Setting the Stage: Money and Justice in Asia and Pacific Forests

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When the world’s population was small and forests covered a larger portion of the globe, forest governance was probably not a very significant problem. But with increasing population and increasing consumption of the Earth’s resources over the past century, forest governance has become a burning issue. Disputes abound, passions flare, fortunes are won and lost, and wars can even result from issues of forest governance. Partially in response to these problems, a popular move in recent decades has been to decentralize or devolve forest governance from central governments to lower levels of government, to civil society or to private hands (see, for example, Contreras, 2003; Colfer and Capistrano, 2005; Ribot and Larson, 2005).

One common rationale for such changes – particularly within governments – is the idea that decentralized governance will be cheaper. A more idealistic argument – common in more academic writings and in development circles – is that decentralized/devolved modes of governance will be closer to the people and thus more amenable to the checks and balances that can control the excesses of government officials and also make them more responsive to the needs of the people. This in turn would enhance the effectiveness and efficiency of service delivery and help maintain equity and social justice (Turner and Hulme, 1997; Burns et al, 1994). This view, in the long run, is probably correct. However, there have been many bumps along the road to effective devolution in most countries, and Asia-Pacific countries – with which we are concerned here – are no exception. Many well-researched problems centre around, among other things, the division of labour and benefits between levels of government; the willingness of higher levels to grant authority to lower levels in practice; the complexity of forest-related requirements that communities are unable to fulfil (such as forest management plans); and the lack of institutional capacity and financial resources at the local level to carry out the devolved responsibilities.
This book deals with these issues and takes the next step by looking more deeply into some topics that have not been particularly well addressed in the decentralization and devolution literature, but which seriously affect the processes of devolution in the Asia-Pacific region. The Asia Forest Partnership, which initially proposed the analyses provided here, had particular interest in illegal logging, forest fires and rehabilitation. The Indonesian government, with whom we have collaborated throughout, was particularly interested in the financial implications of decentralization. From a theoretical point of view, Colfer, Dahal and Capistrano were interested in the relationships between devolution processes and equity, corruption, tenure, and land use planning. All the parties involved were interested in looking forward, learning from and building on previous successes and failures in the region, and developing plans for collaboration and improved forest governance in the future. But before turning to the abundant and timely case material in this book, we first want briefly to introduce the major work already available on this topic (further supplemented in Chapter 3).

**RECENT REGIONAL RESEARCH ON FOREST GOVERNANCE**

There has been considerable high-level interest from governments and donors in decentralized forest governance over the past decade, and many of these efforts have resulted in excellent published analyses. Beginning in 1997, Wollenberg and Edmunds developed and implemented a project called ‘Creating Space for Local Forest Management’. Their purpose was to examine the impacts of the devolution process at the local level, with a whole range of partners in India, China and the Philippines (see, for example, Contreras, 2003; Edmunds and Wollenberg, 2003; Wollenberg et al, 2001). Not long after this effort began, the Food and Agriculture Organization of the UN (FAO) and the Regional Community Forestry Training Center (RECOFTC) held the ‘International Seminar on Decentralization and Devolution of Forest Management in Asia and the Pacific’ in Davao, Philippines (1998; reported in Enters et al, 2000, and in Chapter 3, this volume). This meeting brought together representatives from many countries in Asia to share their experiences with this process.

In 1999, CIFOR established the ‘Local People, Devolution and Adaptive Collaborative Management’ (ACM) programme, which addressed devolution, among other things, in 11 countries around the world, four of which were in Asia and the Pacific (Indonesia, Kyrgyzstan, Nepal and the Philippines). This programme attempted to strengthen efforts to involve local communities in better forest management and governance, while observing and analysing the process. The study communities (and also later, to some degree, districts) made good progress in improving equity; strengthening community and district communication, negotiation, and conflict management skills; improving local forest-related regulations; and strengthening both community knowledge of the
regulations and commitment to following and enforcing them (Anau et al, 2005; Dangol, 2005; Diaw and Kusumanto, 2005; Hartanto et al, 2003).

