts to claim 80%⁶ of forest revenues generated in their area and required districts to generate their own income.⁷ The new laws also required district leaders to be selected by district assemblies, making them for the first time downwardly accountable to a local constituency.

The number of districts subsequently doubled across the country, creating new government centers, including Malinau. Although decentralization only took effect legally in January 2001, changes on the ground began immediately with the organization of local governments (Rhee, 2000). Malinau benefited enormously from the reforms. For the first time people

in remote forest areas were able to directly access government authorities and more government resources were channelled into remote regions, especially for schools, health facilities and roads.

As elsewhere in Indonesia, the new district seized the opportunity to staff itself with local people, rather than be dominated by Javanese officials as had occurred in the past. In Malinau, nearly all district employees hired were local people. The new staff arrangements meant that direct family ties commonly occurred between government authorities and local people.

With decentralization, ethnic affiliations gained new importance in local governance. District government has had to give attention to maintaining its support and legitimacy through balanced representation of powerful ethnic groups. Key appointments gave weight to the more powerful Kenyah, Tidung

⁵ As established by UU 5 1974.

⁶ Law 25, 2000 art 6(5).

⁷ In practice, however, the majority of funds have continued to come from Jakarta.

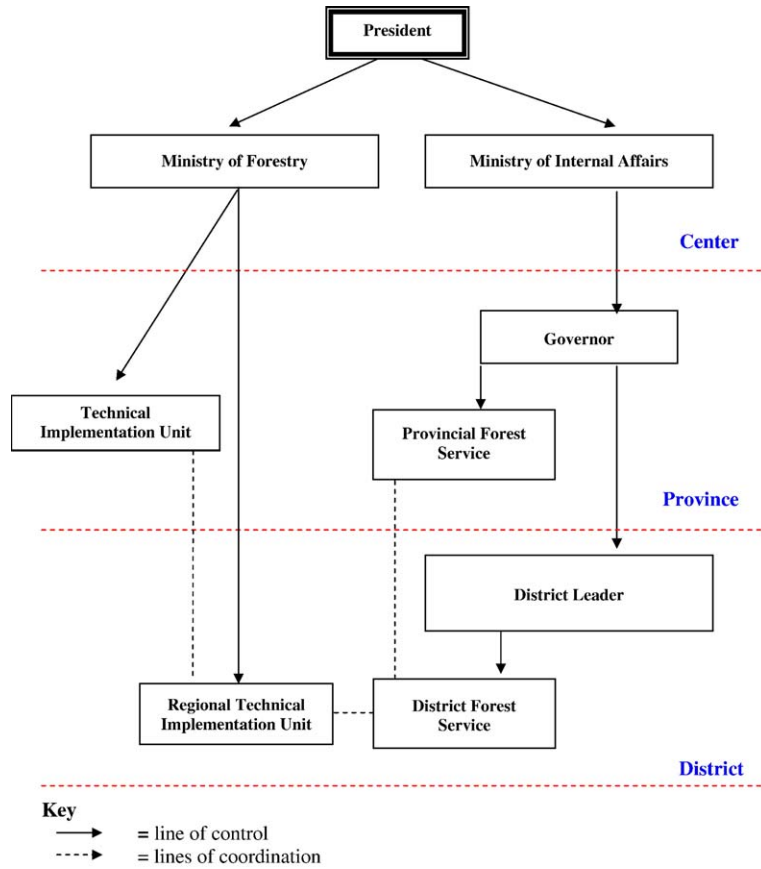


Fig. 3. Control over forests after decentralization (2001)⁸ (Figure by Nugroho Adi Utomo).

and Lundaye groups (Table 1). The elected district leader was himself a Kenyah. In a 2003 survey that we conducted of 14 poor villages, Kenyah groups perceived their well-being had vastly improved compared to other ethnic groups. 96% of all Kenyah households said their lives had improved since decentralization compared to Punan (53%) Merap (50%) and Lundaye (37%).⁹ Only one Punan official has been hired in the new district government since 1999, and he is a low ranking official. District leaders actively seek the

support not only of their parties, but of ethnic groups. This has stimulated the formation of new ethnic associations in Malinau such as the Lembaga Adat Punan

Table 1
Ethnic composition of government leaders, Malinau District 2004

Ethnicity	District executive's office ^a	Agency heads	Total
Kenyah	4	3	7
Tidung	2		2
Lundayeh	3	6	9
Toraja	1	4	5
Javanese		4	4
Others		2	2
Total	10	19	32

Source: CIFOR Survey, 2004.

