

Decentralisation and Forest Management in Kapuas District, Central Kalimantan

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Department for
International
Development

CIFOR REPORTS ON DECENTRALISATION AND FORESTS IN INDONESIA

Synthesis of Major Findings

Barr, C. and Resosudarmo, I.A.P. 2002. Decentralisation of forest administration in Indonesia: Implications for forest sustainability, community livelihoods, and economic development. Center for International Forestry Research, Bogor, Indonesia.

District and Provincial Case Studies

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Case Study 2. McCarthy, J.F. 2001. Decentralisation and forest management in Kapuas District, Central Kalimantan. Center for International Forestry Research, Bogor, Indonesia.

Case Study 3. Barr, C., Wollenberg, E., Limberg, G., Anau, N., Iwan, R., Sudana, I.M., Moeliono, M., and Djogo, T. 2001. The Impacts of decentralisation on forests and forest-dependent communities in Malinau District, East Kalimantan. Center for International Forestry Research, Bogor, Indonesia.

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Printed by SMK Grafika Desa Putera, Indonesia

ISBN 979-8764-80-3

Published by

Center for International Forestry Research
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Decentralisation and Forests in Indonesia: An Overview of the Study

Since early-2000, the Center for International Forestry Research (CIFOR) has conducted research on the decentralisation of forest administration and policies affecting forests in Indonesia. This project has sought to document the real and anticipated impacts of decentralisation on forest management, forest community livelihoods, and economic development at the provincial and district levels. During the initial phase of this research, CIFOR conducted case studies in nine *kabupaten* or districts, in four provinces: Riau, East Kalimantan, Central Kalimantan, and West Kalimantan. These case studies were carried out in 2000, with follow up visits to some districts conducted in early 2001. As such, the findings presented in the present report and the companion case studies reflect the conditions and processes that existed in the study districts during the initial phase of Indonesia's decentralisation process.

The following reports have been produced by this project. The first of these represents a synthesis of the major findings from the nine case studies, accompanied by a historical analysis of forest administration and forestry sector development in Indonesia, and a discussion of the origins and legal-regulatory basis of the nation's ongoing decentralisation process. Each of the nine case studies is published as a separate report (with the exception of the study districts in Riau, which have been combined) in order to make the information contained therein more readily accessible to decision-makers involved in the decentralisation process. It is hoped that readers of the case studies will refer to the synthesis report in order to situate the specific case study findings in a broader historical and policy context.

During 2002, CIFOR will publish additional case studies from research on decentralisation and forests in West Kalimantan, South Sulawesi and Irian Jaya. CIFOR also plans to carry out follow-up research at several of the original case study districts, and will publish periodic findings from the sites.

Acknowledgements and Disclaimer

CIFOR gratefully acknowledges the financial support of the Australian Center for International Agricultural Research (ACIAR) and the United Kingdom's Department for International Development (DFID). The opinions expressed in this report are the views of the author(s) and do not necessarily represent the official policy of CIFOR. These opinions, likewise, do not represent the official policy of ACIAR or DFID or any other organization involved in funding, conducting or disseminating this study.

The author gratefully acknowledges the assistance of the academics, government officials, NGO workers and members of the local community in Central Kalimantan who provided hospitality, information, essential advice and other generous assistance during the course of this research.

Overview of Indonesia's Decentralisation Process

Since late-1998, Indonesia has undergone a process of rapid and far-reaching decentralisation. With this process, considerable degrees of administrative and regulatory authority have been transferred from the national government in Jakarta to the country's provincial and district governments. This transfer of authority has occurred across broad segments of the nation's economy and has sharply redefined the roles and responsibilities of government agencies at each level of the nation's administrative structure. With the locus of decision-making shifting decisively away from the national government, Indonesia's ongoing decentralisation process marks a dramatic break from the highly-centralized system of governance that characterized Suharto's New Order regime during the period 1966-1998.

To a significant extent, the process of decentralisation now occurring in Indonesia has been driven by the demands of provincial and district governments whose jurisdictions are rich in timber, petroleum, and other natural resources. Officials from resource-rich regions have long complained that the vast majority of the benefits from these assets have flowed away from their regions to the national government and to private sector companies closely associated with decision-makers in Jakarta. While the New Order government kept a tight lid on calls for greater regional autonomy and regional control over natural resource revenues, the post-Suharto government has not been able to ignore these demands. On the contrary, since 1998 the country's senior leadership has recognized that its ability to maintain Indonesia's integrity as a nation may ultimately depend on its capacity to strike a more equitable balance of power between the national government, on the one hand, and the provincial and district governments, on the other.

Over the last three years, the national government has issued several important pieces of legislation aimed at transferring authority to the provincial and district governments, and at allowing resource-rich regions to retain a larger share of the fiscal revenues generated within their jurisdictions. The most significant of these have been Law 22 on Regional Governance and Law 25 on Fiscal Balancing, both of which were issued in May 1999. Together, these laws provide the legal basis for regional autonomy, laying out a broad framework for the decentralisation of administrative and regulatory authority primarily to the district level. These laws have been supported by a variety of implementing regulations and sector-specific decentralisation laws, including Law 41 of 1999, a revised version of Indonesia's Basic Forestry Law, which outlines the division of administrative authority in the forestry sector under regional autonomy.

In many parts of Indonesia, provincial and district officials acting in the spirit of regional autonomy have instituted reforms that extend well beyond the authority granted to them under the national government's decentralisation laws and regulations. Indeed, the formal decentralisation process has been driven, to a significant degree, not by policy decisions made at the national level but, rather, by decisions made by provincial and district level actors. This process has often been *ad hoc* in nature, with national policymakers frequently finding themselves in the position of having to react to fast-moving changes that have occurred in the provinces and districts. Far from being a well-planned and carefully-managed exercise in bureaucratic reorganization, the implementation of regional autonomy in Indonesia has been characterized by intense struggles among the different levels of government, each of which represents a competing set of political and economic interests. In this way, regional autonomy has stretched well beyond the formal decentralisation of administrative and regulatory authority; in practice, it also involves a significant, if largely informal and unplanned, devolution of power from the national government to its provincial and district-level counterparts.

The formal and informal processes of decentralisation have been accompanied by a wide-ranging set of governance and economic reforms, collectively known as *reformasi*, that are associated with Indonesia's transition away from Suharto's New Order regime. Broadly defined, *reformasi* refers to the transformation and dismantling of the policies, practices, and institutional structures through which the New Order leadership and a handful of well-connected conglomerates controlled the political and economic life of the country prior to Suharto's resignation in May 1998. While significant elements of the *reformasi* agenda coincide with the changes occurring under regional autonomy, these reform processes are also quite distinct. Whereas *reformasi* refers to a shift away from the constellation of interests and power structures that have supported a particular regime, decentralisation and regional autonomy refer to the transfer of authority from the national government to Indonesia's provincial and district governments.

Decentralisation of Forest Administration

The formal and informal processes of decentralisation that are now occurring in Indonesia have far-reaching implications for forest management and for the livelihoods of communities living in and around forested areas. On the positive side, experience from other countries suggests that decentralized systems of forest management often lead to more sustainable and equitable use of these resources, as decision-makers are physically located closer to where their policies will be implemented (Conyers 1981; Rondinelli, Nellis, and Cheema 1983). This proximity often brings with it improved understanding of the specific biophysical, social, and institutional conditions influencing forest management at the field level; better capacity to monitor the activities of forest user groups; and greater access to local knowledge about the management and utilization of forest resources — which are sometimes highly specific to particular social groups and/or ecosystems (Carney 1995).

In addition, decentralized forest administration often allows for greater participation on the part of forest communities in policy decision-making processes, and more direct accountability of policymakers to peoples whose livelihoods depend on forests (Brandon and Wells 1992). Decentralisation also frequently implies a more equitable distribution of benefits from forest resources, as local communities and governments in forested regions are able to secure a greater portion of revenues from the extraction of timber and other forest products (Ascher 1995; Ostrom 1990).

In addition to providing opportunities for expanded equity and improved forest management, however, decentralisation also carries significant risks. In many countries, national governments have decentralized without first creating the necessary institutional capacity at the provincial or district levels to administer forests effectively (Rivera 1996). Often, national governments assign tasks to provincial and district governments without giving them adequate resources for carrying out these tasks. Most provincial and district governments lack essential technical skills and must look to other entities for advice, training, and technical information. In cases where local elites have been strong and/or traditionally marginalized groups have been unable to organize themselves, decentralisation has often strengthened pre-existing power relations, rather than promoting democratic decision-making processes (Utting 1993). Finally, even when elite groups do not dominate provincial and district governments, it is often that case that these governments have little interest in sustainable forest management.

Indonesia's Forestry Sector

The manner in which decentralisation affects forest management, community livelihoods, and economic development is of particular significance in Indonesia due to the scale and importance of the country's forest resources. Indonesia has the world's third largest tract of tropical forests, surpassed in area only by those of Brazil and Congo. In 1997, the country's total forest cover was officially estimated to be 100 million hectares (MOFEC, cited in World Bank 2001). It has been conservatively estimated that at least 20 million people depend on Indonesia's forests for the bulk of their livelihoods (Sunderlin, *et al.* 2000). Over the last three decades, the national government has allocated over 60 million hectares of forest to commercial logging companies, and Indonesia's forestry sector industries have long ranked second only to petroleum in terms of their contribution to GNP (Barr 2001). The forestry sector currently generates approximately US\$ 7 billion in annual revenues.

Well before the country's ongoing decentralisation process began in late-1998, Indonesia's forestry sector had entered a period of crisis. From the mid-1980s onward, deforestation is estimated to have occurred at a pace of 1.6 million hectares per year (Toha 2000). A major factor driving this high level of deforestation and associated forest degradation has been overcapacity in the nation's wood processing industries. Through the mid-1990s, Indonesia's sawnwood, plywood, and pulp industries are collectively estimated to have consumed 60-80 million cubic meters (m³) of wood per year (Barr 2001; Scotland *et al.* 1998). Log consumption on this scale has stood well above the Indonesian government's own widely-cited sustainable timber harvest threshold

of 25 million m³ per year. Moreover, with few effective regulatory structures in Indonesia's forestry sector, domestic demand for timber has resulted in large volumes of wood being harvested from illegal sources (ITFMP 1999). At the same time, a decline in the nation's HPH timber concession system, coupled with rapid expansion in oil palm and other forms of agroindustrial plantations, has meant that a growing portion of the nation's wood supply has been obtained through clearing of natural forest rather than selective harvesting at multiple-rotation timber concessions (Barr 2001).

Scope and Methods of the Present Study

The present study examines the preliminary effects of decentralisation of forest administration in Kapuas District, Central Kalimantan. It is one of nine district level case studies carried out during 2000 and early 2001 by the Center for International Forestry Research (CIFOR) in four provinces: Riau, East Kalimantan, Central Kalimantan, and West Kalimantan. The findings presented in these studies reflect the conditions and processes that existed in the study districts during the initial phase of Indonesia's decentralisation process.

Each of the case studies used a rapid appraisal methodology for gathering data at the district and provincial levels. For each case study, preliminary visits were made to the district and provincial capitals to establish initial contacts and to identify key issues. Second visits for data gathering were then carried out for periods of 10-14 days in each district, with shorter amounts of time in the provincial capitals. The collection of primary data involved semi-structured interviews with key informants, including: government officials; forest industry actors; members of communities living in and around forests; political party representatives; officers from the regional military and police force; informal district leaders; representatives from nongovernmental organizations (NGOs); university researchers; and individuals involved with donor agencies and development projects. Data collection also involved the review of primary and secondary documents, including: district and provincial laws and regulations; government statistics; regional news media articles; industry publications; research studies; and reports prepared by NGOs and donor agencies.

Each of these case studies is structured to focus on processes that have occurred at the district and, to a lesser extent, the provincial levels. To avoid repetition, more general information on the history of forest administration and forestry sector development in Indonesia, as well as significant national policy and legal-regulatory reforms associated with decentralisation, has been placed in an accompanying report which synthesizes the project's major findings (see Barr and Resosudarmo and 2001). Readers are encouraged to review the case studies in conjunction with this synthesis in order to appreciate the broader historical and policy contexts within which the district and provincial decentralisation processes are now occurring.

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Bogor, Indonesia

Glossary

Adat	Customary rights or practices
APHI	<i>Asosiasi Pengusaha Hutan Indonesia</i> , Indonesian Forest Concession Holders Association
Bantuan Pembangunan	Development Assistance Grant
Bapedalda	<i>Badan Pengendalian Dampak Lingkungan Daerah</i> , Regional Environmental Protection Agency
BAPPEDA	<i>Badan Perencanaan Pembangunan Daerah</i> , Regional Development Planning Agency
Bina Desa	Village Development Programme
BPD	<i>Bank Pembangunan Daerah</i> , Regional Development Bank
BUMD	<i>Badan Usaha Milik Daerah</i> , or Regional Government-Owned Enterprise
Camat	Head of Subdistrict
CDK	<i>Cabang Dinas Kehutanan</i> , Branch Office of the Provincial Forestry Service
Cukong	Entrepreneur backing a commercial venture
Dephut	<i>Departemen Kehutanan</i> , Ministry of Forestry
Dephutbun	<i>Departemen Kehutanan dan Perkebunan</i> , Ministry of Forestry and Estate Crops
Desa tertinggal	Underdeveloped villages
Dinas Kehutanan	Provincial Forestry Service
Dinas	Provincial or district government office
Dispenda	<i>Dinas Pendapatan Daerah</i> , District Revenue Office
DPRD	<i>Dewan Perwakilan Rakyat Daerah</i> , Provincial or District Legislative Assembly
DR	<i>Dana Reboisasi</i> , Reforestation Fund
Golkar	<i>Golongan Karya</i> , one of Indonesia's leading political parties, generally associated with the New Order regime
HPH	<i>Hak Pengusahaan Hutan</i> , Commercial Forestry Concession
HPHH	<i>Hak Pemungutan Hasil Hutan</i> , Forest Product Harvest Concession
HPHKM	<i>Hak Pengusahaan Hutan Kemasyarakatan</i> , Community Forestry Concession

HPHTI	<i>Hak Pengusahaan Hutan Tanaman Industri</i> , Timber Plantation Permit
Hutan Kemasyarakatan	Community Forestry Concession
Hutan Lindung	Protected Forest
Hutan Produksi	Production Forest
Hutan Rakyat	Community Forest
IHH	<i>Iuran Hasil Hutan</i> , Forest Product Royalty
Inhutani	State-owned forestry enterprise
IPK	<i>Ijin Pemanfaatan Kayu</i> , Timber Clearance Permit
Kanwil Depdikbud	<i>Kantor Wilayah Departemen Pendidikan dan Kebudayaan</i> , Regional Office of the Ministry of Education and Culture
Kanwil Kehutanan	<i>Kantor Wilayah Kehutanan</i> , Regional Office of the Ministry of Forestry
Kanwil	<i>Kantor Wilayah</i> , Regional office of a national government agency
Kawasan Hutan	Forest Estate
Kawasan Pemukiman dan Penggunaan Lainnya	Area for Settlement and Other Use
Kecamatan	Subdistrict
Keramat	Sacred sites
Klotok	Small motorised boat
Krismon	<i>Krisis Moneter</i> , Monetary Crisis of 1997
KSO	<i>Kerja Sama Operasional</i> , Operational Joint Venture
Ladang	Area used for swidden agriculture
LKMD	<i>Lembaga Ketahanan Masyarakat Desa</i> , Village Resilience Council
Mitra	Business partner
MPI	<i>Masyarakat Perhutanan Indonesia</i> , Indonesian Forestry Society
Oknum	Forestry and Army officials prepared to work outside the law
PAD	<i>Pendapatan Asli Daerah</i> , Regionally Generated Revenues, often refers to revenues that district governments obtain from sources within their districts
Pahewan or Pahawan	Areas of sacred forest protected by local communities
Pajak Penerangan Jalan Umum	A monthly tax for the lighting of public roads
Parang	Machete
Patungan	Joint venture operations
PBB	<i>Pajak Bumi dan Bangunan</i> , Land and Building Tax

Pembantu Bupati	Assistant Bupati
Perda	<i>Peraturan Daerah</i> , Regional Government Regulation
PKT	<i>Dinas Perhutanan dan Konservasi Tanah</i> , Office for Reforestation and Land Conservation
PLG	<i>Proyek Lahan Gambut</i> , Million Hectare Peat Lands Project
Preman	A thug
PSDH	<i>Provisi Sumber Daya Hutan</i> , Forest Resource Rent Provision
Putra daerah	Child of the region, or 'native son'
Reformasi	Reform process aimed at dismantling the political and economic structures of Indonesia's New Order regime
Retribusi	Charge or levy
RKT	<i>Rencana Karya Tahunan</i> , Annual Logging Schedule for HPH-holders
RPBI	<i>Rencana Pengurusan Bahan Baku Industri</i> , operating permit required by sawmills and other wood industries
SAKO	<i>Surat Angkutan Kayu Olahan</i> , Permit to Transport Processed Wood Products
Sandung	Mausoleum
SKSHH	<i>Surat Keterangan Sahnya Hasil Hutan</i> , Permit to Transport Timber and Other Forest Products
Subsidi Daerah Otonom	Direct Subsidies to Autonomous Regions
Tambak	Large graves
TGHK	<i>Tata Guna Hutan Kesepakatan</i> , Forest Land Use Concensus
Tiwah	Secondary funeral
Tombak	Hunting spears
Wilayah Kerja Pembantu Bupati	Administrative region of the Assistant Bupati

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Abstract

This case study discusses decentralisation and forest management in Kapuas district, Central Kalimantan, focusing specifically on the impact of these administrative reforms on timber concessions operating there. It is based on field research carried out during June and July 2000. The study is based on interviews with government officials, forestry department staff, university researchers, NGO workers and the employees of timber workers in the provincial capital, Palangkaraya, and the district capital, Kuala Kapuas. To expand this analysis, research was also carried out in Gunung Mas in the headwaters of the Kahayan River where several concessionaires are still active. There, further interviews were conducted with businessmen, subdistrict government officials and lower level forestry staff, community leaders and local villagers. As far as possible, these interviews were supplemented by the collection of relevant newspaper articles, government and consultancy reports, as well as other written sources.