Meanwhile, within Indonesia, there has been an enormous amount of attention paid to the decentralization process. The 2002 collection by Colfer and Resosudarmo describes the situation shortly after Soeharto’s fall, when decentralization debates were in the air (see especially Bennett, 2002; Kartodihardjo, 2002; Lindayati, 2002; Resosudarmo and Dermawan, 2002; Wrangham, 2002; and the collection by Lynch and Harwell, 2002, which summarizes studies by many mainly NGO partners). CIFOR’s Ida Aju Pradnja Resosudarmo then initiated a study of decentralization in seven Indonesian provinces in the early 2000s, each resulting in a case study (Barr et al, 2001; Casson, 2001; McCarthy, 2001; Potter and Badcock, 2001; Obidzinski and Barr, 2003, synthesized in Barr et al, 2006). In 2003, CIFOR continued work on decentralization in Indonesia, moving towards action research at the district level in five Indonesian provinces (Soetarto et al, 2003; McGrath et al, 2005; Ngakan et al, 2005; Samsu et al, 2005; Sudirman et al, 2005; Tokede et al, 2005; Yasmi et al, 2005). Komarudin, who participated in this work, then coordinated the conduct of a project that used participatory action research to look at decentralization issues at both community and district levels in two Jambi districts of Sumatra (Komarudin et al, 2007).

The changing face of forest governance globally led us in 2004 to cooperate with the host governments of Indonesia and Switzerland and a large number of other partners in organizing, in Switzerland, the Interlaken Workshop on the same subject. This global meeting brought together people from government, NGOs, academia, projects and communities to discuss the ways that decentralization and devolution had played out in their countries (described in Colfer and Capistrano, 2005; see also Gregersen et al, 2004). The success of this workshop prompted the same sponsors to conduct a smaller meeting in Indonesia the following year (described in Departemen Kehutanan, 2005), and to organize and sponsor a follow-up regional workshop, in 2006, focusing on Asia and the Pacific – the findings reported here. These various studies and observations led to our commitment to continue looking at the issues of equity, corruption and land tenure, as part and parcel of more authentically devolving forest governance. In the remainder of this chapter, we highlight some important issues that permeate both the chapters in this collection and the literature on the process of devolution of forest management in Asia and the Pacific (see Annex 1 for a brief description of the Yogyakarta Workshop itself and the associated field trips). We conclude by explaining the structure of the book.

Central Issues in Forest Governance

We have already mentioned the various interests that prompted this book – illegal logging, forest fire and rehabilitation were of central interest to the Asia Forest
Partnership; the Indonesian hosts emphasized roles, responsibilities and rights, institutional analyses, and the financial implications of decentralization; and equity, corruption, land tenure and land-use planning were of central concern from the research perspective. In early interaction with the authors, we mentioned our interest in all these themes. Wanting, however, to have their genuine views on the important issues in their respective countries, we did not hold the authors to a strict set of topics. We emphasized our interest in hearing their views and their analyses of what was occurring in the countries they were writing about – thus the wide-ranging topics covered in this collection.

Here, we introduce a few key issues that are treated more fully in this book, looking briefly at equity and gender; corruption and elite capture; tenure; finance; and bureaucratic complexity, balance and effectiveness. These issues and more are discussed further in the final chapter.

**Equity and gender**

Although there have been a number of analyses documenting the lack of involvement of women in formal decentralization efforts in many countries (for example Dangol, 2005, on Nepal; Wiliam-de Vries and Sutarti, 2006, on Indonesia; Sarin et al, 2003, on India), the topic remains under-addressed in conventional decentralization literature and in formal governmental efforts to involve women. Nevertheless, involving women more meaningfully, rare as it has been, has led to better forest management in some cases. A recent and exhaustive analysis by Agrawal et al (2006) examined the impacts of women’s participation in forest management in the Indian state of Madhya Pradesh. They looked statistically at 641 village-level forest protection committees, comparing those with more and less involvement of women, and found that outcomes such as forest regeneration and control of illegal grazing and felling all benefited significantly from women’s involvement. Women’s participation was, for instance, associated with a 24 per cent increase in the probability of controlling illicit grazing and a 28 per cent increase in control of illicit timber felling (p33). Sarin et al (2003) also provide very thorough qualitative analyses in three Indian contexts in which the active roles of women in forest management are associated with positive effects on forest conditions and livelihoods.

