

Guarding Central Government Control over Forest: Forest Governance in the Post Decentralization Indonesia

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ABSTRAK

Artikel ini membahas bagaimana perubahan tata kelola hutan di Indonesia yang dimulai sejak tahun 1990-an yang bertujuan untuk meningkatkan kesetaraan, partisipasi dan manajemen berkelanjutan telah menunjukkan hasil yang diharapkan. Pada masa Orde Baru, kewenangan utama dalam pengelolaan dan pemberian izin eksploitasi hutan berada pada pemerintah pusat. Dengan tujuan untuk meningkatkan efisiensi dan kesetaraan, kewenangan tersebut sebagian diberikan pada pemerintah daerah pada era desentralisasi. Namun, dalam konteks Indonesia, perubahan institusi tersebut tidak sepenuhnya memunculkan hasil yang diharapkan. Tarik menarik kepentingan antara pemerintah pusat dan daerah serta adanya resistensi kelembagaan menjadikan proses desentralisasi bidang kehutanan terhambat. Artikel ini bertujuan untuk menjelaskan bagaimana proses tersebut terjadi.

Kata kunci: desentralisasi, resentralisasi, tata kelola hutan, path dependen, Indonesia

ABSTRACT

This article examines whether reform forest governance in Indonesia started in the 1990s, which was partially aimed to promote equity, participation and sustainable forest management, has delivered its promised consequences. In the New Order era, the central government had sole authority in managing forests and granting exploitation rights. This authority has been partially transferred to local governments during a decentralization process to achieve greater efficiency and equity. However, the Indonesian case highlights that such institutional change has not yet produced the expected outcomes. The case indicates a contestation between the local and central government along with institutional resistance, which have considerably undermined decentralization processes in the forestry sector. This paper explores possible explanations for these processes.

Keywords: decentralization, recentralization, forest governance, path dependency, Indonesia

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INTRODUCTION

Concerns over forest management policy reforms in Indonesia first emerged in the 1980s through the World Bank and NGOs proposals. The World Bank proposed a number of market-oriented programs such as eliminating restrictions on log exports, increasing forest taxes and creating competitive concession allocations, while the NGOs focused on community forestry and conservation. However, policy processes dominated by the central government with limited participation of non-state stakeholders hindered all potential reforms (Silva et al. 2002). Demands for old arrangement reform and decentralized resource management mounted, following the 1997 economic crisis and the decline of the New Order government.

The reform was marked by two characteristics. First, it was a bureaucrat-dominated agenda since the law mainly comes from the Ministry of Forestry's proposal. Even though many stakeholders are involved in the post-economic crisis forest policy reform, their involvement tends to be marginalized in the final policy making process. Some accuse the government of largely ignoring recommendations from the stakeholders. The central government is more concerned with allocating concession licenses to local governments than with the decentralizing of forest control (Lindayanti 2003; Gellert 2010). Central government remains in control over the determination of forest areas and changes in their status and function, including conversion, as well as over the management of various conservation and protected areas. Central domination over the forestry sector is clearly stated in article 7 of Law 22/1999 which reserves natural resource utilization to the center (World Bank 2001). Second, forestry reform indicates the process of decentralization to centralization. Nevertheless, this pattern is not new in forest-rich developing countries. Central governments, supported by various vested interests, apply many ways to undermine decentralization reforms (Ribot, Agrawal, and Larson 2006). They resist any reform to preserve their privileges. Concerning the liberalization of the forest industry, resistance comes from domestic businesses over timber industry refor-

ms. Various reforms proposed by the World Bank and IMF failed due to these resistances (Gellert 2010).