The first section of this chapter provides essential background regarding the geography, economy and history of forestry in Kapuas district. The second section focuses on decentralisation and forest management, analysing the financial situation of the district administration, the efforts of the district government to create district laws to regulate the forestry sector in the district, and the initial impacts of decentralisation on spatial planning and environmental management. The third section analyses the situation of timber concessionaires in Gunung Mas just before the decentralisation laws took effect, focusing on the changing relationships among timber companies, the local administration and local communities. The case study examines the endemic conflicts occurring between local communities and logging concessionaires in the area. Finally, it draws some conclusions regarding the impact of decentralisation on forest management in the district.

1

BACKGROUND

1.1 GEOGRAPHY

Kapuas district is extensive. With an area of some 34,800 square kilometres (km²), the district comprises over 23% of Central Kalimantan, covering approximately the same area as the entire province of Central Java. However, in stark contrast to Central Java, Kapuas has a population of just 500,000 people.

Kapuas has five major rivers, and two of these, the Kahayan and Kapuas, stretch over 600 km. A recently sealed highway connects Kuala Kapuas to Palangkaraya, the provincial capital, and on to Sampit. Another 12 of the district's 24 subdistricts (*kecamatan*) are accessible by unsealed road in various states of repair; consequently over half of the district can only be reached by river. Due to the low population density, the vastness of the district and the poor transport facilities, the district government faces significant difficulties extending even basic services throughout Kapuas. The cost of visiting upriver areas creates an enormous obstacle even for senior district officials. The head of one Kapuas district office interviewed in the course of this study said that in two years on the job, he had only visited 10 from 24 *kecamatan*. As a result of this isolation, education and health services in many outlying villages are very rudimentary, while many areas lack postal and telephone facilities.¹

The district's spatial plan divides Kapuas's into three areas. To the north lies the highlands with an elevation of between 100 and 500 meters (m)

above sea level. In the absence of an effective road system, the northern highlands can be reached by boat, and then only when water levels permit. While several logging concessions are active there, illegal logging is not as widespread as in areas to the south due to the difficulty of access. Local people are heavily involved in unregulated gold mining along the rivers, an activity that is contaminating these rivers with mercury.² To the south, the central plateau region lies between 50 and 100 m above sea level. This area consists of logged-over secondary forests. Many of the logging concessions formerly operating in this area have expired, and some areas are now in the hands of the state-owned forestry enterprise, Inhutani III. At the time this study was conducted, there was also significant uncontrolled logging in many areas. Farther to the south lies the extensive swamp lands of Central Kalimantan (*Kalimantan Tengah* or Kalteng) that surround the capital of the district, Kuala Kapuas. Lying between sea level and 5 m elevation, it is tidal and subject to seasonal flooding (BAPPEDA 1999).

Kapuas has also been a centre for transmigrants, and there are 43 transmigration settlements in the district. During the Mega Rice Project some 13,000 transmigrant families (54,000 people) were settled in Kapuas's inhospitable peat swamps. Here former President Suharto initiated the Mega Rice Project in 1995: some 85% of this million-hectare project (known in Indonesian as *Proyek Lahan Gambut* or PLG)

was located in Kapuas district. PLG was put on hold shortly after Suharto's downfall in 1998, and finally cancelled in July 1999. However, by this time most of the PLG area had been logged and cleared, leaving a devastated landscape approximately the size of Northern Ireland (see Map).³

1.2 ECONOMY

Most of the district's population combines shifting agriculture with the cultivation of rubber. The district is a centre of rice production for Central Kalimantan producing some 150 tons of surplus in 1996 (BAPPEDA 1999). Community rubber gardens, mainly along the banks of Kapuas's extensive rivers, cover over an estimated 82,566 ha and produce some 16,392 tons of dried rubber each year. There are also extensive areas of coconut gardens (17,845 ha), producing some 13,146 tons of copra (Pemerintah Daerah Kabupaten Kapuas Cabang Dinas Perkebunan 2000).

In the highlands of Gunung Mas, on the Kapuas river north of Palangkaraya, there are significant reserves of gold and coal. While villagers are extensively involved in gold mining, due to the lack of infrastructure and the problems of reaching the highlands, there is only one commercial gold mine and no coal mines at present. The lack of port and road facilities compared to the neighbouring districts of Kotawaringin Timur (Kotim) and Kotawaringin Barat (Kobar) also create major obstacles for the development of plantation agriculture. Although some 'wood utilization' forest clearing permits (*Izin Pemanfaatan Kayu* or IPK) have been granted for the development of agriculture, the parties involved have tended to use the IPK as a strategy to harvest the timber without proceeding to replant.⁴

1.3 FORESTRY

In Central Kalimantan the regional offices of Ministry of Forestry and Estate Crops (*Departemen Kehutanan dan Perkebunan* or Dephut) are organised according to the major river estuaries.⁵ As there are two major river systems in Kapuas district, there are two branch offices of the Provincial Forestry Service (known as *Cabang Dinas Kehutanan* or CDK), one for each of the Kahayan and Kapuas estuaries.

According to the 'consensus forest spatial plan' (*Tata Guna Hutan Kesepakatan* or TGHK) Dephut carried out during the 1980s, CDK Kapuas office of the Provincial Forestry Service is responsible for 1,125,500 ha of area classified as 'Forest Estate' (*Kawasan Hutan*). As the PLG encompassed areas previously allocated to seven HPH timber concession-holders, these concession areas were abolished to make way for the project. During the PLG period, these areas were to be converted to agriculture, and Dephut issued IPK permits to clear-fell the forest. With the cancellation of the project, these permits were revoked. When the permits of several concessions expired during the 1990s, PT Inhutani III obtained the rights to manage the areas, usually under cooperative arrangements with the original concessionaires. With many permits still 'in process', the information provided by the Provincial Forestry Service (*Dinas Kehutanan Tingkat I*) regarding the status of concession areas at times contradicted the information provided by CDK Kapuas's annual report for fiscal year 1999/2000. Consequently, it is difficult to be certain about the status of concession areas.⁶ Inhutani III returned at least three areas to Dephut (Table 1). However, Inhutani III is now clearly operating under a joint venture (*kerja sama operasional* or KSO) with a concessionaire (Kayu Mas Ratu) in one area and a timber plantation permit (*Hak Pengusahaan Hutan Tanaman Industri* or HPHTI) is in process for a second area (ex Bataruang Alphatera).⁷

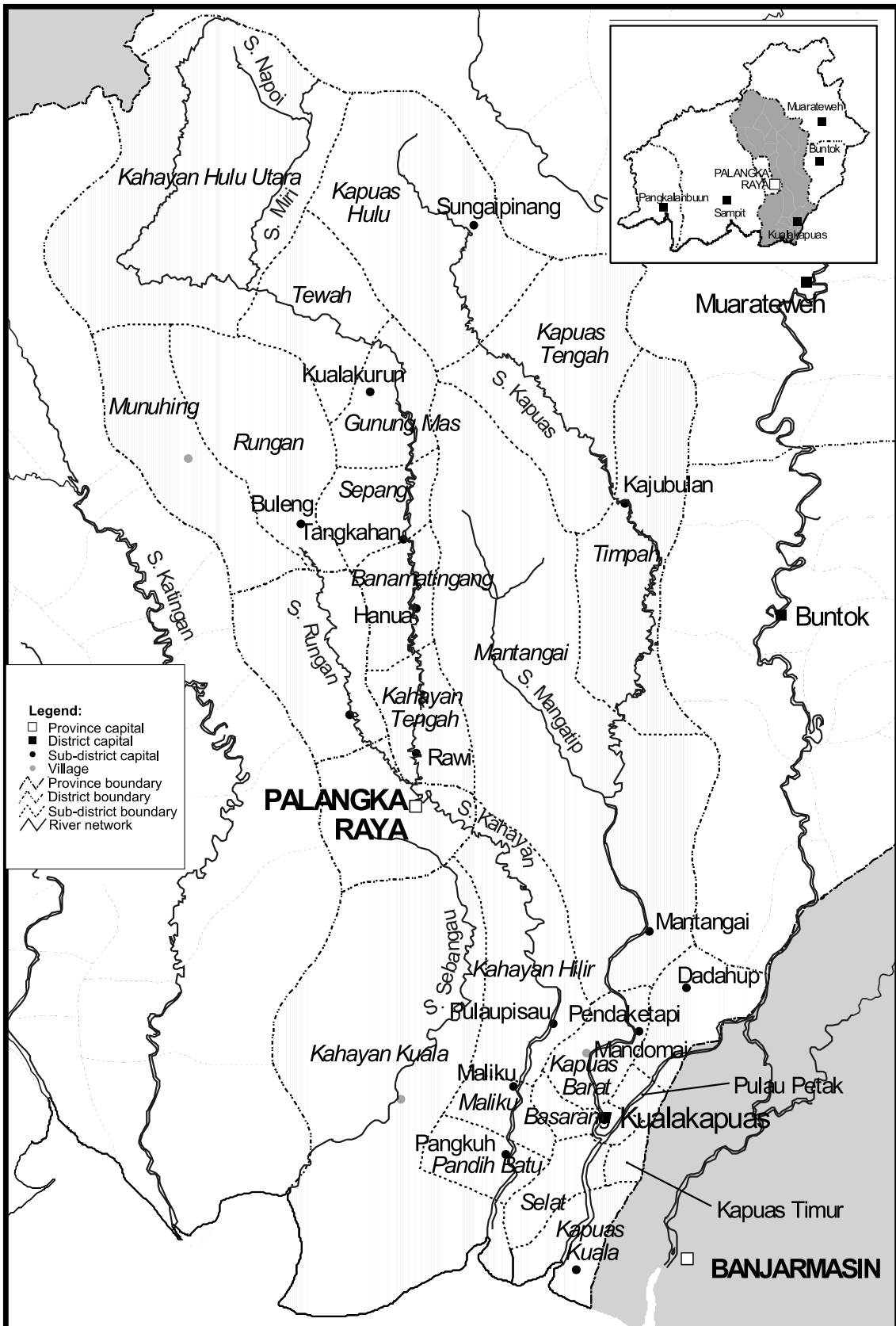


Table 1. Concessions under the Kapuas Branch Office of the Provincial Forestry Service, CDK Kapuas

Name of Company	Extent of area in Kapuas (ha)	Status of Concession
1. PT Gunung Meranti	95,265	extended 14.10.99
2. PT Dasa Intiga	189,200	joint venture with Inhutani III
3. PT Inhutani III (ex HPH PT)		
– Kalang Murni	-	unclear
– Kayu Mas Ratu	80,000	joint venture with Inhutani III
– Telawang	87,000	returned to Dephut
– Andalan Raya Timber	-	unclear
– Bataruang Alphatera	62,500	HPHTI (in process)
– Giat Ika Aneka Timber	81,000	returned to Dephut

Sources: *Dinas Kehutanan Tingkat I; Dinas Kehutanan Cabang Dinas Kehutanan Kapuas (2000).*

CDK Kapuas's annual report for 1999/2000 noted that there are only two 'pure' concessionaires (i.e. those holding HPH licenses) active within the CDK Kapuas area.⁸ Yet, according to the list provided by the Provincial Forestry Service, one of these concessions, PT Dasa Intiga, is actually a joint venture with Inhutani III. This suggests that only one logging concession now operates in its own right – the concession of PT Gunung Meranti (Dinas Kehutanan Cabang Dinas Kehutanan Kapuas 2000).

In a similar fashion, in accordance with the TGHK forest inventory, CDK Kahayan (based in Palangkaraya) has responsibility for 2,330,882 ha of area classified as 'Forest Estate'. As in the jurisdiction of CDK Kapuas, during the PLG project, a large portion of the theretofore classified as 'Production Forest' was reclassified so that it could be converted for rice production. In Kahayan this led to the disappearance of five former concession areas. To facilitate the clearing of this area, Dephut issued 24 IPK. Subsequently, with the cancellation of this project, these licences were also revoked (Dinas Kehutanan Cabang Dinas Kehutanan Kahayan 1999). According to the CDK Kahayan report for 1998/1999, in the Kahayan area PT Inhutani III had taken over direct management responsibility for four former concession areas. Inhutani III also oper-

ated joint venture operations (*patungan*) in two other concession areas, and was 'non-active' in three areas (Dinas Kehutanan Cabang Dinas Kehutanan Kahayan 1999). A list of active concession areas provided by the Provincial Forestry Service in July 2000, shows that Inhutani III then held only one (i.e. that previously held by PT Gelora Dayak Besar) of the four areas previously listed as being under the company's direct management. The status of the other four former concession areas was still unclear.

In the 1998/1999 financial year, there were eight HPH timber concession-holders active in the CDK Kahayan area (Table 2). According to the Provincial Forestry Service in Palangkaraya, two of these had their permits extended in 1999. However, the permits of three others have recently expired, and their present status is unclear. One of the concessions extended, PT Hutan Domas Raya, originally had a concession area of some 249,000 ha. In accordance with new regulations regarding the maximum size of a concession, this has now been divided, and a section granted to PT Prabanugraha Teknologi.

The transmigrants who settled in the southern swamp lands during the PLG project – together with the local population whose productive lands were destroyed by the project – have subsequently been left largely to their own re-

sources. The channels constructed during the project have become conduits along which people gain access to the interior. As a result all remaining timber is being removed (Rieley 1999).

Moreover, a large neighbouring area of peat swamp forest between the Sebangau and Katingan Rivers is now also subject to extensive illegal logging. A recent aerial survey of this vast landscape found 66 locations where loggers – using logging skids, small canals and huts visible from the air – were extracting timber illegally inside this area of state-designated ‘Production Forest’ (Rieley 1999). This is occurring in an area where most official concessions have ended after their 20-year licences have expired. Jack Rieley (1999), the director of the Kalimantan Tropical Peat Swamp Forest Research Project, has written that ‘the regrowth trees for the next official timber crop are being stolen, no one is stopping it, few people care and this forest is dying. The timber thieves have penetrated the Natural Laboratory for Sustainable Management of Tropical Peat Swamp Forest and nothing is done to stop them’. Rafts of logs are towed down the Sebangau to a pocket of sawmills that lines the banks along a stretch of river. According to one informant, although there are too many

sawmills here to count, the number of sawmills perhaps runs over a hundred.⁹

Another pocket of sawmills lines the Kapuas River between Mantangai and Taburu. A driver in Kuala Kapuas interviewed in the course of this research described visiting this area. He took a speedboat five hours up the Kapuas River to accompany a friend opening a small-scale sawmill there. Just after the point where the Mantangai river meets the Kapuas, the Kapuas river widens. The Kapuas is navigable to ocean-going ships up to this point, and here lies another pocket of an estimated 100 sawmills. Local people work in the forest as far north as Seihanyu, cutting trees and floating rafts of logs down the Kapuas, the Mangatip and other tributaries of the Kapuas down to where the river widens. Here sawmills cut the logs into timber that is loaded onto ocean-going ships – including Madurese and Bugis wooden *perahu* – and transported to Java or directly exported overseas.¹⁰

Logging concession staff interviewed in the course of this project explained that illegal logging began about five years ago. In 1996 migrants from Banjarmasin and from the downstream towns moved into the peat forests, work-

Table 2. Concessions Under the Branch Office of the Provincial Forestry Service, CDK Kahayan

Name of Company	Extent of Area in Kahayan (ha)	Status of Concession
1. PT Suka Budi Mulya	60,000	concession expired 15.4.00
2. PT Kayu Lapis Indonesia	130,000	concession expired 3.10.99
3. PT Dahian Timber	66,000	(concession expires 15.7.01)
4. PT Fajar Kahayan	42,000	(concession expires 17.9.01)
5. PT Hutan Domas Raya	94,280	Extended 14.10.99
6. PT Sikatan Wana Raya	43,687	Extended 24.9.99
7. PT Ratu Miri	42,000	Active (concession expires 23.2.09)
8. PT Barito Pacific Timber Unit VI	80,000	Unclear (concession expired 16.11.99)
9. PT Tanjung Raya Intiga Unit II	45,000	Joint venture with Inhutani III
10. PT Bumi Raya Intiga	92,000	Joint venture with Inhutani III
11. PT Prabanugraha Teknologi	42,600	Granted 14.10.99 (part of PT former Hutan Domas Raya concession)
12. Inhutani III (ex-Gelora Dayak Besar)	120,000	HPHTI – TPTH PT Inhutani III
13. PT Rimba Dwipantara	9,930	HPHTI
14. PT Puspa Wana Cemerlang	21,750	HPHTI