Our goal has not been only to provide more evidence that women are involved in forests and therefore somehow deserve to be included in forest management. Instead, we wanted to move forward discussion that would lead to real changes in how decentralization is done – so that women (and other marginalized groups) are more meaningfully integrated into the processes that are being devised to make decentralization a useful reality (see also the recent collection by Vernooy, 2006).

CIFOR, and the NGOs Gita Buana and PSHK-ODA, have been working closely with villagers and district officials in two Indonesian districts in Jambi,
Sumatra, to develop mechanisms that will more effectively involve local women in forest-related policymaking. In Bungo District, local women have worked with men to legalize their own community management of part of their traditional area (hutan adat, or customary forest) that is formally part of Indonesia’s national forest estate (Munggoro et al, 2006; Marzoni, 2006; Permatasari, 2007). In Bungo and Tanjung Jabung Barat Districts, another group has been working with local women to strengthen collective action, in the hope of increasing women’s involvement in forest-related income generating projects (Siagian et al, 2005). Still others have been working at the district level to raise policymakers’ awareness of this issue (Wiliam-de Vries, 2006; Wiliam-de Vries and Sutarti, 2006). In another part of Indonesia, Danau Sentarum in West Kalimantan, women are gaining confidence to get involved in discussions on the future of the national park (Yuliani et al, 2006). In line with these interests, this collection includes considerable attention to this topic (see in particular Chapter 4).

Corruption and Elite Capture

Corruption is another topic that has been somewhat taboo in formal decentralization contexts (as well as other contexts!). Yet it pops up again and again in informal conversation. In Indonesia, it is common to hear that Soeharto’s rampant corruption has simply been ‘devolved’ to the 434 district heads throughout the country and continues unabated (cf. Véron et al, 2006, for India). While that is probably not entirely fair, the fact remains that corruption still plagues the populace. And Indonesia is no exception; in fact, corruption can be so ingrained that the ordinary citizen does not recognize it. Sarin et al (2003) and Baviskar (2005) on India, and Contreras (2003) and Dahal (2006) on the Philippines, provide numerous examples where government officials and local elites engage in corrupt practices that adversely affect both local forests and local livelihoods. Liu and Edmunds (2003), writing about China, note that, in efforts to reduce corruption, much depends on the degree to which local government officials can be held accountable for their actions by local farmers. Capistrano and Colfer (2005) identify this as a global problem, arguing that the most effective way to combat it is strong civil society (also reiterated by Larson and Ribot, 2005).

Illegal logging is often closely linked with corruption, and operates at various levels. At one level powerful elites drive the activity; at another local people may seize any opportunity to make a living; and in the middle is the government apparatus which either contributes to or constrains the practice.

Decentralization in Indonesia has also enabled the emergence of ‘unofficial’ levies on forest products at district and even sub-district levels, which makes illegal logs slightly more legal and contributes to the revenue of local governments (Barr et al, 2006). Recently there have been anti-money-laundering laws put in place, which hopefully will contribute to addressing these issues (for example Law 15/2002,
partially revised by Law 25/2003; forestry crime is mentioned in Law 25/2003). CIFOR teams have also had some success at the village level in controlling elite capture through local collective action (Komarudin et al, 2007).