A large amount has been written about decentralization and recentralization related forestry sector in Indonesia. Most of the analysis focuses on the effects of decentralization and recentralization (Bulliger & Haug 2012), bureaucratic and power interplay (Sahide et al. 2016), lesson learnt from decentralization process (Dermawan, Komarudin, and McGrath 2006; Ardiansyah, Marthen, and Amalia 2015), and also the mechanism of weakening decentralization process (Ribot, Agrawal, and Larson 2006). Despite the large amount of literature, little attention has been paid to how or why the persistence of the central government's role on forest management can be explained. Some argue that one should examine the legislative process, its timing, and the value of forest and land. Since the New Order, sectoral departments at the national level have relatively been the main source of policies (Lindayanti 2003). As a consequence, laws were laid down to serve administrative bureaucracy rather than to serve national interests (Patlis 2005). In terms of timing, new forest laws were proposed and enacted when the old regime was still in power. The result may have been different if the law was produced after the new government was established. Furthermore, compared to other departments, such as mining and fisheries, forests are contested spaces in which struggles and conflict over land and trees continues over time. Long historical jurisdiction over forests and its land also shapes current policies.

This paper aims to review the development of forest governance in Indonesia in connection with the centralization and decentralization process mainly from 1960s to 2000s. Through examination of existing and historical records of laws related to forestry, it argues that political and economic values of forest as well as institutional interest hinder the decentralization efforts. In what follows, the paper examines the development and persistence of central government control over forest. To support the argument, the data were gathered mainly from the literature and document as well as field research in 2011.

PATH DEPENDENCY, INSTITUTION AND POLICY

Path dependency is one of the features of historical institutionalism which represents an attempt to describe how political struggles are mediated by an institution. Institutions shape the goals of what political actors pursue and the way they structure power relations (Hall and Taylor 1996; Thelen and Steinmo 1998). An institution is defined as:

“...the formal or informal procedures, routines, norms and conventions embedded in the organizational structure of the polity or political economy. They can range from the rules of a constitutional order to the conventions governing trade union behaviour or bank–firm relations (Hall and Taylor 1996, 938).”

To be empirically observable, this paper defines an institution in narrow and broad ways. The former defines institutions as the array of administrative procedures and regulatory laws, while the latter sees institution as the core structural characteristic of the state and society, be it centralized or decentralized. Those characteristics determine power distribution as well as the capacity of bureaucrats and politicians (Ikenberry 1994).

The key idea behind path dependency is that, once established, certain courses of policy development can be hard to reverse. It is because state bureaucracy and other vested interests are resistant to change. As a result, the likelihood of radical policy change is significantly reduced (Kemp 2000). Past social policy choices create strong vested interests and expectations, which are extremely difficult to undo even in the present era (Pierson 2000).

Path dependency as a causal process is highly sensitive to the early stage events. In a path dependency sequence, the order in which alternatives are presented can significantly affect the outcome. Once contingent historical events take place, path-dependent sequences are marked by relatively deterministic causal patterns or inertia. Inertia involves the mechanism of reproduction that reproduces a particular institution over time (Mahoney 2000).

One way to recognize mechanisms of reproduction is by examining the distribution of power (Ikenberry 1994; Mahoney 2000). In relation to power and vested interests, Thelen (1999) argues, “We need to know exactly who is invested in particular institutional arrangements, exactly how that investment is sustained over time, and perhaps how those who are not invested in the institutions are kept out.” Furthermore, Modell, Jacobs, and Wiesel (2007) argue that an analysis of path dependency should be extended to examine what competing alternatives to existing institutional arrangement were available and why these were rejected at that specific time.

In policy development, path dependency more likely occurs when the policy allocates different authorities to a particular group. It also appears since policies involve investment and disinvestment. A new policy often brings about new administration capacity which resists change after its establishment. The resistance is due to its learning effect and any social or political cost. In politics, the absence or weakness of efficiency-enhancing mechanisms of competition and learning, shorter time horizons of political actors and stronger status quo biases generally built into political institutions lead to path dependence (Kay 2005; Pierson 2000).

The complexities of existing institutions may generate unintended consequences, sometimes undesirable ones (Hall and Taylor 1996). Specific state structures, created for a purpose, can be taken over by other groups seeking to establish policy capabilities in a different area. Once established, support by actors’ interests will endure and evolve. The result is often unexpected and ironic (Ikenberry 1994).

Path dependency is well recognized for its advantage to explain stability. The question comes when path dependency should explain policy change. Policy makers need to wait and fulfill several factors before creating an opportunity for policy change. Some empirical research on policy change and path dependency conclude that policy changes may occur as a result of reaction to unintended consequences or exogenous shocks such as economic crises and war (Kay 2005).