Sources: *Dinas Kehutanan Tingkat I; Dinas Kehutanan Cabang Dinas Kehutanan Kahayan (1999).*

ing directly for timber companies with IPK permits or at the behest of contractors developing the transmigration sites. Local communities – such as those in the Mengkatip area – also became heavily involved in the unfettered logging of surrounding forests, selling timber to companies, timber brokers or directly to contractors building transmigration settlements (Tim Pemantauan Kawasan Konservasi Air Hitam 1997). However, ‘it only became a serious problem at the time of the *krismon* [i.e. Indonesia’s 1997 financial crisis]’ when lots of Javanese and others from outside the province who were displaced by the crisis moved to Central Kalimantan. This illegal logging is concentrated in accessible areas downriver – such as Sebangau and around Mantangai. The highland area is very hilly and, with the lack of roads, transportation is difficult.¹¹

A worker in a Kuala Kapuas hotel reported that visitors from Korea, Hong Kong and Singapore frequent hotels there. As many cannot speak Indonesian, they are chaperoned by Indonesian assistants who take them up to visit the sawmill operations that they sponsor around Mantangai. However, not all the entrepreneurs (*cukong*) backing logging operations are foreigners.¹² According to the driver, someone wishing to open a small-scale sawmill, or *bansaw* operation, needed to make an investment of perhaps Rp 100 million just to begin operating. They will need a ‘counterpart’ (*mitra*), usually from Jakarta or Surabaya who will supply capital and buy the timber. A sawmill operator will also need backing from *oknum* – forestry and army officials prepared to work outside the law. ‘Although timber can be taken from Kalimantan without a SAKO or *Surat Angkutan Kayu Olahan* [i.e. a permit to transport timber now known as SKSHH or *Surat Keterangan Sahnya Hasil Hutan*], without one the wood can be confiscated in Java. So they will need to buy one from Forestry. They cost around Rp 200,000 m³. When asked about the role of local customary, or *adat*, leaders in these operations, he explained that before cutting in an area, log-

gers needed to approach the tribal head (*kepala suku*) and make payments – for example for building a road or for building village facilities.¹³

To reduce the difficulties involved in governing such an extensive district, for many years Kapuas has been divided into three administrative areas. *Pembantu Bupati* (Assistant to the *Bupati* or district head) have been appointed to coordinate the administration of two of these areas – Gunung Mas and Pulang Pisau. However, it is widely felt that there is a critical need to divide Kapuas into new, more manageable districts, and indeed there are plans for these two administrative areas to become separate districts in their own right. The Bupati, governor and both district and provincial legislative assemblies (DPRD) have agreed to this proposal, although it is not yet clear when the central government will approve. The highland area of Gunung Mas is a candidate for district status. Gunung Mas lacks facilities and

even a road connection to the outside, and the area will face significant challenges before being able to function as an independent district. Consequently, it could be some time before Kapuas is effectively divided into three fully functioning districts.

2.1. DISTRICT FINANCES

As in other districts preparing for regional autonomy, Kapuas faces critical financial challenges. The general situation of the district budget in the 1999-2000 financial year (Table 3) indicates the following:

- Kapuas received Rp 115 billion, or some 83% of its budget as either direct ‘subsidies

Table 3. Summary of District Budget, 1999-2000 Fiscal Year

Total District Income (<i>Penerimaan Daerah</i>)	Rp 138,380,229,461
Regionally-Generated Income (<i>Pendapatan Asli Daerah</i> or PAD)	1,643,582,952
Regional Taxes (<i>Pajak Daerah</i>)	476,182,629
Regional Charges (<i>Retribusi Daerah</i>)	526,368,261
Tax Receipts (<i>Hasil Pajak</i>)	11,582,623,689
Land and Buildings Tax (<i>Pajak Bumi dan Bangunan</i> or PBB)	10,068,342,762
Non-Tax Receipts (<i>Hasil Bukan Pajak</i>)	5,004,623,211
Forest Product Royalty (<i>Juran Hasil Hutan</i> or IHH/PSDH ¹⁴)	4,698,159,901
Subsidy for Autonomous Regions (<i>Subsidi Daerah Otonom</i>)	68,999,915,634
Development Assistance (<i>Bantuan Pembangunan</i>)	46,105,199,543
Expenses	
Routine Spending (<i>Pengeluaran Rutin</i>)	84,324,370,698
Development Expenditures (<i>Pengeluaran Pembangunan</i>)	54,055,928,763

Source: *Pemerintah Kabupaten Kapuas Rancangan Perhitungan Anggaran Pendapatan dan Belanja Daerah Tahun Anggaran (1999/2000)*.

for autonomous regions' (*Subsidi Daerah Otonom*) or as 'development assistance grants' (*Bantuan Pembangunan*). This means that Kapuas is almost 20% more dependent on direct subsidies and grants from the central government compared to Barito Selatan district (see case study 1).

- The district's own 'regionally-generated income' (*Pendapatan Asli Daerah* or PAD) amounted to only Rp 1.6 billion from a total budget of Rp 138 billion. In other words, the district only raised some 1.6 % of total district revenue from its own activities.
- The 'Forest Product Royalty' (*Iuran Hasil Hutan* or IHH) and 'Land and Building Tax' (*Pajak Bumi dan Bangunan* or PBB) that contain the significant contributions from logging concessions amount to some Rp 14.8 billion or 10.7% of the total district budget. This indicates that timber royalties make a substantial contribution to the district budget.

With regional autonomy, district governments will need to raise funds diligently to support their existence as autonomous regions. In the meantime, according to the head of the District Revenue Office (*Dinas Pendapatan Daerah* or *Dispenda*), allocations from the central and provincial governments to Kapuas have fallen compared to the previous financial year by some 50% to 60%, creating a crisis for the district government's routine expenditure.¹⁵ According to another source, this meant that in 2000, when this study was conducted, the wheels of district government could hardly turn, creating considerable pressure to raise PAD.¹⁶

The head of the District Revenue Office confirmed that, while waiting for the inception of the taxation regime that will operate with regional autonomy, the district needs to find ways to pay for its routine activities. So the problem, he said, is 'where to look for it', because in effect 'the tap is already shut'.¹⁷ The 1997 taxation law (*Undang Undang* or UU No 18/1997) took away the right of the districts to

levy taxes outside of six specific areas, and this – together with the economic crisis – led to a significant fall in PAD. As the regional autonomy law regarding the balance of finances between the centre and regions (UU No 25/1999) did not touch on most aspects of how taxes are to be levied, it did not substantially alter the previous taxation law (UU No 18/1997). However, in July 2000 the central government was discussing a new law that would modify the tax regime established by Law 18 of 1997. While the new law will allow district governments to raise new taxes, according to the District Revenue Office, this power will be restricted: district governments will only be able to collect new taxes outside of those permitted by Law 18 of 1997 'within a corridor allowed by the law'.¹⁸

To stabilise their financial position in the transitional period, regional governments are beginning to levy new charges on a range of goods and services. Yet, the district government needs time to locate new sources of revenue and to socialise new regulations governing the new taxes. Moreover there is some risk to this strategy: Law 22 of 1999 gives the central government the power to abolish new regulations passed by the district governments if they contradict higher laws, and any initiative can be cancelled. For instance, the 1997 taxation laws (UU No 18/1997) did not allow district governments to levy taxes on forest products and timber. However, many districts in Central Kalimantan – following the example of Kotawaringan Timur – have marshalled the courage to make new regulations in this area. In July 2000, the central government's attitude to these new taxes remained unclear.¹⁹

In July 2000, the head of the District Revenue Office said that it was also uncertain about how taxation powers would be divided between district and provincial governments. In the transitional period, there was still a considerable amount of 'push and pull' between the different levels of government. For example, although the district governments levied taxes on motor

vehicles before UU No 18/1997, this law took the power to levy this tax away from the district governments and gave it to the provincial governments. At the time of the research, ‘in the spirit of the regional autonomy laws’, the district governments were arguing that this power should be given back to the autonomous regions.²⁰ In general, in district government circles there was a perception that the central government has held onto one of the most lucrative sources of revenue – mining. Nonetheless, the head of *Dispenda* was optimistic about the financial situation of the district – provided that power was devolved to the district government and tax revenues divided in the manner proposed by the regional autonomy laws.

Although the head of *Dispenda* was unable to provide a list of financial targets for the new taxes, he did indicate the most significant *retribusi* or charges. At present these include:

- *pajak penerangan jalan umum*, a charge levied on electricity bills every month;
- the *retribusi* on the mining of crushed rock, gravel and coarse sand; and
- *retribusi* on hospital services.

The head of *Dispenda* said that before 1997 *retribusi* levied on timber – such as ‘third-party contributions’ (*sumbangan pihak ketiga*) – were not particularly significant in Kapuas. However, the head of the ‘Office for Forestry and Land Conservation’ (*Dinas Perhutanan dan Konservasi Tanah* or PKT) in Kapuas reported that HPH and IPK active in Kapuas district used to pay a district tax. The tax was levied on the amount of timber a licensee had produced – based on his or her own reports to the CDK offices. According to the PKT head, while it was not an immense sum, it was still a significant amount of revenue.²¹ The problem was that the powerful Indonesian Forestry Society (*Masyarakat Perhutanan Indonesia* or MPI) continuously ‘fought’ (*hantam*) the levying of this tax: ‘because they did not like it, there were lots of obstacles and leaks. Also it could not be

levied on illegal operations’. Yet, as Law 18 of 1997 did not allow district governments to levy taxes on timber, in 1997 this *retribusi* was abolished.²² However, in 2000 the district introduced new *retribusi* on timber, and in the month after its introduction, the district had already generated Rp 300 million.

2.2 CREATING A DISTRICT REGULATORY REGIME

In May and June 2000, with the agreement of the Kapuas district assembly, the Bupati passed several district regulations (*peraturan daerah* or *perda*), setting up a regulatory regime that would enable the district to raise its own regionally-generated income (PAD) from the forestry sector. These include:

- *Perda No 5/2000* establishing how individuals or cooperatives in the district obtain concession permits from the *Bupati* and subsequently operate ‘forest product harvest concessions’ (*Hak Pemungutan Hasil Hutan* or HPHH).²³ According to this regulation, local people are to have priority in obtaining HPHH concessions where they will be permitted to log trees down to 20 centimeters (cm) in diameter in peat swamps and down to 30 cm in diameter in dry or mountainous forests.
- *Perda No 10/2000* setting up an administrative framework for levying district taxes on all timber taken out of the district – including unprocessed logs from logging concessions and processed timber from sawmills.²⁴
- *Perda No 11/2000* regulating how, at a charge of between Rp 1.5 and 3 million, operators can obtain sawmill licences from the district government.²⁵
- *Perda No 12/2000* establishing a framework for handling illegal timber in the district. The regulations provide for the formation of a

team at the district level involving representatives of the police, district government, district prosecutor's office and the auction office. This team will be responsible for confiscating and auctioning illegal timber.²⁶

- District officials are also working on a concept to allow the exploitation of areas classified as 'Community Forest' (*Hutan Rakyat*) outside the state-designated 'Forest Estate' ('*Kawasan Hutan*') – including pockets of *durian*, *meranti*, *sungkar* and old rubber trees.²⁷

With *Perda No 12*, Kapuas follows the example of other districts in levying district taxes on all timber leaving the district. However, officials in Kapuas carefully differentiated Kapuas's regime from that operating in Kotawaringin Timur, claiming that Kapuas would avoid any conflict with higher laws over this issue.²⁸ Kapuas's regulations would not allow illegal timber to proceed through the district upon payment of a *retribusi*. In accordance with the system that has previously operated across districts in Indonesia, a team of officials – involving the police – will continue to process the timber according to national law: illegal timber would be treated as 'captured timber' (*kayu tangkapan*) rather than as 'found timber' (*kayu temuan*).²⁹ However, an official explained that the timber would be auctioned without regard to who was behind the illegal logging. This was because it would be too difficult to deal with those backing the logging, and if those members of the community who were involved were arrested, this would lead to 'social problems'. Therefore the timber would be auctioned and given documents, and the timber would be allowed to leave.³⁰ In contrast to the levy (*retribusi*) on illegal timber, while still generating PAD, this auctioning was a disincentive for illegal logging.

Yet, if Kapuas had avoided conflict with higher authorities in this regard, the district had found other controversial ways to make the most of

opportunities opened up during the transition to regional autonomy. As noted in the Barito Selatan report (case study 1), Government Regulation 6 of 1999 established the concept of HPHH 'Forest Product Harvest Concessions', giving the *Bupati* power to issue permits for small-scale concessions up to 100 ha in size within areas classified as 'Production Forest'.³¹ President Habibie passed the regulation in January 1999, and in September 1999 the *Bupati* of Kapuas made a formal decision to facilitate the implementation of this regulation within the district. On November 13, 1999 the new Minister of Forestry and Estate Crops issued a formal letter delaying the implementation of this regulation. However, by this time the *Bupati* had issued formal letters of approval for 25 HPHH permits in Kapuas.³²

Subsequently, the district has continued with the HPHH initiative. However, the problem it has faced is that, before the creation of a District Forestry Service (*Dinas Kehutanan Kabupaten*) directly responsible to the *Bupati*, the main forestry office in Kuala Kapuas, CDK Kapuas (through *Dinas Kehutanan Tingkat I*) is still under the authority of the Governor. This means that the *Bupati* is unable to obtain the assistance of CDK Kapuas in administering the HPHHs without the direct approval of the provincial level. In light of this instruction from Dephut, the Provincial Forestry Service and the Ministry of Forestry's Regional Forestry Office (*Kantor Wilayah Kehutanan* or *Kanwil*) have been unwilling to be directly involved in going ahead with the HPHH initiative. At the district level there is another forestry office, the 'Office for Reforestation and Land Conservation' (*Dinas Perhutanan dan Konservasi Tanah* or PKT), that is responsible directly to the *Bupati*. PKT's mandate is to further the reforestation and regeneration of 'critical lands' outside the state-controlled 'Forest Estate' (*Kawasan Hutan*). But, in the absence of a district *Dinas Kehutanan* able to do the bidding of the *Bupati* and aid efforts to increase district incomes, PKT has now become involved in regulating the extraction of timber within the district's 'forest zone'.

According to its head, PKT is able to be 'more autonomous' and is therefore more able to take the initiative; 'to prepare for regional autonomy', the PKT has continued to administer the HPHHs issued before the suspension of the initiative by Dephut.

In the intervening period, despite the delay of the implementation of the HPHH initiative, the *Bupati* has received requests for another 150 HPHH permits. According to one source in the district government, around 60 HPHH had been approved by the *Bupati* by July 2000 when the research for this study was conducted.³³ According to the PKT head, Government Regulation 6 of 1999, which established the legal basis for HPHH permits, had not been cancelled. Therefore, with the support of the district legislative assembly, and now with *Perda No 5/2000*, the district is 'strong enough' to implement the initiative. He admits that 'a lot of people are nervous about this'; Kapuas is the only district in Central Kalimantan that has moved ahead with the concept. While the provincial and central governments have wanted to evaluate this initiative, up to then Kapuas has not faced direct opposition. The question, he asks is: 'do they want to just know about it or do they want to back it?'³⁴

The concept is that every large HPH or HPHKM concession will have an adjacent area of approximately 10,000 ha. In this area, every year the district will grant 100 ha HPHH concessions to members of the local community.³⁵ In this way HPHH holders could work in collaboration with larger concessionaires – who could supply capital, heavy machinery and a ready market. Alternatively, members of the local community holding HPHH concessions could enter into a partnership with a sawmill owner who would provide capital and also buy the timber.