**Tenure**

Tenure issues, discussed at greater length in Chapter 3, continue to plague decentralization processes, as governments try (or fail to try) to sort out conflicting claims to forest lands. There is a large variation in forest ownership across the region, with government land ownership dominant. Where government control has been strong and forests valuable, handing over control is especially hard. This has been a particular problem in Indonesia (Siswanto and Wardojo, 2005), where forest land remains legally under the control of the state. On the other hand, local communities have been planting trees for decades. The bureau of statistics estimates that community woodlots cover approximately 1,560,229 hectares with a standing stock of 39,564,003 cubic metres of mixed species. Most of what has been captured in these statistics is concentrated in Java and includes bamboo, teak, mahogany, pines, Paraserianthes and rosewood with a production potential of about 19 million cubic metres (Anonymous, 2005). To ‘protect’ these lands from state interference, however, local people refer to them as woodlots or tree gardens, not forest. On the outer islands, reform and decentralization encouraged local communities to reclaim large tracts of forest land as local governments took control over forest administration. This de facto decentralization has led to increased deforestation and conflict. While districts are slowly learning to adjust and in some cases some form of forest governance has emerged, forest regulations in 2003, and the revised decentralization law of 2004, recentralized many aspects of forest administration, so that forest land remains under central government control. Indeed, these changes were presaged in a 2002 Governmental Regulation (Peraturan Pemerintah No 34 of that year), and even earlier in the 1999 Forestry Law, which maintained a strong central flavour, contradicting the 1999 decentralization law (Resosudarmo, 2005). As a result, tenure for forest-dwelling communities remains insecure.

**Financial implications**

This issue surfaced as a bone of contention in Indonesia as soon as decentralization became law (Resosudarmo and Dermawan, 2002). These authors already described a ‘tug of war’ between the regions and the centre during the first year of decentralization in Indonesia (2001), part of which was financial. And more recently, Siswanto and Wardojo (2005) and Resosudarmo et al (2006) have described its ongoing relevance. Makapukaw and Mirasol (2005), writing from a bottom–up perspective, identified the difficulties of getting sufficient financial resources at the lower levels of the Philippine system as a major problem.
Another related and recurring topic pertains to devolution of responsibilities without the means of implementation. Such means can be related to finances or to authority. Mearns (2005) gives a good example of this situation in Mongolia, where herders have a strong traditional ethic of open access (as is the case in many forests of the world). Mongolia has decentralized politically, but not administratively or financially, and local people express dissatisfaction with the degree to which their needs and aspirations are addressed by the government. Malysheva (2005) outlines the lack of financial resources at local levels in Russia and the adverse effects this has on environmental protection.

In many countries there is a lack of clarity about responsibilities and rights or authority – with serious financial implications. Makapukaw and Mirasol (2005), for instance, in describing efforts to improve the decentralized management of the protected area of Mt Kitanglad Natural Park, complain that government needs to harmonize both conflicting laws and the roles of different management institutions.

**Bureaucratic balance, complexity and effectiveness**

There continues to be active debate about the efficacy of decentralization processes, with some authors clearly nostalgic for a return to stronger central control (for example Malysheva, 2005; Yoo, this volume). Many authors (for example Capistrano and Colfer, 2005; Dachang and Edmunds, 2003; Larson and Ribot, 2005; Véron et al, 2006) note the important roles that central government typically continues to play when decentralization is effective.

Continuing problems exist at the local level in a number of countries with complex bureaucratic requirements (for example overly technical management plans). Many decentralization processes involve efforts to devolve some authority to communities. Yet these efforts are often plagued by bureaucratic steps that are so complex that even sophisticated urbanites have trouble understanding them (cf. Baviskar, 2005).

In Indonesia, for instance, *hutan kemasyarakatan* (social forestry) involves a difficult and long procedure with uncertain outcomes, dependent on the results of a probation period of 2–5 years that is to be extended to 25 years only after several more administrative requirements are fulfilled, including the transformation of the farmers’ group into a formal cooperative (ministerial decree SK 31, 2001; see also Bun, 2006, on similar problems in Papua New Guinea).

An important dimension along which Asian and Pacific countries differ is the degree to which governments are able to enforce their laws. China and Korea have strong traditions of central control, going back millennia; New Zealand, on the other hand, has a strong, democratic system that is able, by and large, to implement its laws.

In contrast, Indonesia, India, Lao PDR, Malaysia, Papua New Guinea and the Philippines have had persistent difficulties enforcing their own regulations.
Lack of funds and difficult terrain have been constraints in many areas. Recency of independence from colonial rulers, as well as inappropriateness and lack of adaptation of colonial rules are likely to be additional factors.