^a The District executive office includes the secretary of the area (*sekretaris daerah*), assistant secretary (*asisten sekretaris daerah*), and section heads (*kepala bagian*) in the district leader's office. The agency heads include the service, agency and office heads known as *kepala badan*, *kepala dinas* and *kepala kantor*.

⁸ Law 32 in 2004 stipulated that all district leaders were to be elected by the district voters instead of the assembly.

⁹ Differences among ethnic groups were highly significant ($p=.000$, using Pearson chi-square test). The moderately high percentage for Punan probably reflects that their economic and political status before decentralization was very low, so that even small changes in income and access to government officials have made a big difference in their relative well-being.

(“Punan People’s Organization”), Lembaga Adat Tidung, and Lembaga Adat Lundaye. Officials invite association representatives to public district events and participate in events of the associations.

At the same time, the new Basic Forestry Law 41, 1999 gave rights to customary communities to manage state forest lands. Many communities and local officials took this law to mean all customary communities automatically gained forest rights, even though the regulations do not yet exist for its implementation even in mid-2005.

In bringing government closer to people, government authorities became more interdependent with and accountable to local communities and had to work harder to balance local interests with that of the state. Malinau’s experience with small-scale forest permits illustrates these changes in governance and their impacts in more depth.

6. New forms of forest extraction: IPPKs

When decentralization shifted control to district governments, it also shifted some of that control from the state to local societies. For the first time in Malinau, local groups enjoyed state-legitimated control over forest land, benefits and management.

In 1999, national regulations 6 and 31 made it possible for district governments to issue rights to timber and nontimber forest products in 100 ha plots, with the intention of meeting local consumption needs (Barr et al., 2001). Local governments, however, interpreted the law according to the spirit of the times as a *carte blanche* for them to manage forests. The initial weakness of the central government and uncertainty of the first reform years made it possible for district government to act with great independence.

Beginning in April 2000, the district leader¹⁰ of Malinau thus allocated small-scale logging permits, *Izin Pemungutan dan Pemanfaatan Kayu (IPPK)*¹¹ in blocks of up to 5000 ha each to hastily formed small local companies in coordination with the Malinau

forest service appointed by him. Companies reportedly paid up to USD 50,000 in informal fees to the district leader and district forest service for these licenses. Between April 2000 and April 2001, the district leader issued decrees for forty-six IPPKs covering about 60,000 ha. Several IPPKs operated through April 2003 (one had a family relationship with a powerful district official). Many of these overlapped with existing concessions. The Inhutani II concession withdrew its operations in the area eventually due to conflict with an IPPK held by the village with a strong local customary leader, whose son was also the head of the district assembly. Other concessions had less contentious overlaps and only suspended logging during the IPPK period.

7. Increased influence of local society

Local social forces increased their control over forests through this process as evidenced by their claims to forest land, benefits, expressions of conflict and resistance to company offers.

7.1. Land claims

The district leader required companies to seek permission from villages to log on their customary lands. Local people interpreted the requirement as recognition of their land claims. Local claims to land increased from an estimated 1.3 cases per year during the New Order to at least 50 per year from 1998 to 1999. Nearly all district offices have been reluctant or unable to resolve most of the resulting conflicts. The formal status of land in Malinau has consequently remained ambiguous, probably to the benefit of local government seeking room to maneuver new company deals.

During the same period, villagers won rights to demand compensation payments from timber companies previously operating in their territories due to a 2000 decree from the Governor of East Kalimantan. The provision (also stimulated by the new Basic Forestry Law) enabled communities to claim compensation retroactively for the period 1995 till 2000 from timber companies for logs harvested in their areas at a maximum of Rp 3000/m³. Both the IPPK and compensation decrees thus reflected the need of local

¹⁰ Asmuni Alie served as a temporary, appointed district leader until March 2001, when he was replaced by the elected district leader Marthin Billa.

¹¹ License to fell and utilize timber.