These HPHH licences may be given out in blocks of five adjacent concession areas at a time. As a HPHH covers 100 ha, each of these larger blocks would amount to 500 ha. The head

of PKT estimates that logging operations can generate 3,000 m³ from 100 ha of previously exploited forest.³⁶ 'We do cruising first to investigate the extent of timber reserves' he said. 'Younger trees will be left for regrowth, and replanting will be incorporated in the process.'³⁷ Using the district's allocation from the 'reforestation fund' (*Dana Reboisasi* or DR), reforestation will involve members of the local population replanting areas.³⁸ Similar to the 'Indonesian selective logging and replanting' regime (*Tebang Pilih dan Tanam Indonesia* or TPTI), there was also a rotation cycle: after 15 years, a HPHH permit would be issued again for the first area.³⁹

The problem Kapuas faced was that the CDK has the power to issue permits to transport timber outside the district – namely the SKSHH permit (*Surat Keterangan Sahnya Hasil Hutan* or 'Explanatory Letter Pertaining to the Legality of Forest Products').⁴⁰ Although district officials can issue letters validating the transport of timber within the district, timber harvested by HPHH-holders is illegal once it leaves the district unless CDK issues an SKSHH permit. At present, without the cooperation of the provincial level, Kapuas is unable to export this timber outside the district. Therefore, according to the head of PKT, the timber is primarily for small-scale industries within Kapuas itself.⁴¹ The PKT also faces another problem. While CDK has branch offices spread throughout this extensive district, PKT operates only out of a small office in Kuala Kapuas itself. With regional autonomy, a new *Dinas* will be created from the amalgamation of the CDK and PKT offices. But before regional autonomy is fully implemented, this lack of personnel and facilities limits the ability of the *Bupati* to pursue his own policy, and the district is still hoping to 'coordinate' with the provincial level. According to the PKT head, decisions regarding how these problems may be resolved are still 'in process'. A third problem was that, according to an official in the Cooperatives Office (*Dinas Koperasi*), forestry regulations require that four trained foresters are active in the field for every

100 ha of forest being managed. However, cooperatives with active HPHH generally lacked even one trained forester.⁴²

The PKT head argued that the HPHH initiative has several advantages for the district. In keeping with Law 25 of 1999, taxes levied on the forest sector are first accumulated by the central government in Jakarta before being redistributed to the district of origin. Although the district is ultimately supposed to obtain 80% of the 'Forest Resource Rent Provision' (*Provisi Sumber Daya Hutan* or PSDH) on timber, officials complain that the process is not transparent and that there is a considerable delay involved between the levying of the taxes and when the district gets its share.⁴³ However, while still generating PSDH royalties and DR payments for the central government, at a time of fiscal crisis HPHH permits create a direct cash flow for the district. 'If we don't do anything now', he argued, 'we are just left waiting for the division of finances.' Unlike the financial system suggested by Law No 25, there is no delay in generating revenues to the district government.⁴⁴

The HPHH initiative also fitted in with district plans to create a district government-owned corporation (*Badan Usaha Milik Daerah* or BUMD). In June 2000 the Bupati passed a *Perda* setting out the framework for the foundation of a BUMD. Although the BUMD has no office, personnel or even a business plan, its areas of activity have been discussed. According to the economic section of the Bupati's office, the BUMD will have a forestry division that will operate its own HPHH to supply timber for its own sawmill and post-production industries, such as moulding.⁴⁵ The aim is to create finished timber products – such as rice packaging (*bungkus nasi*) and prefabricated houses ready for construction.⁴⁶

The head of PKT also argued that previously local people stood by watching the large HPHH concessions log local forests without gaining any

benefits. But now, he said, they would have the opportunity to become 'owners'. By forming relationships with people who can supply capital, local people would obtain rights over HPHH areas and the opportunity to work areas of state forest. Rather than watching all the products of nature being carried out of the area without any local benefit, in his view, this would 'help the turnover of the community's economy'. At the same time, to operate legally a sawmill needs to obtain an RPBI permit (*Rencana Pengurusan Bahan Baku Industri* or 'Processing Plan for Industrial Raw Materials').⁴⁷ The permits are obtained from *Kanwil* which issues them on behalf of Dephut.⁴⁸ However, in mid-2000 small-scale sawmills could not obtain RPBI: as one district official explained, 'They need to have a valid source of raw material, but they don't have it'. Many district officials hoped that by forming a partnership with a HPHH-holder, illegal sawmills will be able to validate their operations at the district level. At the same time the district would obtain taxes from what formerly had been illegal sawmill operations.

The PKT head maintains that, by giving the community access to the forest in a legal way, the HPHH initiative accommodates the community. Later, illegal logging can be outlawed because there is a channel for legal access; the community will no longer be 'affronted' (*sakit hati*) if they are forbidden access. He agreed that this formalises the uncontrolled logging process that is already occurring. However, he asked, 'what other alternative is there if it is not faced in this way?' 'Now everyone wants to go to the forest to obtain timber,' he said, 'including police, army, local government – not just forestry officials.' As such a wide range of actors are involved, it is not possible to arrest those 'backing' the logging. It is also not possible to act against those working in the forest without permits: 'you can't arrest local people because they are doing it to find something to eat'.

According to the head of PKT, the community had previously never reported illegal logging, 'but now, because they feel like they own it, we have a case. Someone requesting a HPHH reports illegal logging, because he loses from it'. The PKT head maintained that this was a first step toward controlling illegal logging. However, if not carefully implemented, the HPHH initiative had the potential to lead to horizontal conflicts within local communities.

A man, well-groomed and more articulate than villagers found upriver, heads a village cooperative that requested a HPHH permit in the former concession area of PT Sehati Rungan just north of Palangkaraya. This village cooperative, *Koperasi Serba Usaha Pandohop*, involving 20 people from the village of Sigi (subdistrict of Kahayan Tengah), had requested five (100 ha) HPHH permits in the names of five people. According to the head of the cooperative, the cooperative's members had found a partner themselves, determining also to make a contribution of 5,000 m³ of logs to the village. While the cooperative had tried to involve the whole village, 'there is certain to be conflict', he said, 'because there are some who don't agree'. These included 'those already involved in logging and who had backing from a *cukong*'. 'If they won't join us,' he said, 'we will find people from other villagers who will.' This case demonstrates the potential for horizontal conflicts.

As it turns out, a logging network backed by *oknum* outside the village but involving some villagers was already harvesting valuable stands of *ramin* found there. Between January and July 2000, the loggers had extracted an estimated 3,000 to 5,000 m³/month. In response, *Pandohop* made a formal complaint to the *Bupati* in early July, requesting a team from the district capital to enforce the law.

In other words his cooperative was competing with other loggers already harvesting the resource. These loggers had backing from *oknum* and had been harvesting timber for over

six months. *Pandohop* cooperative put in a request for a HPHH permit covering the same area, and it now accused the first group of illegal logging. As the district would issue a permit and obtain taxes from those operating a valid HPHH concession, the cooperative had greater call on the support of the district government. Therefore, the head of PKT supported sending a law enforcement team to the village. However, because of the delay in getting a response, *Pandohop*'s supporters had taken their own initiative; they had caught the loggers and held them for a day 'so that they would understand'. Consequently, PKT no longer needed to find a team to go, because the situation had already 'calmed down'.⁴⁹

However, the ability of local people to gain greater benefits from the HPHH initiative remained debatable. An official in *Dinas Koperasi* involved in helping develop cooperatives and finding partners to help finance their activities said that there was no way for a community to operate a HPHH area on its own. In practice HPHH timber concession-holders were behind most HPHH permits, he said. 'The capital and the technical capacity just does not exist in the community', he noted. The formal cost for processing a permit was only Rp 1 million, 'but how much is it informally?' he asked. According to another source interviewed in Kuala Kurun, it cost Rp 25 million to process a permit with district offices.⁵⁰ This, together with the operational costs involved, meant that those who wished to operate a 100 ha HPHH permit required at least Rp 100 million. Thus local people just follow a request – or are paid a wage to participate or to stay quiet. 'Most of the profit is with the *cukong*', he said. The positive aspects of the HPHH initiative, he concluded, were that the district would obtain PAD revenues at a critical moment. He noted that 'perhaps local people have a little more access, but they will continue to stay poor.' The new initiatives – including HPHH – are only temporary, 'because the timber is used up'.

As discussed in the Barito Selatan case study, a 1998 Ministerial decision (*Keputusan Menteri No 732/Kpts-II/1998*), required that HPH-holders provide 20% of their capital to help cooperatives. Since this decree was issued, HPH concessionaires have had to support new cooperatives. According to a list provided by the *Dinas Koperasi*, during the 1999/2000 year the *Bupati* approved 26 requests for cooperatives wishing to obtain concessions in the forestry sector.⁵¹ This includes 17 requests for HPH, eight community forestry concessions (*Hak Pengusahaan Hutan Kemasyarakatan* or HPHKM) and one HPHH. According to an official from the cooperative's office, there were HPH timber concession-holders behind virtually all these requests.⁵² In his view, local people just accept whatever arrangement is suggested by the HPH-holders, they wait and are silent.⁵³

However, while many of these requests were still 'in process' in November 1999, Dephut delayed implementation of the HPHH and HPHKM initiatives. Nonetheless, some timber concession-holders were either happy to accommodate local communities or unable to prevent them from forming informal 'cooperatives' to log within concession areas and then selling the timber on to the company or other timber interests.⁵⁴ In at least two cases that came to light in the course of this research, arrangements of this sort had led to conflicts within local communities. In the first case, in the village of Katungun (Kahayan Hulu Utara), the village head allegedly began operating a HPHKM without a formal permit. The village head allegedly did this in collaboration with a timber concession operated by Tanjung Raya (in joint venture with Inhutani III). While the annual logging schedule (*rencana karya tahunan* or RKT) for the Tanjung Raya concession was supposedly still 'in process', the timber company began buying timber from villagers operating within this area. In response villagers who were left out of the deal made a formal complaint in Kuala Kurun and Palangkaraya. When those excluded were compensated, the 'concession' continued to operate.⁵⁵ In the

second case, with the approval of the village resilience council (*Lembaga Ketahanan Masyarakat Desa* or LKMD) in Tumbang Manyangan (Kurun subdistrict), the village head organised the logging of forest in community land 'to give villagers work opportunities' and 'to improve the village economy.' The timber was then sold on to a neighbouring logging company, allegedly once again Tanjung Raya. Although the village head claimed to be operating in the 'name of the village', those excluded from the operation disputed this, and reported the case to higher authorities.⁵⁶ In July 2000 this dispute remained unresolved.

2.3 DECENTRALISATION, SPATIAL PLANNING AND ENVIRONMENTAL MANAGEMENT

As well as devolving some decision-making powers to the district level, decentralisation in the forestry sector would ideally be accompanied by the improvement of environmental management and spatial planning at the district level. While in Barito Selatan, the district government by mid-2000 had already created a new environmental impact assessment office (*Badan Pengendalian Dampak Lingkungan Daerah* or Bapedalda), in the district of Kapuas the new office was then still at the planning stage. A district government regulation regarding environmental regulation had already been passed in 1999 (*Perda No 17/1999*), but it had not yet been implemented. When asked when a new Bapedalda office would open, an official from the environment subsection of the *Bupati's* office said that the timing would 'depend on the priorities of our leader'. In the meantime, the district government will not evaluate the environmental impacts of HPHH and other forestry initiatives.⁵⁷

As in Barito Selatan, the district BAPPEDA office completed an elementary district spatial plan during the 1991/1992 financial year. BAPPEDA then revised this spatial plan to take

into account the PLG Mega Rice Project. In attempting to revise the spatial plan, BAPPEDA also faced another significant problem: the budget set aside for this work was only Rp 35 million. Given the expense of going to the field in Kapuas, this meant that there was a chronic lack of reliable data, and it was difficult to produce an accurate spatial plan. In the future, BAPPEDA plans to do a more detailed spatial plan, however this will depend on finding sufficient funds.

In July 2000, once again, the spatial plan is being revised to take into account the *paduserasi* process – that is, the integration of forestry ministry spatial planning with the provincial government’s spatial plan. This means that the weight of decision-making in spatial planning is still with the central and provincial governments. At present some rivers where people have their villages and gardens are still classified as ‘Production Forest’ and included in logging concession areas. According to the head of BAPPEDA, if spatial planning were done properly from below, the district government could plot the village areas and take them out of the ‘Production Forest’.⁵⁸

The PLG Mega Rice Project illustrated the need for taking an accurate spatial plan into account during development planning. In the Kapuas area, IPK permits were issued in the peat swamp area where many local people had their gardens. ‘We couldn’t say anything at the time’, an official in BAPPEDA reported. ‘When they took photos from the air during the planning stage, they didn’t see the villages on the river or people’s gardens. It was taken as empty land.’⁵⁹ To make way for the Mega Rice Project, the rubber and rattan gardens of local communities were levelled. In some cases the rice fields of local communities were also destroyed, for instance, if they stood in the way of where the irrigation channels were to be opened. As a result 31,000 people are now demanding compensation, creating a significant burden for local government. Every day local people displaced by PLG sit outside the office of the

head of BAPPEDA. Although the project has now been surrendered to the provincial government, the district government has so far been able to avoid being given responsibility for the former PLG area.

If the division of Kapuas goes ahead, the new, reduced district of Kapuas will contain most of the now devastated PLG area. The area with significant areas of forest and gold reserves will lie in the district of Gunung Mas. It is unclear how well the smaller rump left behind as Kapuas district will manage as an autonomous region.

2.4 ANTICIPATING THE EFFECT OF REGIONAL AUTONOMY ON FOREST MANAGEMENT IN KAPUAS

Under the current reforms, according to implementing regulations issued during 2000 – notably Government Regulation 25 of 2000 — Dephut will retain the right to issue HPH timber concessions and to issue annual logging schedules (*rencana karya tahunan* or RKT). Dephut also maintains the authority to determine forest boundaries and other key powers. Accordingly, regional autonomy reforms have not extended to district government obtaining powers over concession licences, logging schedules and spatial planning. Yet, resentment against this power was widespread in the province, especially at the district level. To some extent then, Dephut had to accommodate local demands.

During the transition to regional autonomy, the Kapuas district government has started taking initiatives in the forestry sector. Faced with a fiscal crisis, the district government has begun to create a new regulatory regime for timber operations. This regime encompasses the levying of new district taxes on timber extracted legally from the region and the licensing of sawmills. It also involves the granting of small-scale HPHH concessions – often in collaboration with HPH concession-holders or district *cukong*.

These efforts amount to ‘tidying up’ the extra-legal logging that is already occurring. By bringing this ‘informal industry’ within a district regulatory regime, the district plans to generate revenue.⁶⁰

To some extent district innovations moved beyond the regulatory framework now permitted to be implemented by Dephut. For instance, the issuing of small-scale HPHH concessions involves implementing a law the execution of which has been suspended by Dephut. Yet, while not directly assisting district governments in issuing such permits, the Ministry of Forestry’s Regional Office (*Kanwil Kehutanan*) as well as the Provincial Forestry Service (*Dinas Kehutanan Tingkat I*) through mid-2000 had also failed to directly oppose them.

There appeared to be a clear logic to what was taking place. The district forestry regime that was emerging accommodated local demands for access to timber resources. At the same time, central government agencies and timber interests at the centre were in less of a position to oppose local innovations. In so far as the operations of those with current IPK or HPH licences from the centre or otherwise involved in extracting timber were not directly put at risk by the new district regime, higher level forestry agencies seemed prepared to accommodate district level legal innovations of ambiguous legal standing. On the contrary, with some adaptation, those currently active in the forestry sector appeared to be well positioned to continue to pursue their interests under the new district regime.

On the one hand, local elites lack capital, heavy machinery and other facilities needed to open HPHH concessions and to carry out other activities in the forestry sector. Yet, they can offer protection or privileged access to district permits to those who do. On the other hand, former HPH and other timber interests who control capital, machinery and marketing networks will need the assistance that local associates can provide. Clearly HPH and other

interests will increasingly make an effort to accommodate district elites – including members of district DPRD and local entrepreneurs – wishing to make the most of opportunities opened up by regional autonomy. Consequently, new arrangements between timber interests and local politicians that are to their mutual benefit will become increasingly important. As a researcher at the Palangkaraya University explained, timber interests will just ‘change their shirts’ (*ganti baju*); as they find new ways of extracting timber, the legal vehicle for extracting timber will change.⁶¹

In Kalimantan, Sumatra and other parts of Indonesia 'Outer Islands', the New Order state used national forestry laws to facilitate access and use of resources for timber companies, in the process generating significant revenues for government budgets. Close associates of the president and other key politico-bureaucrats largely controlled these companies. The political power of these figures guaranteed timber companies access to cheap raw materials, ensured them of high levels of profit, and assisted the capital accumulation strategies of the powerful corporations that came to dominate the sector. While state legislation provided some environmental guidelines with respect to forest operations, in reality the aims of resource exploitation and capital accumulation dominated. Given the power of the coalition of interests controlling the timber sector, they were able to derail any attempt to make the forestry industry more sustainable. Timber concessions were given for areas of forest used by local communities and subject to various indigenous property regimes. Timber operations affected the ecosystems on which rural communities ultimately depended, creating environmental degradation and resource scarcity, and leaving a legacy of bitterness among local communities (Barber *et al.* 1994; World Bank 1994; Potter 1996). During the post-Suharto period this has led to an epidemic of protracted environmental conflicts.

The following discussion examines the impacts of the decentralisation reforms on HPH timber concession-holders' operations in the Gunung Mas area. It first reviews the general context of decentralisation and forest management in the Gunung Mas area, before, second, considering how decentralisation may be affecting the governance of timber operations in the area. This discussion necessarily addresses several inter-related issues. For instance, how was the relationship between timber concessions and local government agencies changing during the period before the implementation of the decentralisation laws? How was decentralisation affecting the status of HPH areas and land classification in general in the area? At what administrative level were decisions being made? Was decentralisation changing the regulation of HPH-holders' operations in the field? Third, the discussion examines how decentralisation is affecting the relationship between local communities and HPH concessions. Several questions also emerge in this discussion. For example, with decentralisation was it likely that local communities would now have a better bargaining position *vis-à-vis* timber concessions? To what extent were surrounding communities becoming involved in timber operations? How were disputes being resolved? Was decentralisation ensuring that local communities obtained increased benefits from HPH operations?