**Structure of the Book**

We begin in this book with a historical discussion by Christian Kuechli, who in Chapter 2 introduces Switzerland’s commitment to the idea that effective forest sector governance is a key to sustainable forest management in Asia and the Pacific. Chapter 3, by Lesley Potter, introduces the most significant, tenure-related processes recently underway in Asia and the Pacific (also emphasizing gender issues). She includes boxes on important trends in Papua New Guinea and New Zealand (with Yati Bun and Colin O’Loughlin respectively).

The remaining chapters proceed from South Asia (Chapters 4 and 5), through East Asia (Chapters 6 and 7), to Southeast Asia (Chapters 8–12), which dominates the book. The topics identified as central in the workshop – roles, responsibilities and rights; institutional analyses, including organizations, capacity building and legal aspects; and financial implications of decentralization – are addressed in these analyses.

In Chapter 4, Seema Arora-Jonsson looks at forest management by starting with the collective action of women who live in forests in India and Sweden. Her analysis emphasizes the differences in ways men and women organize themselves and the differences in their forest-related goals. She stresses the significance of attending to gender issues in trying to plan and implement more equitable decentralization of forests.

In Chapter 5, Ganga Ram Dahal and Apsara Chapagain take us to Nepal, looking at how local-level mobilization of community user groups into an effective national network can affect the implementation of decentralization. The chapter begins with an introduction to Nepal’s forest decentralization process – perhaps the best known in the world. It then describes the unique development of FECOFUN (Federation of Community Forest Users of Nepal), emphasizing both the network’s considerable accomplishments and some of the remaining problems that the country and FECOFUN continue to face.

Turning to East Asia, Liu Dachang, in Chapter 6, provides a fascinating diachronic account of the various institutional elements of decentralization in China, addressing tenure, the rights to dispose of forest property, and the distribution of benefits and income from the forest. Chapter 7, by Byoung Il Yoo, sets the historical context for what is termed ‘autonomy’ in Korea, showing how the various responsibilities have been divided between the central and local levels of government and emphasizing forest fires and the implications of autonomy for their control.
Moving to Southeast Asia, in Chapter 8, Yayoi Fujita and Kaisone Phengsopha share their experience in the Lao People’s Democratic Republic, which is considered by many to have some of the most progressive policies in Southeast Asia. These authors emphasize the differences in implementation between donor funded projects and normal governmental implementation, indicating areas for improvement. Chapter 9, by Efransjah, Gunarso, Hassan and Santosa, compares consultative planning processes, deemed essential for effective forest governance, in Malaysia and Indonesia.

Chapter 10, by Kadjatmiko, describes the extreme centralization that characterized the Soeharto regime in Indonesia and the devolution of authority intended to meet regional aspirations, improve the fiscal structure, and mobilize regional and national revenues. Chapter 11, by Ernesto Guiang, F. Esguerra and Domingo Bacalla, stresses the importance of finance, providing a historical description of Philippine forestry policy and the growing disconnect between the intentions with which these policies were developed and the realities and impacts on the ground. Nguyen Quang Tan, from Vietnam, describes in Chapter 12 the radical reform of the forestry sector that has occurred over the last twenty-five years, analysing Vietnam’s bold efforts to devolve forest management to local people from a micro-financial perspective.

The final chapter (Chapter 13), by Capistrano, synthesizes what we have learned about forest governance and decentralization in Asia and the Pacific.

As will become clear in the chapters that follow, the diversity that characterizes the countries of Asia and the Pacific reinforces a conclusion we and others have come to before: the search for ‘best practices’ in the devolution of forest governance requires careful attention to history, culture and local contexts. But these chapters, despite their diversity, do provide illustrative examples of some approaches that have worked and others that have created or exacerbated problems. Policymakers and scholars can mine these pages for useful ideas and warnings for their efforts to improve governance, both within the region and elsewhere.