Table 2
Sum paid by IPPK to villages in Malinau watershed during 2000 till June 2003

Village	Number of households	Total amount paid (Rp.)	Average per household ^a (Rp.)
Setarap–Punan Setarap	94	640 million	6.8 million
Adiu–Punan Adiu	42	800 million ^b	19.0 million
Bila Bekayuk	52	27 million	0.52 million
Sengayan	65	1 billion	15.4 million
Langap	104	320 million	3.1 million
Nunuk Tanah Kibang	36	500 million	13.9 million
Tanjung Nanga	130	1 billion	7.7 million
Total	523	4,287 billion (USD 465,978) ^c	8.2 million (USD 891) ^c

^a Population data from December 2002. Information obtained per village from village head or secretary.

^b Estimate based on information that four payments were made, each payment was made after 10,000 m³ had been produced at Rp. 20,000/m³.

^c \$1 = Rp. 9200 (end May 2004).

officials to build a new base of political support and provide benefits to villagers, as well as their willingness to interpret the scope of national laws broadly.

7.2. Benefits

Villagers exercised new influence by negotiating cash payments, infrastructure and employment with the IPPK companies in return for access to their lands. Most communities were anxious to reap the profits available from forests in their village territories and readily signed agreements.

Before decentralization, assistance by large-scale logging companies or government averaged a total of only about USD 1500 annually per village, plus minor community development projects; in contrast, the cash benefits from three years of IPPK fees averaged about USD 1000¹² per household in seven villages studied in the Malinau watershed (Table 2) (Limberg, in press). The variation among villages was high however, ranging from USD 61 to USD 2235 depending on the negotiation skills of the village and the information available to them. Companies paid villages payment of a fee per cubic meter of timber extracted, in kind benefits, and employment for community members. Village heads usually negotiated benefits for themselves as well, often with indirect support from a district official. Through this unofficial arrangement companies ensured that the village's influential persons had a personal interest in keeping up the flow of logs.

¹² The quantity paid was Rp. 8.2 million or USD 965, using an exchange rate of 8500.

Employment with the companies was less lucrative than anticipated. Payment rates were comparable to other parts of East Kalimantan, e.g. Rp. 2750/m³ for a chainsaw operator, however costs of living were higher in Malinau and informal labor markets for cutting timber for consumption provided more income.

While communities with accessible timber in Malinau received more benefits than during the Soeharto era, the benefits were short-term, less than their potential and captured by the elite. Households valued IPPK incomes for the large amounts of cash they generated, but compared to other incomes from regular employment, shop keeping or selling farm produce, some villagers complained that IPPK fees were irregular and uncertain (Andersen and Kamelarczyk, 2004). Less than 30% reported saving part of the fee.

Ethnic differences occurred in how people benefited from the IPPKs. As more powerful ethnic groups consolidated their land claims, at least three Punan communities also lost some or all of their territories. Where Punan shared decision making with another ethnic group, negotiations were often made without Punan leaders even present (Palmer, in press). Local government often settled conflicts in favor of more influential non-Punan.

7.3. Conflict

Villagers openly expressed their complaints about the IPPK companies to local government, which had not been possible with the concessions during the New Order. Of the 22 villages in Malinau that had

IPPKs, 19 mentioned that they had encountered problems with the broker, including unpaid fees, no development of promised facilities, logging in the wrong places or no planting of horticultural trees in the cleared areas. Of these 19 villages, 11 took action against the IPPK, usually reporting them to the district. At the household level, 52% of the households sampled in Adiu, Tanjung Nanga and Sengayan reported IPPK conflicts (Andersen and Kamelarczyk, 2004). Conflicts among households concerned the amount of money received per household, accusations of bribery and lack of transparency about distribution of the fees. The reform era enabled freer expression of conflict that had been latent during the Soeharto period (Wulan et al., 2004), when military intimidation stifled even the mildest protests. Villagers' clearly felt more empowered with the new district government.

7.4. Resistance

Some villages resisted IPPK efforts, despite their promotion by the district leader. These villages chose to manage their forests for other purposes. Setulang village refused nine different company offers, including one of USD 300,000 in order to conserve their forest to protect their local water supply (Iwan et al., 2004). The village of Long Loreh already had a sizeable income from coal mining in their territory and did not want to risk degrading their forest resource. Both villages nevertheless maintained their existing close relations with the district leader who was of the same larger ethnic group.