3.1 BACKGROUND: DECENTRALISATION IN GUNUNG MAS

Located in the highlands of Kapuas district, Gunung Mas covers an area of some 10,804 km³. Here, a population of 81,377 lives in villages along rivers that flow down the hilly highlands. In Gunung Mas communications and transport facilities are very limited, and most villages exist without electricity or telephone.⁶² There are only 23 km of sealed road in the whole of the Gunung Mas area, and 574 km of the 754 km of roads in various states of repair are logging concession roads (Pembantu Bupati Kapuas Wilayah Gunung Mas 2000). Although Kuala Kurun is only 136 km from Palangkaraya as the crow flies, the trip by speedboat down the meandering Kapuas requires some five hours. The district capital of Kuala Kapuas lies a further four hours' journey south over partially sealed roads. The costs and time involved in travel hinder government services and create significant obstacles for farmers wishing to market their products outside the immediate area.⁶³

Six subdistricts (*kecamatan*) make up the administrative region of the Assistant Bupati of Gunung Mas (*Wilayah Kerja Pembantu Bupati Kapuas Wilayah Gunung Mas*), with the centre of government in the town of Kuala Kurun. The head of Gunung Mas has the status of Assistant Bupati (*Pembantu Bupati*) and has little autonomous power.

With the implementation of the decentralisation laws, Gunung Mas aspires to obtain district status. The granting of district status has a historical precedent; the government had previously been preparing Gunung Mas for this status. During an administrative restructuring in 1963, the government established Gunung Mas as an administrative region (*Kabupaten Daerah Tingkat II Administratif Gunung Mas*) in preparation for the granting of full district status. However, the 1974 regional government law created obstacles for the granting of district

status. In 1979 the status of Gunung Mas was changed to a 'Working Administrative Region' or effectively a subordinate district status (*Wilayah Kerja Pembantu Bupati Kapuas Wilayah Gunung Mas*). An Assistant Bupati (*Pembantu Bupati*) was then appointed who became an administrator under the authority of the district head rather than a more autonomous head, as had previously been the case (Pembantu Bupati Kapuas Wilayah Gunung Mas 2000).

As the district capital of Kuala Kapuas is situated in a remote area, many aspects of government – including the, communications, police, justice and military services – are administered from the provincial capital of Palangkaraya (Pembantu Bupati Kapuas Wilayah Gunung Mas 2000). The head office of the agency governing Gunung Mas' forests – *Cabang Dinas Kehutanan Kahayan* – is also found in Palangkaraya.

Given the lack of plantation activities in Gunung Mas, community gold-mining and logging concessions dominate the economy. Statistics are maintained for Kapuas district as a whole, and there is a lack of accurate figures regarding economic activity in Gunung Mas itself. However, the manager of the Regional Development Bank (*Bank Pembangunan Daerah*), the only bank in Kuala Kurun, indicated the importance of these industries to the local economy. He estimated that gold traders coming to Gunung Mas to buy gold from community miners transferred approximately Rp 800 million to Rp 1 billion each month. This sum runs second only to logging concessions. He estimated that the logging concessions transfer approximately Rp 1 billion per month to the area, funds spent covering operational expenses and salaries. Consequently, the local economy is heavily dependent on these two activities. Moreover, if Gunung Mas obtained district status, at least for some time the new district would also be heavily dependent on the timber royalties granted to districts in line with the decentralisation laws. However, the manager of the Regional Development Bank

estimated that, due to dwindling timber resources, the logging concessions would withdraw from the area in the next five years.

The further one goes from the river, the more denuded the forests. I have flown over in a helicopter – an extensive area is denuded. A sign that the forest is almost finished is that companies enter national parks [to extract timber]. This would not be necessary if there was still a lot of timber left.⁶⁴

A businessman visiting Kuala Kurun reported that ‘here the government apparatus lacks dedication and enthusiasm for its tasks’. Officials lacked enthusiasm about being in Kuala Kurun: ‘If one goes to a government office, officials are rarely in their work place.’ Gunung Mas lacks a district government taxation office (*Dispenda*), and very little district income is generated from local resources within Gunung Mas – rattan, rubber and gold pass down the river without being taxed. With the seat of power in Kuala Kapuas, Gunung Mas hardly enjoys any of the taxes levied from its own resources; the PBB and IHH from logging concessions go to Kuala Kapuas, and very little of this ever finds its way back to Gunung Mas.⁶⁵ Given the state of the budget, the poor facilities, the inevitable decline of the timber concessions, and the lack of capacity amongst local officials, he expected that if Gunung Mas became a district too rapidly, for the first five years the district would be ‘in crisis’ (*anjlok*).⁶⁶

However, as the Pembantu Bupati and other local government officials argued convincingly, it has never been practical for Gunung Mas to be governed from distant Kuala Kapuas.

Government is far from the people and this creates difficulties. People perceive a lack of justice: they have abundant resources – they see that the region has everything – yet they feel left behind by other regions. Regional autonomy is seen as a way out. It needs to be implemented

as quickly as possible – with regional autonomy the welfare of people can be improved... At present we see our interests left behind in decision-making which tends to favour the area closer to the seat of government. We often fail in making our case, and development has been faster below [i.e. in the area surrounding Palangkaraya]... This area is used as a hinterland for the area below – it is not developed. ... It is like we have two heads – Palangkaraya and Kuala Kapuas. By the time revenue is divided up, we only receive a portion of the benefits, very little ends up staying here.⁶⁷

3.2 TIMBER CONCESSIONS AND LOCAL GOVERNMENT IN GUNUNG MAS

Under the administrative structures that operated in the past, the regulation of timber concessions was in the hands of the Forestry Ministry and its line agencies. These offices enjoyed a strong relationship with large-scale forestry industries, and it has been widely believed that these ties were sustained at the field level by collusive practices where field officials ‘collect various unofficial fees, kickbacks, and shares in businesses from concession holders, contractors, and others who require official action of some kind to pursue their businesses’ (Barber 1994). These collusive relations have affected the implementation of state regulations governing timber operations, including regulations regarding selective cutting, replanting and the assistance that concessions are obliged by law to give to surrounding communities. A village head in Gunung Mas interviewed in the course of this study argued that this close relationship worked against the proper regulation of timber companies. The village head described, for instance, how one company had made a lot of promises over the last two years but had failed to provide an effective village development (*Bina Desa*) programme. ‘Although it is always in official reports,’ he noted, ‘it is never realised.’⁶⁸

As became clear on numerous occasions, the strong relationships that timber companies enjoyed with the powerful Forestry Ministry made local government irrelevant to their operations. As most did not bother even informing local government about their activities, local government officials had very little knowledge about timber operations in the area. Several informants noted that information regarding operations of logging concessions in Central Kalimantan is tightly guarded, and accurate data regarding the activities of forestry concessions is difficult to obtain. Timber concessionaires and lower-level forestry officers do not readily provide accurate and up-to-date information to local government officials. Consequently, local government and community informants in Gunung Mas made contradictory statements regarding the status of local concessions. For example, the office of the *Pembantu Bupati* in Kuala Kurun lacked information regarding the status of local logging concessions and the amount of timber produced annually. As an indication of the lack of communication between forestry officials and the *Pembantu Bupati*'s office, a local government official noted that the office had prepared a report for the central government to support Gunung Mas' application for district status. Despite the great significance of this report to local government aspirations and the significance of timber revenue to the potential viability of an autonomous district of Gunung Mas, the report lacked up-to-date data regarding forestry in Gunung Mas.⁶⁹

A four-hour boat trip north of Kuala Kurun lies the town of Tewah, the centre of Tewah subdistrict. The *kecamatan* office here has very little knowledge of the concessionaires working in the area. An official in the subdistrict office noted that only two concessionaires in the subdistrict had even bothered to give a list of their personnel working in the area to the *Camat*'s office. Although the subdistrict administration wished to be informed, the subdistrict office didn't really know how many

HPH employees there were in the area, let alone the concession areas, the period of contract, the amount of timber extracted or other important information. Although there were branch offices of the Provincial Forestry Service (CDK Kahayan) here, forestry officials 'mainly serve the companies', and very little information seeped out to lower-level local government officials.⁷⁰ According to an informant in the subdistrict office, the activities of HPH logging concession-holders peaked 10 years ago. Since that time, the 20-year contracts of logging concessions have come up for renewal. While some have finished, others (such as PT Bumi Indah Raya) now operate under cooperative agreements with Inhutani III. The official in the subdistrict office noted, however, that 'We don't know what is happening in these areas because we are not told.' Although the subdistrict office did not know the status of concession areas, he said, it appeared like logs are still coming out of many concession areas.⁷¹

Approximately four hours farther up the river by speedboat, at the northern end of the Kahayan, lies Tumpang Miri, the centre of the subdistrict of Kahayan Hulu Utara.⁷² The *Camat* of Kahayan Hulu told a similar story. 'As most of the active logging area are extremely isolated', he noted, 'there is little knowledge of what is going on up there.' The concessions active in the area preferred to contact higher levels of government. Although he had been *Camat* for one year, most of the timber concessions active in the area had not contacted him even once. 'The last Governor had complained that the logging companies did not appreciate him', he said. 'If he makes this complaint, what about the community?' The *Camat* lacked information about when local timber companies' concession contracts ended or other basic information including accurate maps of their concession areas. When he requested maps, company officials reportedly told him that they had given these to the central government – 'this is the business of the central government' (*urusan pusat*) – and that he should seek this information from line agencies of the

central government. However, this lack of information also contributed to conflicts with local communities. The boundaries between concessions and local communities were not clear. The companies might claim that they had rights over the area because it fell within their concession, he said. But the local communities – based on unwritten *adat* codes and practices – would say it was their area. Consequently, the *Camat* complained that he had to spend a lot of time sorting out these problems.⁷³

However, according to information obtained from the Provincial Forestry Service in Palangkaraya in July 2000, approximately four of the 13 concession areas originally located in Gunung Mas were by then either non-active or have lapsed.⁷⁴ The permits of two other concessions were scheduled to expire in 2001 (see Table 2).⁷⁵ A third concession is still operational until late in the decade,⁷⁶ while two others operate as joint ventures with Inhutani III.⁷⁷ Meanwhile, in line with regulations setting limits on the extent of concession areas, a very large concession area has also been split in two.⁷⁸ At the time of this research, authority to issue or cancel concessions continued to rest with the central government. Indeed, the Minister of Forestry and Estate Crops in the last days of the Habibie government renewed two concessions in September and October 1999.⁷⁹ At this time, the line office of the central government's Ministry of Forestry and Estate Crops (*Kanwil Kehutanan*) also retained the authority to issue annual logging schedules (RKT or *rencana karya tahunan*) to HPH timber concession-holders. Given that these permits are usually submitted the year before and that it takes some months for this office to process them, several informants reported that some of the concessions in the Gunung Mas area had not obtained their RKT and were not operational during June 2000.⁸⁰

In conclusion, at the time of this research, even though the Kapuas district was in the process of preparing for decentralisation, there had been little change with respect to the way forestry

offices operated in Kuala Kurun. Forestry officials tended to be closer to the priorities of the highly centralised Forestry Ministry (*Dephut*) and the logging concessions they served rather than district government. Local government – especially upriver – faced considerable obstacles in obtaining even basic information about forestry activities. However, if Gunung Mas does become a district, it will have its own District Forestry Service (*Dinas Kehutanan Kabupaten*); forestry officials in the field will be responsible to the *Bupati*. Officials at this level will be able to implement some policies – for example, issuing timber transport permits and HPHH permits, as district governments have done in Buntok and Kuala Kapuas. A new *Dinas* will also be able to sort out problems in the name of the district government, such as those relating to generating revenue from illegal logging. However, given the rate at which logging concession-holders are extracting timber, by the time this occurs, as in Buntok and Kuala Kapuas, it is likely that there will only be a few timber concessions still active in Gunung Mas. As Gunung Mas has some way to go before becoming an effectively functioning district – let alone a truly autonomous region – it is unlikely that the regional autonomy reforms will affect logging concessions significantly in the short term.

3.3 CONFLICTS BETWEEN TIMBER CONCESSION-HOLDERS AND LOCAL COMMUNITIES IN GUNUNG MAS

As noted earlier, the HPH timber concession system maintained by the New Order regime has left a heritage of protracted conflicts between local communities and logging companies. In March 2000, the *Jakarta Post* reported that at least 50 timber companies controlling more than 10 million ha of forests in the 'Outer Islands' had stopped operating because of heated conflicts with local residents. Local residents claiming ownership of land and forests under concession to the companies stopped timber

extraction activities by blocking logging roads, threatening workers and seizing heavy machinery. Communities demanded the cessation of logging activities or compensation for damage done to their lands and livelihoods by the logging of customary domains. During 2000, similar conflicts were occurring in Gunung Mas.

An understanding of the general situation of communities living along the Miri river is required to examine the problem. The upstream Ot Danum Dayak open their swiddens (*ladang*) along the rivers, and rubber and fruit gardens and former *ladang* areas line the banks of the region's rivers.⁸¹ According to local *adat*, clearing the forest – expending labour cutting down the large forest trees – establishes a person's property rights over an area. Before abandoning an area, villagers plant fruit, rubber or other significant trees, and these trees continue to mark their property rights. These rights are permanent; they are still binding for decades or even generations after the area was last cultivated. This means that villagers maintain rights over most of the areas along the riverbanks – formerly cultivated areas that farmers still visit from time to time to collect fruit, forest rubber, resins and other products. According to villagers interviewed in the course of this research, it is safe to assume that, between agreed limits, approximately 100 m from either riverbank along the rivers and navigable tributaries belong to the nearest village.

In addition to these former swidden and garden areas, the forest landscape is marked with former village areas, cemeteries and other significant cultural and sacred sites. For instance, ancestral villages had mountainous sites known as *pahewan*, areas of sacred protected forest. According to Kaharingan belief, spirits reside in many such holy places (*keramat*), and if such areas are disturbed, surrounding village people will become sick. Moreover, according to Kaharingan practices, when someone dies, villagers hold a primary funeral and bury the dead in large graves known as *tambak*. *Tambak*

are usually located about a kilometre from the village beneath a giant forest tree. These graves are often marked with ironwood fences and can contain the remains of more than 50 dead.⁸² Some years after a death, the Ot Danum hold a secondary funeral known as a *tiwah*, and at this time the bones of the deceased are exhumed, cleaned and placed in a special mausoleum (*sandung*) alongside ancestors of the same family. As the *tiwah* are so elaborate and expensive, a *tiwah* can be held for up to 200 souls at the same time.⁸³ As these sites may be virtually invisible to uninitiated outsiders, logging concessionaires in Gunung Mas, which have often not employed locals or have worked areas without consulting local people, have frequently logged or built roads in these areas. Subsequent 'accidents' – where sacred or other significant areas are demolished – have deeply disturbed local villagers.

According to national law during the New Order period, all land classified as 'Forest Estate' fell under the authority of the Ministry of Forestry. Consequently, forestry maps from Central Kalimantan – including an (undated) Inhutani III map and a 1980 forestry map – failed to make any allowances for the areas under cultivation by the residents of the 12 villages located on the Miri River; rather, they were included within forestry concessions. However, the spatial planning map prepared in the late 1990s by the provincial government classified a thin band along the banks of the Miri River and a second band a little farther to the west as 'Area for Settlement and Other Uses' (*Kawasan Pemukiman dan Penggunaan Lainnya*). Apart from this section and two small pockets within the Fajar Kahayan and Hutan Domas Raya concessions classified as 'Protected Forest' (*Hutan Lindung*), the entire area is marked as 'Production Forest' and is given over to logging concessions.

A village head interviewed in the course of the study asserted that the only tangible result from the activities of a company in his area was that the timber was now used up. Historically, timber

had been a major source of village income. Previously many villagers had cut trees, tied them into rafts and towed them downriver to sell. But this was no longer possible because the large trees were now too distant. Therefore, villagers had increasingly turned to gold mining over the previous five years, 'not on a commercial scale, but in order to buy rice'.⁸⁴ The major impact of timber operations in the area was resource scarcity. However, as the following cases demonstrate, conflicts between logging concessions and village communities in the Upper Kahayan were usually over more significant issues than resource scarcity.

The neighbouring villages of Kuroi and Tumpang Napoi lie some three to four hours by *klotok* (small motorised boat) up the Miri.⁸⁵ As in many of the villages in the area, most of the villagers are very poor and live below the poverty line. The government previously classified these villages as 'underdeveloped villages' (*desa tertinggal*), and they have been the target of special government funding (Lesa *et al.* 1996b).

Kuroi is close to the base camp of PT Hutan Domas Raya – a site reached by a *klotok* trip up the Napoi river, a small tributary of the Miri. During interviews villagers gave a long list of complaints about the operations of PT Hutan Domas Raya (HDR).