**Annex 1.1 The Yogyakarta Workshop and Associated Field Trips (by Ganga Ram Dahal and Yunety Tarigan)**

The workshop took place from 3–6 September 2006 in Yogyakarta, Indonesia, with over 175 participants from 25 countries, with about 40 per cent of the participants Indonesian. Countries represented included Australia, Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Japan, Korea, Lao PDR, Madagascar, Malaysia, Mongolia, Myanmar, Nepal, New Zealand, Pakistan, Papua New Guinea, the Philippines, Russia, Sri Lanka, Thailand, Vietnam, Switzerland, Timor Leste, the UK and the US.
There were three main substantive phases that corresponded with the full days of the workshop. The first day was devoted to presentations, beginning with two overview presentations in plenary, after which the groups divided into three parallel sessions, dealing with a) roles, rights and responsibilities, b) institutions, including organization, capacity building and legal aspects, and c) financial implications of decentralization. The second day was devoted to field trips. The third day, the group broke into five working groups to discuss the broad workshop themes: roles, rights and responsibilities; institutions, organization and capacity building; and financial incentives in forest decentralization. To understand local realities about forestry sector decentralization in Central Java, the participants of the Yogyakarta workshop visited the following sites, each of which had its own scheme.

Site 1: Social forestry in Tani Manunggal, Playen subdistrict, Gunung Kidul.

In Tani Manunggal, local communities formed a cooperative to manage 40ha of forestland in 2003. The legal basis under which the community forest scheme functions is Bupati (district head) Decree No 213/2003. This decree, valid for five years, took effect after decentralization in 2001, when social forestry schemes became the responsibility of the districts. Forming a cooperative is obligatory. Local communities have planted teak, mahogany and eucalyptus to rehabilitate the degraded lands, along with simultaneous intercropping of food crops (the practice is widely known as tumpangsari) for subsistence needs.

Site 2: Forest land rehabilitation in Paliyan, Gunung Kidul.

At present, two- and three-year-old teak and mahogany trees cover 305ha in Kepek, Paliyan. Approximately 707 households are involved in the rehabilitation scheme, plus the Ministry of Forestry, Forestry and Plantation Services of Yogyakarta, the Watershed Management Institute, and local communities. Local farmers are growing cassava, corn and papaya inside the plantation area to support their livelihoods. Finances for the scheme are controlled by the central government but pass through the Provincial Forest Service. In the long run, farmers plan to grow grasses and shift from food crops to livestock.

Site 3: Private forest activities in Sumberrejo and Selopuro villages in Wonogiri District.

The local communities initiated the planting of trees which transformed the landscape into a green site with impressive teak and mahogany trees on some 812ha in the two villages. With the help of a local NGO and district forest offices,
local communities had their forest certified by Lembaga Ekolabel Indonesia for sustainable community-based forest management. As a result of the plantation, the watershed was restored and water is now available to irrigate 40ha of paddy field in the villages.

**Site 4: Community-based forest management for enterprises in Kedu Selatan, Kaligesing subdistrict.**

The community of Kedu Selatan is managing 170ha of forest land under a state-owned forest enterprise (*Perum Perhutani*) scheme, under which community members and the government share benefits. The scheme operates under a decree of the governor of Central Java, No 24/2001. Community members are organized in a group for the promotion of forest-based enterprises. Besides planting trees in the specified area, they are allowed to grow food crops among the trees, tap resin and gum from the pine trees, and collect leaves for their livestock.

Based on observations during the field visits in Central Java, it is clear that decentralization in Indonesia is at an early stage and many issues remain unresolved. Probably the most important tasks remaining are to clarify the roles, responsibilities and authorities of different actors; support local institutions to develop their human and financial capacity; and win the confidence of local communities through establishment of a clear benefit-sharing scheme, making sure that the tenure and use rights of local people will continue for the long run.

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**Notes**

1 In this book, we focus on Asia and the Pacific. There is a large body of literature on decentralization and devolution from Africa (for example Oyono, forthcoming; Ribot and Larson, 2005; Sithole, 2005) and South America (Kaimowitz et al, 2000, Larson, 2005; Pacheco, 2002, among many others) which we cannot cover here, though we do refer to this rich literature from time to time.

2 Indonesia’s status has improved slightly on Transparency International’s corruption scale. It is now 2.0, or 133rd out of 146 countries, www.transparency.org/publications/gcr/download_gcr/download_gcr_2005. It was 145th for some time.