FOREST GOVERNANCE IN INDONESIA: TERRITORIALIZATION AND DEVELOPMENT

Over decades, forest management in Indonesia has represented a highly centralized control. It was initiated by the Dutch colonial authorities through territorialization mechanism. The mechanism was to control land, its resources and people. The territorialization process was carried out and strengthened by Indonesian government after its independence. In the New Order era, Soeharto proposed a development project which was characterized by central planning and technocratic idea.

Territorialization

Territorialization refers to an act of controlling particular specific boundaries, including people's activities and natural resources within. The definition of territorialization pinpoints some goals, which are: (1) claiming over territory, (2) protecting the people within the territory and their access to natural resources, and (3) regulating incomes from taxes (Peluso & Vandergeest 1995). These goals underline the role of central government to control over the territory. In the context of Indonesia, these dynamics of reterritorialization are exemplified by increasing orientation towards the world market and rescaling of territorial organization and forms of governance.

Nevertheless, forest management in Indonesia can be historically traced back since the Dutch colonialization. During that time, the Dutch mainly controlled forest in Java, while forests in the outer islands (outside Java) were controlled by more diverse authorities. The Dutch's control over the forest in Java itself marked the beginning of forest management practice in Indonesia. It was practically conducted by professional foresters based on the European-style management that involved scientific principles (Peluso 1994). The Dutch colonial administration over the Java and Madura's teak forests was legally sustained by the Agrarian Law of 1870. This Law gave the Dutch colonial government exclusive rights over forest by declaring that all the "unclaimed" or "wasteland[s]" were the property of the colonial state. This Law also

defined “wasteland” as an area of land which was not continuously under cultivation (Lindayati 2003). Therefore, it can be said that the Agrarian Law of 1870 became the foundation of the Basic Forestry Law of 1967 upon which the Soeharto regime laid claim to 66% of the state land mass as state property (Barber 1989).

The New Order government continued to maintain the Dutch legacy in controlling forest areas, mainly in Java. The Indonesian Forest Service was established in the late 1945, but still was more concentrated in Java. The management of Forest Service remained highly centralized and had a strong predisposition for managing forests for timber production according to the principles of scientific forestry (Barr et al. 2006). This was not in accordance with the rules as most of Java’s forests are teak plantation and categorized as timber estates, which actually could not be functioned as natural production forests. The story was quite different with forests in the outer islands which covered 97 percent of forests land in Indonesia. After the declaration of independence, forests in the outer islands considered as natural resource were controlled by forest dwellers.

With the Agrarian Law of 1870 as its legal precedent, the 1967 Basic Forestry Law delegitimized land tenure. The impact was found in Kalimantan where most of Dayak people employed widened agriculture. The land tenure in Dayak is either communally-owned or without owner at all, thus justifying its classification as state land. The Basic Forestry Law stipulates that state-sanctioned forest production initiatives take priority over customary law systems (Rhee 2006).

The territorialization of forests was implemented through these 3 (three) following aspects: (1) the enactment of boundaries, (2) the classification of the forest lands for specific purposes, and (3) the designation of rights to resources. A set of regulations—including the Basic Forestry Law—becomes legal preconditions in determining ownership and rights of people’s access to land and resources within this territory. State forest lands were categorized into conservation forests, protected forests, production forests, and recreation forests (Barr et al. 2006), dividing

zones for different activities and expanding both commercial logging and agriculture.

In the mid-1970s, territorialization efforts were pushed by the central government through the integration of smallholders in a capitalist plantation agriculture system by means of contract farming, called Perkebunan Inti Rakyat (PIR). The PIR scheme consisted of a core plantation (*inti*) and associated smallholder plots (*rakyat/people*) of approximately two hectares per family in a core-to-smallholder ratio of about 20:80 or 30:70. Through this scheme, the central government facilitated state-owned plantation companies in gaining access to land, developing infrastructure, and setting up the core plantation. As a replacement, the core plantation provided smallholders with the management of oil palm plots and the access to national and international markets (Zen, Barlow, and Gondowarsito 2005).