- According to villagers, the company neglects poor communities surrounding its concession. For instance, the company does not employ even one Kuroi villager in its operations. HDR trucks will not give villagers lifts down logging roads to neighbouring towns and fail to help villagers gain access to ironwood within the area. Moreover, the HDR base camp imports its vegetables from outside the area rather than buying them from local farmers.⁸⁶
- In the course of operations, HDR has violated local property rights. For instance, the company cut down old forest gardens to build its logging camp on the bank of the Napoi

river.⁸⁷ During its operations, HDR had forbidden many traditional forest uses, such as the harvesting of *meranti*, a timber previously sold or used for furniture and other domestic uses.⁸⁸ The company had also taken *jelatang*, *tengkawang*, ironwood and other trees although, according to law, harvest rights over these trees are vested with the local communities.⁸⁹ As these trees and gardens are those that people fell back on in times of drought or scarcity, the company had thereby reduced the food security of local people.⁹⁰

- The company had failed to honour several agreements. For instance, although the company subsequently promised to compensate the seven families involved for lost livelihood, five years later they had failed to do so.⁹¹
- The company has destroyed sites of significance to the local people. For instance, HDR had logged a sacred *pahawan* area, a place where local people would pray and make offerings.⁹² The company had also logged the ancestral longhouse of the people of Tumpang Napoi, an area marked by a fruit garden _ km wide and stretching some 2 km along the Napoi river. This was despite the fact that the provincial educational and cultural office (*Kantor Wilayah Depdikbud*) in Palangkaraya had registered this 'Durian Island' on the 'inventory of historical and archaeological objects of Central Kalimantan' (Lesa *et al.* 1996b).⁹³
- HDR activities have affected the local environment. As an older man said, the company was now logging steep hillsides, and in his opinion, 'this will cause lots of problems later'.

Most of these complaints derived from the Suharto period, a time when villagers and townspeople alike were afraid to speak out. As a resident noted, 'someone could be arrested or they'd come around and threaten you – so no-

one was brave enough to speak out'.⁹⁴ The head of a neighbouring village explained: 'Before, all village heads were members of Golkar, and whether they wanted to or not, they had to follow Golkar. Golkar had the logging concessions. We heard that the wife of Suharto was heavily involved in Fajar Kahayan, and generals were behind other concessions.'

As elsewhere in Indonesia, since the resignation of Suharto and the eclipse of the military, the attitudes of villagers in Kahayan Hulu Utara have changed. In 2000 local communities started to demand compensation, and open protests began. This was most evident in the Napoi area where bitterness against Hutan Domas Raya ran deep. According to the head of Napoi village, with the coming of *reformasi* the villagers 'opened their thinking'. They concluded that if they just carried on without protest, things would not change; 'everything that had been inherited from our ancestors would just go to waste'.

In February 2000, after a village meeting, some one hundred people from the villages of Tumpang Napoi, Kuroi and Buntoi – armed with hunting spears (*tombak*) and machete (*parang*) and some carrying cans of petrol – took their *klotok* two hours up the Napoi River to demonstrate at the company's base camp. The villagers demanded Rp 9.3 billion compensation for the 10 years that the company had operated in this area. 'We calculate one billion for each *keramat* place, because actually these areas don't have a value', an informant explained. 'They cannot be bought.' In addition, the village required 'that the company should follow regulations regarding the percentage of the money that should be provided to village development (*bina desa*)'.⁹⁵

We wouldn't take violent action if they didn't act first. They asked why we brought *parang* and *tombak* – but it is not a question of weapons. [In other places], the camps were burnt down and destroyed just using rocks. But there was not even a little bit of damage here... If

they were wise, they would sit down and discuss it. The company could say – you ask for too much, how about a reasonable price. But no real effort is made. They brought in thugs (*preman*) to provoke violence. But we restrained ourselves.⁹⁶

The head of Napoi noted that, although HDR people tried to provoke a conflict, the villagers restrained themselves because the village head had warned them that this would hurt their cause. The villagers stayed three nights at the camp, waiting for the company managers to come up from Tewah. The company managers did not speak; their security men did all the talking, promising a settlement in fifteen days. However, this was in February 2000; in June, the company had still not honoured their promises. A villager noted that:

If the government does not act quickly and deal with the problem, it can become a much worse problem. So many months and no follow-up. The people are afraid to act because there are generals behind the company, but sometime they will lose patience, and there will be no accounting for how they will react. But we try to find a peaceful way – via negotiation – but whether we like it or not, it might end up like that. The community [in West Kalimantan] acted like that against the Madurese people because the frustration had festered for so long – they think that things have finished with the demonstration, but the hearts of the people are still turning over.⁹⁷

The government should reassess its activities, he asserted. 'The problem is that the permit [for the company's activities] comes from the central government', he said, and the officials concerned are probably involved. 'But if it doesn't happen, the people will take justice into their own hands' (*main hakim sendiri*).

However, as the demonstration led to no quick action by the company, on March 4 the head of

Tumpang Napoi wrote a letter to the head of the provincial DPRD outlining the community's complaints. The village head had also written to Bicktor Baddak, a prominent member of the provincial DPRD, authorising him to act on their behalf (*Media Kalteng* 2000). The *Bupati* in Kuala Kurun is Javanese, and a local clergyman interviewed in the course of this study maintained that he paid little attention to the upriver region, rarely visiting the area. In comparison, while the *Camat* might be called in during a conflict, he did not have the power to resolve the problem, and tended to see these disputes as thankless burdens.⁹⁸ Meanwhile, as the Governor was the first 'child of the region' (*putra daerah*) to occupy this position since the Sukarno era, local people hoped that he would listen to village views. For this reason, they took their complaints against HDR to the provincial DPRD.

'If they recognise the HPH is recalcitrant (*bandel*) and sort out the problem, we will be satisfied', a villager who now lived outside the area noted. 'But if not, what can we do? With a heavy heart....'⁹⁹ The implied meaning was that, if Hutan Domas Raya failed to compromise with the villagers, the community would take direct action.

In the meantime unconfirmed rumours continued to circulate about villagers cutting separate deals with the company. In Kuroi informants reported that some villagers from the neighbouring village of Napoi had approached the company and asked for compensation on land that – according to Kuroi – belonged to Kuroi villagers. When the Napoi villagers received Rp 4.5 million, a dispute broke out with Kuroi, and the Napoi claimants reported to have surrendered Rp 0.5 million.¹⁰⁰ Clearly settlements perceived as unjust could lead to conflicts within the community.

According to an influential member of the provincial DPRD, to support their position, Hutan Domas Raya recruited a former army colonel to become a 'commissionaire'. The

former colonel would obtain a 20% commission on all production with the understanding that he would sort out the problem. The assumption was that the presence of the former colonel would cause sufficient fear in the community to ensure an end to the conflict on the company's terms.¹⁰¹

During July 2000, the Domas Raya case came up for discussion in the DPRD in Palangkaraya. According to a member of the provincial DPRD, community grievances were explained to members of the DPRD; one session became particularly animated. The head of the district military command became very emotional and is reported to have said, 'Just kidnap them. Better if one person is jailed than a great number of the community suffer'.¹⁰² The DPRD then called the director of Hutan Domas Raya to face questions from the DPRD. When the director failed to appear for that session, in accordance with the powers given to the DPRD by the new regional autonomy law (UU No 22/1999), some members of the DPRD demanded that he be jailed for contempt of the DPRD assembly.¹⁰³ A team from the DPRD went upriver to investigate the problem. According to an activist in Palangkaraya, they went as 'guests of the company' and received an honorarium for their troubles. As a result they failed to consult effectively with the community. On 2 August 2000, *Media Kalteng* reported PT Hutan Domas Raya and the neighbouring concession, PT Sikatan Wana Raya, had held a meeting with community leaders on 30 June. A meeting between community leaders, the two companies and members of a team from the Central Kalimantan DPRD followed on 7 July. At this time the village head wrote a letter to the head of the Central Kalimantan DPRD withdrawing the earlier complaint. *Media Kalteng* reported that the letter also stated that the village 'refused all demands from irresponsible parties who in the name of the community and for their private interests make claims against PT Hutan Domas Raya and PT Sikatan Wana Raya'.

A farmers' group under the name of 'Babakoi Jaya' became the object of development (*binaan*) of HDR, while two other groups became the clients of PT Sikatan Wana Raya. HDR would provide assistance in the form of a 7 km road and a 100 ha plantation area while also granting development funds to develop other lands for the farmers' group. As *Media Kalteng* noted, the village head's letter also threatened that 'whoever does not follow the regulations made by the group, those involved will be expelled from the group membership and will not receive assistance either from the government or from the company' (*Media Kalteng* 2000). On 20 July, an adat ceremony was held at Tumpang Napoi in the presence of the subdistrict *Tripida*, community members and company workers.¹⁰⁴ *Media Kalteng* (2000) reported that the community of Desa Tumbang 'were very grateful for the infrastructure development and agricultural assistance'.

An observer in Palangkaraya who had long followed the case said that the company had called the village heads to a meeting. The company promised to help the community with candlenut gardens and village development (*bina desa*) activities. The meeting was lubricated with alcohol, and he alleged that the village heads received large payments. Whatever the threats or inducements deployed by the company and its protectors, the village heads capitulated, much to the disappointment of some in the village, leading to a split in the village.¹⁰⁵

Consequently, while the community had now more effectively articulated their grievances against the company than they could have in former times, the result was not conclusive. While apparently the community leaders had been forced to compromise, the possibility remained that some members of the community would later take justice into their own hands. In the words of an observer in Palangkaraya, the consultations with the provincial DPRD had 'failed'. Now the villagers could only take redress by 'people's justice' (*hukum rakyat*).¹⁰⁶

Even by the standards of behaviour of logging concessions, the behaviour of Hutan Domas Raya was aberrant, provoking feelings of injustice and bitterness that were exceptionally strong. However, interviews with other village heads around Kahayan Hulu Utara revealed that disputes with the logging concessions were now endemic in the area.

Of nine village heads interviewed in June 2000, eight explained that their communities had significant grievances with surrounding timber companies. These included: disputes over ironwood harvesting rights and demands for community assistance transporting this timber; claims for compensation for damaged community property or for violated *adat* property rights; demands for companies to fulfil community development (*Bina Desa*) obligations that they had failed to discharge in the past or meet other unrealised promises; demands that companies employ local workers; compensation for logged-over village gardens; and failure to live up to agreements. Eight of the nine village heads expressed a wish to see the logging concessions leave the area.¹⁰⁷ All discussed taking their complaints to higher authorities and, like the villagers facing Hutan Domas Raya, many were considering taking direct action against the companies. In response, concessions were now making greater efforts to win over local communities.

Of these nine villages, Harou village had the most severe problems. Here Hutan Domas Raya had bulldozed the old forest garden known as a *pahewan*. This was a 75 ha area of traditional protection forest planted with fruit trees some centuries ago that the Provincial Ministry of Education and Culture (*Departemen Pendidikan dan Kebudayaan* or *Depdikbud*) had placed on 'inventory of historical and archaeological objects of Central Kalimantan' in 1995 (Lesa *et al.* 1996a). Along the river here grew a large area of sago that played an important part in providing village food security during droughts as well as providing material for matting and other village handicrafts. Although these plants

appeared to grow naturally, the village head said that their ancestors had purposely planted them. In the process of building the base camp, company tractors also levelled this area. Furthermore, the logging road passed straight through a burial ground (*tambak*), exposing the skulls and bones of the community's ancestors.

The exception was the village of Punyoi. The head of this village reported that his village has an excellent relationship with HDR. Previously the company had hardly helped the village, but this had improved over the preceding year. In 2000 the company had plans for a village development programme that included renovating the primary school and rice mills. In 1998 the company had already restored the village meeting house (*balai desa*), and there were promises of a water-cleaning unit, a village health clinic and help for the church. When the village head asked the company to send a grader to repair the road, it did so.

In addition to the disputes described above, in Gunung Mas there were also significant disputes further downriver. In one dispute, village had blocked a road linking a concession to its log pond over several months. After the dispute became subject to a political struggle between the Governor and the district head, it had festered for several months, leaving harvested timber abandoned and decaying in the forest.¹⁰⁸ In another dispute that emerged during August 2000, villagers had cut trees and blocked the road connecting four concessionaires and their log ponds on the Kahayan River near Tewah. The villagers demanded Rp 900 million compensation for village lands appropriated by the logging companies for their base camps on the Kahayan river some 26 years earlier.¹⁰⁹

To seek further information about these conflicts and to balance the perspective of local communities, in the course of this project, I made several attempts to meet executives from timber companies in Jakarta and Palangkaraya. However, senior representatives from timber companies were always unavailable for

interview. However, two men now working for Inhutani III but who had worked for HPHs for several years did offer another perspective. When asked why concessions avoided employing local people in their operations, one of the men explained that the HPH-holders perceived local workers to have 'poor discipline'. 'They often disappear, just going back to their village for days,' he said. 'So when the supervisor needs them, they are not available. Therefore companies prefer to employ outside people who will always be available.' He argued that disputes arise because local people have 'insufficient understanding' of the existence of HPHs in their area, and tended to have excessive expectations. However, he did recognise the injustice faced by local communities lacking roads and other facilities.¹¹⁰

The *Camat* of Kahayan Hulu Utara noted that logging companies are primarily business organisations rather than development agencies, and primarily in the area for commercial reasons. This means that they carry out village development programmes to meet the requirements by law; they lack the ability or interest in really helping surrounding communities. This has meant that little tended to change.¹¹¹ A Forestry Ministry official admitted that there were problems with community development programs, noting that the amount of money that concessions had been obliged to set aside for village development assistance (*Bina Desa*) was too small. 'The HPH concession-holders just do one small job, say fixing the road a little,' he said, 'and the funds are finished. So the village hardly feels the effects.'¹¹²

This year, the Inhutani workers reported, logging concessions faced lots of 'threats' from the local population. Although this had started during 1999, it had become especially prevalent during 2000, and these disputes affected PT Inhutani III activities. For instance, PT Inhutani III operations were stopped in one area, one of the workers noted, because of a dispute with communities in the area: 'Local people will not

allow us to have access to our log pond, so we need to find a new place before continuing operations.’¹¹³

An official from the Indonesian Forest Concession-Holders Association (*Asosiasi Pengusaha Hutan Indonesia* or APHI) in Jakarta argued that a ‘social gap’ had emerged, causing conflicts between communities and logging concessions. Taxes levied on logging operations by the government – including DR, PSDH/IHH and PBB – amounted to a large proportion of the rents generated from the timber industry. ‘But this hasn’t gone to local people, it has gone to the central government,’ he said. ‘So the local community doesn’t get any benefits.’ In his view the HPH system was now discredited because HPH have become scapegoats. The real problem was that the central government did not provide sufficient revenue to local people.

A second problem derived from land rights. The Forestry Ministry had allocated concessions in community lands, and when HPH-holders had logged those lands, they faced disputes with local communities. However, he argued that the ‘government should have made agreements with communities regarding land ownership before granting the concessions’.

He recognised that communities have begun taking direct action to demand compensation from HPH concession-holders. Communities make lots of demands and are highly factionalised, he said. The communities are ‘backward’ (*terbelakang*); they make unreasonable claims. ‘They are usually OK – until provocateurs from outside come into the area. If the companies made an offer to one village, and the second village later obtains more, the first village will demand equal terms.’ Moreover, ‘communities never stick to agreements’. Communities also made what in his view were claims that were excessive or were without clear foundation. For instance, ‘communities make demands saying this is our land for 10 km along the river, and that is only one village’. As the claims of communities are

‘so extensive’, the government should start a process that sorts out where land can be granted to logging concessions. The government could pass legislation regarding the level of compensation, he argued. However, usually local or provincial governments failed to respond. Therefore HPH who wanted to continue their operations had ‘to find their own alternatives’ and sort out these problems for themselves.

One of the Inhutani workers had asserted that, ‘with regional autonomy, more proceeds will go to local people’. Logging concessions ‘will continue to be able to operate’, he had said, ‘but not like before. Now they will need to accommodate local people, for example by filling as many jobs as possible from surrounding communities. If profits are shared more equitably this will accommodate local aspirations.’¹¹⁴ The APHI official confirmed this perspective; concessionaires were happy about decentralisation, he maintained, because the lack of balance between the centre and the districts would be addressed. ‘If the community is happier, this will reduce social conflicts.’¹¹⁵

3.4 DECENTRALISATION: CHANGING THE RELATIONSHIP BETWEEN LOGGING CONCESSIONS AND LOCAL COMMUNITIES?

This paper has considered the situation of timber concessions in the Gunung Mas region of Kapuas district, an area now applying for district status. During the Suharto period, at best, local communities here only benefited marginally from the activities of logging concessions. As the *Camat* of Kahayan Hulu Utara observed, the people were still living much as they had formerly; the construction of logging roads were the major improvement since the advent of the logging concessions. If the community had advanced at all, another informant argued, this was from gold mining rather than because of the logging concessions. ‘People are still living

as they did before, but how many trillion [rupiah] have been taken from this region?’¹¹⁶

During the New Order period logging operations had in many cases damaged or ruined sites significant to local community livelihoods, spiritual beliefs and sense of identity. At that time the support of the security apparatus and district and provincial governments for timber concessions ensured the quiescence of local communities. With the shift in power away from the military and entrenched interests at the centre following *reformasi*, the security apparatus had less opportunity to justify using the ‘security approach’ to solve conflicts between logging concessions and local communities. Now, local communities had greater opportunities to articulate their complaints.

By 2000, the local communities were actively pursuing their interests; disputes between logging concessions and local communities were now endemic in Gunung Mas. Villages – especially those with charismatic leaders and strong feelings of injustice – were now protesting. Where approaches to the authorities were not leading to satisfactory results, they were taking their grievances directly to logging concessions.