8. The impacts on the forest

The district leader and forest service pursued IPPKs for their incomes rather than for a concern about the forest as a long-term resource. Forest service officials made no effort to require selective cutting or other harvesting regulations, guide road construction, prohibit activity near waterways, ensure protected species were not cut, or enforce regeneration and plantation requirements. Several IPPKs were located in protected forests. Other officials did not question the policies because they had either family members or villages that benefited.

The result was that forests were significantly more damaged under IPPKs than they had been under relatively unenforced selective cutting regulations (TPTI or Tebang Pilih Tanam Indonesia). In a comparison of the impacts of two selective logging concessionaires with three IPPK permit holders, Iskandar (in press) found that the IPPK holders harvested more intensively, removing four times as many trees per unit area, including a larger proportion (more than 25%) of trees under the 50 cm dbh¹³ size class (compared to 3% by concessionaires). Iskandar (in press) guess that the larger proportion of small trees may reflect the trend of IPPKs elsewhere to sell timber to local mid-size and smaller sawmills rather than to larger, more regulated plywood factories outside of the district.

The study found that IPPKs also resulted in significantly more damage to residual trees (38 vs. 20 trees per 100 m in primary forest) and larger canopy openings (0.3 vs. 0.1 ha per hectare), resulting in a more degraded and fragmented forest. This damage further threatened the population of future trees and potential for regeneration, in addition to damaging habitat and corridors for wildlife. The future options for harvesting from areas logged by IPPKs are thus low compared to areas held by concessions. The IPPKs turned out to be an inefficient and ineffective use of the forest. They neither converted the forest to higher value uses nor did they enable sustainable production forestry.

Fortunately the extent of forest clearing was relatively small, with analysis of January 2003 Landsat images suggesting that the area actually affected was less than one-third of that allocated. The limited extent was probably due to the use of poor second-hand heavy equipment, the rugged terrain in Malinau and low timber prices, which forced IPPKs to harvest only the most accessible trees to maintain profit margins.

9. Emerging new political orders?

Decentralization and democracy reforms in post-Soeharto Indonesia increased state control over forests

¹³ Diameter at breast height.

at the district level, while dramatically weakening control of the center. Local social forces gained more formal influence in local governance of forests. The actions of local government officials are now more “bi-cultural” such that officials use both the “official” impersonal culture of the bureaucracy and the local culture of personalized relations of trust and reciprocity to carry out their work.

While Indonesian officials, if not most officials, have always maintained personalized relations in addition to their official ones, the difference decentralization has brought is that district officials’ personalized relations are now directly with their *constituency* and that they have deeper and more complex personal associations with that constituency because it is their own or their family’s place of origin. Cultural traditions of interdependence have created strong customs of reciprocity and obligation (cf. Wollenberg et al., 2001).

As a result, villagers’ previous semi-autonomy from the state in forest matters has declined and people have incentives and requirements to engage with the district government more formally to deal with matters like village boundaries and timber company agreements. Customary verbal agreements are no longer sufficient. Illegal activities are harder to hide. The new semi-autonomous field is now the district government and its constituency, as demonstrated by the latitude with which the district has implemented forest exploitation.

Ethnic and family relations between government officials and local people have taken on new importance. Both government officials and local people have used ethnic, family and personal ties to build alliances with each other to settle conflicts in their favor and seek income opportunities. Ethnic politics have become as important as party politics in structuring local government relations (cf. Li, 1999; Sakai, 2003).

Importantly, in the New Order period, even the most powerful ethnic groups from Malinau had little say over forest because they were dominated by nationally dominant groups (Javanese, Batak, Bugis) bureaucrats in Jakarta. With power struggles operating semi-autonomously at the district level, local ethnic groups have come to dominate formal forest policy decisions. Decentralization thus has broader implications for empowering local groups who

would otherwise never have a voice in state forest policy.

The potential for conflicts of interests under these more personalized circumstances has increased. The handing over of power to local officials embedded in local society increased opportunities for collusion, corruption and the promotion of self-interest (Smith et al., 2003). Higher-level officials pursued lucrative timber profits justified by the need to produce income from the district. Lower officials found ways to get their own cut from projects, opportunities to travel and earn per diems, and trivial power struggles. Both worked to strengthen their networks with powerful ethnic groups, traders, companies and other officials to increase and sustain their power base and income. Judging by the brisk sales of expensive vehicles and televisions to government officials in Malinau, the rewards have been lucrative. The preoccupation with personal gain and political obligations in government and villages has made it difficult for the government to work transparently or efficiently, which has slowly eroded the broader public’s trust in officials and village elite.