According to a long-term observer of relations between the concessions and local communities in Tumpang Miri, the ability of villagers to obtain settlements from concessionaires depended on a number of factors. The approach of a particular village head to the logging concession concerned could alter the outcome significantly. Was he able to successfully put forward the village’s case? The leadership qualities of the village head were important: was he able to gain the support of local communities? Alternatively, did the village head or villagers feel intimidated? Apparently concessionaires also made strategic decisions about how they would handle disputes and whom they would help. For instance, concessionaires often preferred to assist villages closest to their active logging areas (RKT) rather than areas logged

in the past. In some cases logging concessions were evidently more willing to negotiate, while in other cases concessionaires would improve their bargaining position by bringing security forces and flexing some muscle before pushing for a settlement. Moreover, logging concessions were either not able to or not prepared to help every village. After taking the compliance of local communities for granted for so long, some considered the demands of villagers that had emerged during the *reformasi* period as excessive. Of course, as one informant noted, it was also possible that some of the money allocated to assist logging concessions never made it down to the communities because company personnel misappropriated it.¹¹⁷

The bargaining position of specific communities and the ultimate success of their demands largely depended upon their ability to gain support of key actors – including NGOs, the press, activists and critical members of the DPRD – in Palangkaraya and Kuala Kapuas. For isolated communities located up the headwaters of the Kahayan River this remained a critical problem. If Kuala Kurun were to become the seat of government for the new district of Gunung Mas, it is likely that to some extent the obstacle of distance will be removed.

However, to the extent that communities now have a better bargaining position vis-à-vis the logging concessions, this followed from the broader reform (*reformasi*) process rather than from the specifics of the new regional autonomy legislation in itself.¹¹⁸ While there are some new legislative reforms that could affect the position of local communities in the face of logging concessions – for example, the formation of district-level Bapedalda – these reforms are still a long way from being implemented in Gunung Mas.¹¹⁹ Nonetheless, as the Hutan Domas Raya case demonstrated, these changes do not necessarily mean that communities can gain satisfactory settlements from the timber companies. As noted earlier, in one case brought during 2000 by communities against a timber company, the *Bupati* in Kuala Kapuas had

supported timber interests. In this context, local communities took their complaints to the provincial DPRD rather than the district DPRD. Even though the Governor was a *putra daerah* (native of the region), and even though vocal members of the provincial DPRD provided their support, this process failed when the case went to this assembly.

This is perhaps not surprising because timber concessions still wield considerable influence in Central Kalimantan's DPRD. In July 2000, the provincial tabloid *Telescope* reported that 'money politics marked (*mencoreng*) the institution of Central Kalimantan's DPRD assembly'. Reporting the findings of an Indonesian Corruption Watch (ICW) report, *Telescope* recounted that several 'entrepreneurs' (*pengusaha*) had acted as 'sponsors' during the election of the Governor, in the process guaranteeing their own business practices. According to ICW, the majority of the business interests making such 'political investments' were 'timber entrepreneurs'. This undermined the professionalism of forest management, ensuring that a 'large proportion of timber entrepreneurs in Central Kalimantan can log the forest at random without action being taken... *Cukong* even emerge as respected persons and are honoured as members of parliament' (Redaksi Telescope 2000).

While logging concessions now needed to accommodate local communities more than they ever had, they could still call on the backing of elements within the state to ensure that local communities accepted compromises that worked in the companies' favour. Consequently, local communities still faced considerable obstacles. In Gunung Mas there is very little NGO activity. Communities are very poorly organised and easily intimidated. Moreover, they are far removed from the seat of power and decision making. During 2000 this conflict was ongoing, and the terms of engagement were continuing to change. Yet, if

the interests of local communities are not effectively accommodated, eventually the dispute might well lead to violence.

4

CONCLUSION

Kapuas district faces significant challenges proceeding with regional autonomy. Due to the enormous size of the district and its low population density, the area received small development budgets during the New Order and remains underdeveloped. This is evidenced by the poor transportation facilities; the district has only one sealed highway, and even today most of the region can only be reached by river, and then only when water levels permit. Many upriver Dayak communities still live in isolated villages where education and health services are elementary and electricity, postal and telephone facilities practically non-existent.

During 2000, district and provincial elites were enthusiastic and had high expectations for regional autonomy. Interviews revealed that many people have perceived that the district government agencies, including the *Bupati* and the district and provincial legislative assemblies (DPRD), have been remote from the concerns of much of the population. During the New Order period, the central government tended to appoint outsiders – typically Javanese military officers – to key positions in the regional administration. Some informants in Kuala Kapuas and Kuala Kurun expected that, if the district was divided into three new districts, and ‘children of the region’ (*putra daerah*) took over its administration, government could only improve because it would more closely reflect the aspirations of the people.

However, the district government continues to face significant difficulties extending even basic services to most of the district – let alone creating two new truly autonomous district administrations as proposed. The weak capacity of the existing Kapuas district administration is most readily apparent with respect to its budgetary situation. Kapuas has a very high dependence on central government revenues and a poor record of generating its own revenues. With regional autonomy, the district government would become responsible for supporting a range of decentralised government services, yet the district faced a funding crisis during 2000 that severely slowed down the wheels of government.

In response to this problem and in accordance with new powers given by the decentralisation legislation, the Kapuas district government took the initiative by establishing new regional government regulations (*perda*) that among other things aim to generate revenue. As forests are the easiest and most obvious place to generate income, and as previously there were very few district taxes levied on timber in Kapuas, many of these legislative initiatives focused on the forestry sector. New regulations imposed district taxes on all timber taken from the area (including that extracted from HPH timber concessions). New procedures for obtaining sawmill licences from the district government also entailed the levying of a new fee. A Kapuas district government regulation

provided for the auctioning of confiscated illegal timber. This contrasted with *perda* in neighbouring districts (see Barito Selatan and Kotawaringan Timur case studies), where district governments were now taxing illegal timber and then permitting it to leave the area in contravention of national government regulations. However, in contrast to these districts, Kapuas was going ahead with another initiative in contravention of a central government decision. A Kapuas regulation allowed for the granting of small-scale HPHH community logging concessions despite a Ministry of Forestry decision that suspended this practice. Prior to the formal implementation of decentralisation laws, control over forestry services in the district was still vested with *Dinas* and *Kanwil* offices in Palangkaraya. This meant that the HPHH initiative could not be carried out via these offices. Ironically, the district had to implement an initiative providing for the logging of blocks of forest via a small forestry agency charged with reforestation and land conservation (PKT) that was under its own control.

During 2000, disputes between HPH-holders and local communities were endemic in the upriver areas of Kapuas district, including Gunung Mas. These disputes were a legacy from the New Order period when logging companies could operate without adequately addressing the development needs or respecting customary property rights of the communities surrounding their logging concessions. Now, in the political climate known as *reformasi*, communities were articulating their complaints and demanding compensation. As some of these disputes escalated into conflicts, logging companies had less secure access to timber. Where the position of local government during a period of political uncertainty remains unclear, logging companies have had to deal with these problems themselves. At times different timber companies have acted to intimidate and to co-opt local communities or their leadership; have employed delaying tactics; and at times, have made concessions and paid compensation.

However, during 2000 disputes in Gunung Mas continued without resolution. One reason was that at the time that this research was carried out, government regulatory powers regarding concessions remained centralised, and regional autonomy reforms had not yet had a noticeable effect on the regulation of logging concessions operating in upriver areas. At that time, despite vocal protests in Palangkaraya, the Forestry Ministry of the central government – through the *Kanwil*, its provincial government line agency – still maintained powers over the granting of HPH licences and annual logging schedule (RKT), and played a key role in spatial planning.

Moreover, with regional autonomy, the district and provincial governments receive a large amount of revenue derived from the operations of large-scale HPH timber concession-holders. As the most significant industries in upriver areas, timber companies also generated flow-on effects in the economies of district townships. This means that, even after implementation of regional autonomy, district and provincial governments had an economic interest in their continued operation. Furthermore, regional politicians needed significant funds to guarantee their election, ensuring the emergence of money politics. In this context, timber companies and local timber barons had the opportunity to make ‘political investments’ in district and provincial parliaments to secure their interests. These factors ensured that logging companies were stronger than remote upriver communities.

Nonetheless, Dayak communities felt indignant about outside timber companies, and some politicians also held these resentments. In this context regional politicians competing in the DPRD could build up a local reputation by playing to these resentments and mobilising popular opinion against the concessions – or against those who might dare to openly support them. This dynamic ensured that disputes between HPH-holders and local communities found representation in the rhetoric of DPRD politics, albeit without necessarily benefiting the upriver communities.

In any case, as large areas of Kapuas district had already been logged by timber concessions, and were now no longer subject to active timber concessions, most of the timber was extracted by other means – particularly through endemic illegal logging. This had emerged on a large scale during the PLG Mega-Rice Project. As this project involved clear-felling one million hectares of peat swamp forest, the Ministry of Forestry issued large numbers of IPK timber clearance permits. As extended legal and illegal timber operations came into operation, large pockets of sawmills appeared along the rivers of southern Central Kalimantan. Although the IPK permits were revoked when the PLG project was cancelled in 1999, the sawmills and extra-legal timber operations have continued to operate on a vast scale in surrounding areas.

In the political climate described here, HPH concessionaires were more likely to attempt to find accommodations and enter into exchanges with local politicians and other key figures who could protect their interests. Moreover, under regional autonomy, HPH-holders facing problems with their concessions as well as other timber interests, seemed well positioned to use new district regulations to access timber. For instance, *cukong* and HPH-holders could find local collaborators in the community or district government who could help legitimate and even legalise their activities by applying for community concessions on their behalf. Office-based patrons could then ensure that law enforcement was applied against loggers who did not have the capital or political contacts to legalise their activities. In some cases this was creating horizontal conflicts within communities between, on the one hand, those supported by office-based patrons or otherwise acting on behalf of outsider interests and, on the other hand, marginalised community members and less powerful actors marginalised by the process.

In conclusion, the political changes known as *reformasi* have entailed a shift in the balance of political power to some extent towards local communities. Now the administrative reforms known as regional autonomy have granted new

powers to district government, markedly strengthening the standing of local elites positioned to pursue their interests. During the transition period of 2000, beyond rhetorical gestures of local elites, the needs and demands of local communities barely find a place in district politics or articulate with the plans of local elites. Meanwhile, timber interests and local entrepreneurs – both old and new – were adjusting to this situation, entering into arrangements with local elites. While the legal discourse surrounding the extraction of timber may have changed with decentralisation, the rapid and highly unsustainable liquidation of the region's timber resources has continued.

¹ As an official originally from Sumatra noted, he had discussed the situation in Kapuas with another official originally from Sulawesi. They concluded that the condition of roads and facilities in Kapuas was similar to that found in Palembang or Sulawesi 28 years ago. Nor, he said, could the situation be blamed on the physical situation – for instance the large area of peat swamp. ‘In Jambi and Riau they also have peat swamp’, he said, ‘but they have a good road system.’

² A major concern for environmental management in Kapuas comes from the use of mercury in gold mining. To purify gold mined from the rivers, backyard operators mix the unpurified gold with mercury and then fire the mixture. The mercury evaporates in the process, leaving the gold homogeneous. However, the mercury returns to earth in rain and then finds its way into the river systems. According to a district official, a recent study took 121 samples from the upper Kahayan and Kapuas Rivers, that showed an average concentration of mercury of between 0.006 to 0.011 mg/l and 0.007 to 0.011 mg/l respectively. As tolerance levels for mercury are 0.001 mg/l, levels in the upper reaches of these rivers are seven to 11 times above the safe level. Interview with an official from the Economics Section in the Office of the *Bupati*, Kapuas District, (1.8.00).

³ In 1999, President Habibie issued a new Decree (Keppres 80/1999) that provided general guidelines for planning and management of

peat-land development in the former Mega Rice Project area. According to Rieley (1999), ‘this new decree provides the Government of Indonesia’s formal recognition of the failure of the Mega Rice Project but it also creates the mechanism for another land development disaster that could be much greater in extent and environmental damage. Future development of the one million hectare area has been rolled up into a 2.8 million hectare economic development zone or KAPET DAS KAKAB that was established by Presidential Decree 170/1998. The over-riding premise in this strategy is that of land conversion to food crops and plantations, especially oil palm and rubber. There is little reference to environmental protection and what is mentioned is inappropriate, insufficient and of low priority’. In any case, given the ecological problems involved in developing plantations in peat lands, it remains to be seen whether oil palm and rubber plantations can be developed in a landscape that is already devastated.

⁴ Interview, district government official, 31.7.00.

⁵ In July 2000 when the field research for this study was conducted, the nation’s forest resources were administered by the Ministry of Forestry and Estate Crops. In late-2000, the administration of estate crops was returned to the Ministry of Agriculture, where it had been through the New Order period, and forest resources were again administered by the Ministry of Forestry, as they had been since the early-1980s. To avoid confusion, this study will

generally refer to the Forestry Ministry (or *Dephut*) when referring to the national government's forestry bureaucracy.

⁶ To clarify these issues the researcher made several attempts to interview the manager of Inhutani III's Palangkaraya office but was unsuccessful.

⁷ Dinas Kehutanan Tingkat 1. Interestingly, although some of these areas are listed as returned to Dephut in the list from *Dinas Kehutanan Tingkat 1*, the CDK Kapuas' annual report (1999/2000) lists production targets for this last year for the same areas.

⁸ In the course of this project, on several occasions the author attempted to meet representatives of the HPH-holders in Jakarta and Palangkaraya to clarify many of these issues. Representatives were always unavailable for interviews. However, the researcher was successful in only meeting a representative of the Indonesian Forest Concession Holders Association (*Asosiasi Pengusaha Hutan Indonesia* or APHI) and officials from the district forest service. Accordingly, this report has had to rely on these sources.

⁹ Interview, 1.8.00.

¹⁰ Interview with driver, Kuala Kapuas, 1.8.00.

¹¹ Interview with Inhutani III staff, Palangkaraya, 14.7.00

¹² Interview with hotel staff, Kuala Kapuas, 1.8.00.

¹³ Interview with driver, Kuala Kapuas, 1.8.00.

¹⁴ *Iuran Hasil Hutan* was replaced by the *Provisi Sumber Daya Hutan* (PSDH) in 1998.

¹⁵ Interview with the Head of *Dispenda* Kapuas, 31.7.00. Beginning in 2000 the fiscal year coincides with the calendar year, where previously a fiscal year started on 1 April and ended on 31 March in the following year.

¹⁶ District government official, confidential communication, 31.7.00.

¹⁷ Interview with the Head of *Dispenda* Kapuas, 31.7.00.

¹⁸ Interview with the Head of *Dispenda* Kapuas, 31.7.00.

¹⁹ Interview with the Head of *Dispenda* Kapuas, 31.7.00..

²⁰ Interview with the Head of *Dispenda* Kapuas, 31.7.00.

²¹ According to budget figures for 1997/98, the district collected a tax known as *Retribusi Angkutan Hasil Alam* that amounted to Rp 61 million (Badan Pusat Statistik Kabupaten Daerah Tingkat II Kapuas 1997).

²² Interview with Head of *Dinas Perhutanan dan Konservasi Tanah*, Kapuas, 31.7.00.

²³ *Perda No 5/2000 tentang Tata Cara Pemungutan Hasil Hutan Berupa Kayu*

²⁴ *Perda No 10/2000 tentang Pungutan Daerah atas Pengangkutan dan atau Penjualan Kayu ke Luar Daerah Kabupaten Kapuas.*

²⁵ *Perda No 11/2000 tentang Izin Industri Kayu.* Those wishing to operate a business with an investment above Rp 5 million must obtain a Notice of Industry Registration (*Tanda Daftar Industri* or TDI) while those with an investment above Rp 200 million must obtain an 'Industrial Business Permit' or *Izin Usaha Industri* (IUI).

²⁶ *Perda No 12/2000 tentang Penertiban dan Pungutan Hasil Hutan Berupa Kayu dari Hasil Pelelangan di Kabupaten Kapuas.*

²⁷ *Rancangan Keputusan Bupati Kapuas tentang Tata usaha Kayau Milik.* At the time this study was conducted, if the community exploits this timber commercially, they cannot obtain legal permits, and it is considered illegal logging. *Kepala Dinas Perhutanan dan Konservasi Tanah*, 31.7.00.

²⁸ Interview with the Head of *Dinas Perhutanan dan Konservasi Tanah*, 31.7.00.

²⁹ For a discussion of this distinction, see the Barito Selatan case study.

³⁰ Interview with the Head of *Dinas Perhutanan dan Konservasi Tanah*, 31.7.00.

³¹ *Peraturan Pemerintah Republik Indonesia*

Nomor 6 Tahun 1999 tentang Pengusahaan Hutan dan Pemungutan Hasil Hutan pada Hutan Produksi

³² An official in *Kanwil Kehutanan* in Palangkaraya described the change in attitude amongst forestry officials after the letter from the Ministry of Forestry in Jakarta was issued that delayed implementation of the HPHH initiative. The implementation of the HPHH initiative had been ‘implicated with KKN [‘*Korupsi, Kolusi, dan Nepotisme*’ or ‘Corruption, Collusion, and Nepotism’], and after the instruction from the centre, forestry officials were ‘not brave enough’ to continue it. Interview, *Kanwil Kehutanan*, 8.6.00.