The most powerful politicians and local people have become those who maintained influence in both local society and government and used that influence to bring about benefits from initiatives like the IPPKs. Decentralization thereby disproportionately benefited previous local elite and stronger ethnic groups who more easily developed alliances in both the social and state domains, as well as have more opportunities to use collusion. The elite-village leaders, more powerful ethnic groups, traders or companies—have significantly influenced local government to channel resources to them, both formally and informally. Local government officials themselves have become a new elite of local society, a part of society entitled to its own rights and privileges.

This emerging local political order remains incoherent and unstable however. Existing arrangements will result in struggles between social forces and the state at the local level, and between the center and the districts at the national level. For example, central government has reacted to what it sees as local government’s excessive self-interest by trying to reestablish control, especially in forestry. Government Regulation 34 of 2002 tried to re-establish the Forestry Ministry’s authority over nearly all commercial

forestry, and labeling other sorts of logging “illegal” (Obidzinski, 2004). In 2004, the new decentralization law, Law 32, 2004, reduced the powers of the district assemblies, and reinstated the province to oversee districts. Most agree, however, that it will be difficult for the center to reassert its authority again fully. Because the central forestry department resisted decentralization from the start and has rejected rather than tried to work with local government, it forfeited its opportunity to maintain control over forests under decentralization, except by coercion.

At the local level in Malinau, elements within the district government struggle simultaneously to (1) build their authority and establish an identity that sets them apart from local society by wearing their uniforms, talking in Indonesian rather than Dayak languages, and driving pretentious government vehicles, (“we are different than you”), (2) gain local people’s support through more personal contacts, favors, and use of Dayak cultural symbols and language (“we are the same as you”) (3) promote bottom-up politics and opportunities for formal consultation and (3) replicate comfortable old patterns of money politics. The mix of messages and their adjustment over time has made it difficult for local government to have a cohesive identity and created diverse tensions with local society.

While these tensions will provide a healthy balance of control across different levels of society and the state, excessive struggles on the part of any one participant may also perpetuate ambiguity. The state needs to contain the struggles sufficiently to support institutions for defining clear property rights, handling conflict, popular representation and managing forests sustainably. To the extent these institutions remain ambiguous, the powerful will co-opt the benefits from forests and the less powerful will make only marginal gains. Indonesia’s challenge is to determine how to develop these key institutions in the context of the emerging new local political orders.

10. Conclusion

Malinau’s story highlights the mixed potential of governance reforms to more localized entities. The districts became more independent units of governance which freed them to pursue local priorities. Dis-

trict officials became downwardly accountable and local people more influential. Local people gained new types of benefits from forests. Proximity and closer personal relations between local people and officials has improved communication and understanding.

Yet, the districts’ independence fragmented the state and created possibilities for forest exploitation that was not in the long-term public interest. Nearly everyone, including those in local government, used the transition to decentralization to test the limits of what they could gain from forests in the face of the disorganization of the state. Local officials took advantage of their strong local personal networks and alliances, especially between companies and villages, to organize for forest exploitation. Decentralization allowed the district government and local society not just to tap, but usurp previously centrally controlled power over forests and other resources, operating semi-autonomously from the center and the province (Li, 1999).

Without strong democratic measures in place or the oversight of central government, the potential for collusion among local ethnic elite, district officials and entrepreneurs to further their own interests continues. Unclear policies and authorities, as well as uncertain land use designations and management rights for most of the district, leave Malinau’s forests dangerously in limbo.

The rapid pace of changes has been as important as the changes themselves. The swiftness of reforms influenced perceptions of uncertainty and made it difficult for institutions and people to adapt quickly enough to address problems and opportunities. Although the initial scramble is over, the lingering indeterminate state of forests partly reflects decision makers’ need for more time to develop appropriate institutions.

Should we feel optimistic or pessimistic about the future? We have witnessed five years of remarkable learning and adaptation to the opportunities of change. We have every reason to believe such learning and adaptation will continue and can inform decentralization experiences elsewhere. Local governments should not be alone in the exciting challenges that ahead. Collaboration will be necessary at all levels to develop the institutions necessary to achieve stable agreements and long-term benefits from forests.

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