³³ Interview with an official at *Dinas Koperasi*, 31.7.00.

³⁴ Interview with the Head of *Dinas Perhutanan dan Konservasi Tanah*, 31.7.00.

³⁵ Interview with the Head of *CDK Kapuas*, 29.7.00.

³⁶ The PKT head estimated that virgin forest would produce twice this quantity of timber.

³⁷ *Kepala Dinas Perhutanan and Konservasi Tanah*, 31.7.00.

³⁸ Law No 25/1999 allocates 40% of *Dana Reboisasi* to the district level. However, at this time, there were no clear guidelines regulating how these funds would be used at the district level. *Kepala CDK Kapuas*, 29.7.00.

³⁹ Interview with the Head of *Dinas Perhutanan dan Konservasi Tanah*, 31.7.00.

⁴⁰ SKSSHH replaced the SAKO/SAKB permits from 12 June 2000.

⁴¹ The PKT head notes that there are districts in Riau, Jambi and Kalimantan Timur that are also continuing to issue HPHHs. In Kalimantan Timur, where the CDK and PKT are already joined into a *Dinas Kehutanan* at the district level, this is no longer a problem.

⁴² Interview with an official at *Dinas Koperasi*, 31.7.00.

⁴³ *Provisi Sumber Daya Hutan* (PSDH) were

formerly known as *Iuran Hasil Hutan* (IHH).

⁴⁴ The *Perda* regarding HPHH collects PSDH taxes on timber, and in accordance with UU 25/2000 forwards 20% to the central government. However, rather than sending it directly to the centre and waiting for the 80% of the funds to be redistributed to the district, the district directly takes its 80% share.

⁴⁵ Interview with the Head of the Economics Section, *Kantor Bupati*, 1.8.00.

⁴⁶ Interview with the Head of *CDK Kapuas*, 29.7.00.

⁴⁷ This permit (*Rencana Pengurusan Bahan Baku Industri* or RPBI) is issued by the *Kanwil* office in Palangkaraya. RPBI allows sawmill operators to formally obtain permits to transport timber out of the district. To obtain this permit, sawmill owners need to meet several requirements. For discussion of this problem and its connection to illegal logging, see McCarthy (2000). As noted in the Barito Selatancase study, RPBI can cost up to Rp 700 million to obtain.

⁴⁸ The PKT head said that it was still not clear how these permits will be issued after regional autonomy.

⁴⁹ Interview, 31.7.00.

⁵⁰ Interview, *Kuala Kurun*, 20.6.00.

⁵¹ This figure does not include cooperatives active in Kapuas that have requested areas of forest from higher authorities.

⁵² *Daftar Pemohon HPH/HPHH/HPHKM di wilayah Kabupaten Kapuas Tahun 1999/2000*, *Dinas Koperasi, Kuala Kapuas*.

⁵³ Interview with an official at *Dinas Koperasi*, 31.7.00.

⁵⁴ Interview with Inhutani III staff, Palangkaraya, 14.7.00. Inhutani III staff maintained that HPH-holders were unable to prevent this from happening.

⁵⁵ Interview, *Kuala Kurun* 19.6.00.

⁵⁶ *Surat kepada Bapak kepala kantor wilayah kehutanan dan perkebunan Tingkat I*

Kalimantan Tengah di Palangkaraya perihal tidak setuju hutan kas desa Tumbang Manyangan dijadikan bisnis oleh kepala desa Dansius Pantar dkk (unpublished letter, 29 May 2000).

⁵⁷ As noted in footnote 3, mercury contamination of the upper reaches Kahayan and Kapuas Rivers are of major concern. Official, Bupati's office, 1.8.00.

⁵⁸ Interview with the Head of BAPPEDA, 31.7.00.

⁵⁹ Interview with an official at BAPPEDA, 28.7.00.

⁶⁰ For a discussion of this phenomena in another context, see McCarthy (2000).

⁶¹ Interview with a researcher at Palangkaraya University, 22.6.00.

⁶² Only two subdistrict capitals are now connected to the telephone system, and two sub-district capitals still lack a post-office.

⁶³ Accordingly, a resident of Kuala Kurun wishing to visit the district capital of Kuala Kapuas needs to outlay around Rp 110,000 in transport costs and stay overnight in Palangkaraya.

⁶⁴ Interview with the manager of *Bank Pembangunan Daerah*, Kuala Kurun, 21.6.00

⁶⁵ Interview at the *Pembantu Bupati's* office, 19.6.00.

⁶⁶ Interview with the manager of *Bank Pembangunan Daerah*, Kuala Kurun, 21.6.00

⁶⁷ Interview with *Pembantu Bupati*, Gunung Mas, 19.6.00.

⁶⁸ Interview with the Head of Tumpang Posu, 16.6.00.

⁶⁹ Interview at the *Pembantu Bupati's* office, Kuala Kurun, 21.6.00.

⁷⁰ Interview 13.6.00.

⁷¹ Interview 13.6.00.

⁷² This town is at the junction of the Kahayan and the Miri Rivers. The Kahayan flows from

the west while the Miri flows from the north, and the two meet at Tumpang Miri. Tumpang means literally 'junction' or 'head', and Tumpang Miri means head of the Miri.

⁷³ Interview, *Camat* Kahayan Hulu, 14.6.00.

⁷⁴ Eight of the 12 concessions active within the CDK Kahayan area listed in Table 2 are in Gunung Mas. These concessions are: PT Dahian Timber, PT Fajar Kahayan, PT Hutan Domas Raya, PT Sikatan Wana Raya, PT Ratu Miri, PT Tanjung Raya Intiga, PT Bumi Raya, PT Prabanugraha Teknologi.

⁷⁵ PT Dahian Timber and PT Fajar Kahayan.

⁷⁶ PT Ratu Miri.

⁷⁷ PT Tanjung Raya Intiga and PT Bumi Raya.

⁷⁸ PT Prabanugraha Teknologi has been assigned an area formerly part of PT Hutan Domas Raya.

⁷⁹ PT Hutan Domas Raya and PT Sikatan Wana Raya. Several informants from the Governor's office in Palangkaraya had complained bitterly about the way in which the central government authorised these concessions without more than going through the motions of consulting provincial government. The main complaint appeared to be that the process favoured timber interests with strong contacts at the centre, leaving regional elites standing by watching. Interview, Palangkaraya, 28.6.00.

⁸⁰ Due to time constraints, the author was unable to confirm with *Kanwil Kehutanan* exactly how HPH were in this situation.

The Ot Danum people are linguistically distinct from the Ngaju who live along the middle reaches of Central Kalimantan's great rivers and who are numerically and linguistically the dominant Dayak group in the area. According to Muller (1996), some 70% of the Ot Danum who live in Kahayan Hulu Utara adhere to the their ancestral Kaharingan faith. These former swidden areas subject to village property rights include areas around former village sites. In the past the Ot Danum selected the sites for their villages to offer strategic views down rivers and

to otherwise assist in defence against hostile neighbours. This meant that in an age of continuous warfare, the Ot Danum built their villages in the headwaters of tributaries and on remote forest hillsides. However, when peace was established at the end of the 19th century, the people moved their villages down to more convenient locations on the major rivers. Interview with a former employee of the Ministry of Education and Culture's office in Kahayan Hulu Utara subdistrict (*Kandepdikbud Kecamatan Kahayan Hulu Utara*) who had been involved in the listing significant cultural and historical sites for protection by the government, 17.6.00.

⁸² Interview, 17.6.00.

⁸³ See Muller (1996).

⁸⁴ The village head interviewed here said that, if people wanted to extract ironwood, the concessionaire working here was willing to assist, but villagers had to charter boats. The ironwood close to the village had long been finished. Although the villagers had not made demands on the company, the village head expressed dissatisfaction with the company: 'If there is no change, if they don't want to help, we want them to leave.' Interview, Head of Tumpang Surian, 16.6.00.

⁸⁵ Due to the rapids in the Miri River, upriver villages are difficult to reach. During floods or drought, even the shallow draft *klotok* cannot navigate the river. Given the remoteness of the area and difficult access, prices of consumer goods double. Villagers primarily work their gardens. 'If it is a good season,' a villager explained, 'like this year, nobody needs to cut ironwood.' However, in poor seasons, villagers cannot meet their needs from their swiddens and *kebun*. For instance, if there is a drought from October to February, their swiddens will fail, and whether they like it or not, villagers will have to log ironwood or mine gold in order to eat. In June 2000, there were only women and children left in Kuroi village. All able-bodied men had left to go gold mining. Miners travelled over the hills to a site on the Naan River, a tributary of

the Barito. To reach this site, villagers have to either walk for three days, or take a *klotok*, and then hire a motor bike for a 1.5 hour drive up a steep track. As the journey costs Rp 180,000, miners depart for a month at a time, leaving only women, children and village elders in the village. Villagers from the neighbouring village of Napoi mine in an area alongside PT Kalimantan Suraya Kencana's lease area. According to villagers from Napoi, although they had previously worked this area, the company obtained a lease over the most productive area. Now, following an agreement, members of the local community are allowed to work in a less productive area. PT Kalimantan Surya Kencana is the only company actively mining gold in the Gunung Mas area. While some five other companies are listed as active, they are still in the exploratory stage.

⁸⁶ Interview, Napoi villager, 15.6.00. Kuroi village, interview with villagers, 14.6.00. During a drought it is not possible to take ironwood out by river. However, Hutan Domas Raya charged Rp 500,000 to ship the ironwood down to Tumpang Miri, although generally not a full truck. One informant reported that, as this timber sells for Rp 25,000 for a 4-metre plank, 'this is almost the price of the wood'. Several villagers also complained that HDR refused to give the people old tractor tyres or timber off-cuts, preferring to let them go to waste.

⁸⁷ Older villagers said that there were no clear boundaries between the concession area and the village; HDR had logged within one kilometre of Kuroi, leaving inhabitants with the impression that 'the community has no rights'. 'We have no objection if they log outside our areas, in areas that have never been cultivated', a village elder said. 'But on *Sungai Napoi* they log the former *kebun* of people and make their base camp on community land.' Kuroi village, interview with villagers, 14.6.00. Local farmers were incensed that HDR had cut down old forest gardens to build its logging camp on the bank of the Napoi river. Although it was more than 20 years since they cultivated this area, villagers return there during long droughts, and at the beginning of the wet season they harvest the fruit

trees planted there. Farmers still valued their old forest gardens, but Hutan Domas Raya had bulldozed the area.

⁸⁸ Villagers also used to use *meranti* for the walls of houses, but after the area was included in the HDR concession, the logging of *meranti* was forbidden. After this time the people were only allowed to take ironwood: during the 1980s, after taking *meranti* several villagers were arrested and jailed for some months. Interview, Napoi villager, 15.6.00.

⁸⁹ Kuroi village, interview with villagers, 14.6.00.

⁹⁰ A resident of Napoi described how HDR cut down a garden he had inherited from his parents. The garden contained large *jelutung* trees that he and his father used to tap for their resin. 'They were something we could fall back on [for some income], but now they have been finished off by the company.'

⁹¹ The head of the neighbouring village of Tumpang Napoi reported that forestry officials visiting the area had pointed out that, according to regulations, HDR's camp should have been located 250 m from the river. Although the company subsequently promised to compensate the seven families involved for lost livelihood, five years later they had failed to do so. The head of Napoi noted that the company had 'the attitude of playing hide and seek with villagers' (*sifatnya kucing-kucingan sama masyarakat*): they would say 'sweet things', and it would seem like there were no problems, but they would fail to follow up. Interview, village head, Tumpang Napoi, 17.6.00.

⁹² According to Kaharingan beliefs, the well-being of villagers depended on the maintenance of this site. 'If they caused illness to the company, never mind,' an informant said, 'but it affects us.' Interview, village head, Tumpang Napoi, 17.6.00.

⁹³ *Surat Keputusan Direktur Perlindungan dan Pembinaan Peninggalan Sejarah dan Purbakala Direktorat Jenderal Kebudayaan Departemen Pendidikan dan Kebudayaan*

Republik Indonesia Nomor 578/C.1/F5.3/1995, 10 Juli 1995. Some 25 km up the Napoi river lies the site of Karang Moret, the ancestral longhouse of the people of Tumbang Napoi. Some poles and shafts of this former longhouse can still be seen here. These ancestors planted fruit trees in their ladang, managing the agroforest gardens during the decades (or even centuries) of occupation. According to the residents of Tumbang Napoi, their ancestors left a garden stretching some two kilometres along the length of the Napoi river. Here durian and other fruit trees – interspersed with forest trees that have since colonised the gardens over the decades since the site was abandoned – grew on the left and right of the river in the midst of the forest. A villager noted that people from as far away as Tewah would come and harvest durian here. 'If the whole *kecamatan* came and took durian, there would still be durian left over. The trees were almost as wide as I stand – how many centuries does it take to grow this tall?'

⁹⁴ Interview, Napoi villager, 15.6.00.

⁹⁵ Kuroi village, interview with villagers, 14.6.00.

⁹⁶ Kuroi village, interview with villagers, 14.6.00.

⁹⁷ Interview, villager, Tumpang Napoi, 17.6.00.

⁹⁸ Interview, 14.6.00.

⁹⁹ 'Apa boleh buat... dengan perasaan berat hati' Interview with villager, 14.6.00.

¹⁰⁰ Kuroi village, interview with villagers, 14.6.00.

¹⁰¹ Interview, Palangkaraya, 22.6.00.

¹⁰² 'Culik, aja, sudah, dari pada rakyat menderit, lebih baik satu orang dipenjarakan'. Interview, Palangkaraya, 22.6.00.

¹⁰³ 'DPRD Kalteng Akan Tuntut Domas', 20.6.00, *Kalteng Pos*. When *Kalteng Pos* journalists approached the company to clarify why the director did not attend, the security official (*satpam*) who answered the phone said that the director was 'out' and couldn't be contacted.

¹⁰⁴ *Tripida* (Tri Pimpinan Daerah) is a triumvirate of the leaders of police, army and village that meets regularly.

¹⁰⁵ Interview, confidential source, 1.8.00.

¹⁰⁶ Interview, confidential source, 1.8.00.

¹⁰⁷ The heads of the following village were interviewed during June 2000: Tumbangmarakoi, Tumpang Korik, Ponyoi, Tumpangmanyoi, Tumpangmahuroi, Tumpang Posu, Harou, Tumpang Suriam, and Tumpang Napoi.

¹⁰⁸ This influential member of the provincial DPRD is a former military officer who once headed the provincial DPRD during the 1970s. Even today he remains an influential and vocal member of the provincial assembly. He described the protracted conflict between PT Dahian Timber and surrounding communities. In late 1999 the community demanded Rp 5.5 billion to compensate for the destruction of community lands and for the failure of the company to meet its community development (*Bina Desa*) commitments. To support this claim, villagers began to blockade the road linking the concession to its log pond. According to this informant, the *Bupati* and Governor largely ignored the issue. Therefore, he and other concerned parties in Palangkaraya visited the site. 'To secure the situation,' they formed a committee to investigate, and decided that from the timber previously extracted, a percentage should go back to the community. After negotiations, PT Dahian Timber agreed to pay Rp 550 million in compensation. However, at this point the *Bupati* in Kuala Kapuas declared that, as the area was in his administrative area, he would form a team to deal with the problem. He advocated that PT Dahian Timber withdraw from the agreement. As the community subsequently continued its blockade, the problem remained unresolved. As this had now continued for several months, hundreds of cubic metres of timber left in the forest had now decayed. Interview, Palangkaraya, 22.6.00.

¹⁰⁹ Interview, confidential informant, Palangkaraya, 30.7.00.

¹¹⁰ Interview with Inhutani III staff, Palangkaraya, 14.7.00.

¹¹¹ Interview with the *Camat* of Kahayan Hulu Utara subdistrict, 16.6.00.

¹¹² Interview, *Dinas Kehutanan*, Palangkaraya, 15.7.00.

¹¹³ Interview with Inhutani III staff, Palangkaraya, 14.7.00.

¹¹⁴ Interview with Inhutani III staff, Palangkaraya, 14.7.00.

¹¹⁵ Interview, *Asosiasi Pengusaha Hutan Indonesia*, Jakarta, 7.6.00.

¹¹⁶ Interview, confidential informant, Tumpang Miri, 17.6.00.

¹¹⁷ Interview, confidential informant, Palangkaraya, 30.7.00.

¹¹⁸ *Reformasi* in the forestry sector involved reforming the state rules relating to the economic and the commercial side of resource management, including the rules governing the harvesting, processing, marketing and export of timber. Previously the forestry regime had privileged elite interests and revenue requirements of the central government over local communities and regional government. Now the challenge was to find a way to ensure a more equitable distribution of the benefits from forest resources and to ensure that the government gained a larger percentage of the rents generated by the timber industry (Campbell 1999). Clearly the new decentralisation reforms formed a part of this process. Yet, the effects of the specific regional autonomy legislation to some extent can be distinguished from the wider process.

¹¹⁹ See the Barito Selatan case study for a discussion of this issue.

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