To strengthen its control, the New Order government also initiated the Village Governance Law of 1979. The law appointed local leaders as the representatives of the state. This law introduced a secular administrative structure of villages (*desa*) to replace the existing customary (*adat*) structures, although the two often coexisted. Initially, the law acknowledged village autonomy and public participation. It turned out just unexpectedly, settling a system that perpetuated the penetration of central government's control over the village and an inflexibly hierarchical top-down process of decision-making (Wollenberg, Moeliono, and Limberg 2009)

Developmentalism

Similar to most of newly independent countries, the New Order government put priority in pursuing development. The term development means to construct and to awaken (Lindayanti 2003). Development was then elaborated into long (25 years) and short terms plans (5 years known as *Pelita*), through which the government and the planners, social engineers, established the ideals, boundaries, and categories to regulate and reconfigure people's lives. National development plans were elaborated by sectors, each having its own specific institutional criteria

and indicators to complement the national development framework to define development problems and measure successes (Lindayanti 2003).

In the first and the second *Pelita* (1969/70 - 1978/79), forestry development was meant to gain cash/capital for national development. Through the enactment of the Law Number 1 of 1967 about Foreign Investment and the Law Number 6 of 1968 about Domestic Investment, forest contribution on national development was possible to achieve. These laws resulted in new development initiatives in Indonesia's forestry, which then drastically changed Indonesia into a major producer and exporter of tropical logs in the world. It marked the beginning of a forest concession era, which made forest sector the second largest export earnings after oil and became an important economic indicator value (Lindayanti 2003).

During the third *Pelita* (1979/80 - 1983/84), development in the forestry sector was more directed toward reforestation and land rehabilitation efforts. These were the result of the increasing area of hydrologically-critical lands throughout the country. In the outer islands (outside Java), the critical lands expanded mostly due to shifting cultivation activities practiced by local farmers. The focus and goals in the fourth *Pelita* (1984/85 - 1988/89), meanwhile, was more to forest products development. The aims of the development were to promote the added value of forest products, open opportunities of employment, and generate higher income. In 1985, a new policy on log export ban was issued, resulting in the acceleration of forest products industries in Indonesia (Lindayanti 2003).

The fifth *Pelita* (1989/90 - 1993/94) was considered as the most strategically important stage since it was the last *Pelita* for the first long-term development plan. Its outcomes would influence further development in the second long term development plan that began in *Pelita VI* (1994/95 - 1998/99). Forestry development in the fifth *Pelita* focused on law enforcement for forest concession holders, shifting cultivation practices control and industrial forest plantations development. Enforcement policy on sustainable development was also started during this stage. Log production was limited to 31.4 million cubic meters per

year; reforestation tax and saw-timber export fee were increased as well (Lindayanti 2003).

Lindayanti (2003) argues that the forestry sector plays three main roles in Indonesia's national development. First, forestry has to maintain sustainable production. Second, forestry has to support forest-based industries and exports. Third, forestry has to continue and increase the aspect of nature conservation. Practically, economic growth-oriented policies in forestry development are shown through the value-added promotion of forest products and a significant share in the world tropical timber market.

Territorialization stimulated regional expressions of discontent, separatist movements in resource-rich provinces, e.g. in Aceh and West Papua, and developmentalism approach created marginalization (Rhee 2006). The 1997 economic downturn, the collapse of Soeharto regime in 1998 and the increasing domestic and internal pressure forced the new government reform. After more than three decades of a highly centralized system of land control and territorialization, a share of decision-making power was transferred to district governments.

FOREST POLICY REFORM

Forestry reform in Indonesia has taken place for a lengthy process. Initiated in the 1980s, it came into effect after 20 years. In the 1980s, the New Order government tried to strengthen logging regulation and increase timber rent. The efforts did not succeed due to low enforcement, corruption, and an inappropriate rent allocation. Two dominant actors, the Ministry of Forestry and timber industries, had no incentive for the reform. Another barrier was the lack of competing power to press policy change as NGOs and International Organization were excluded from policy processes (Silva et al. 2002).

The main objectives of forest policy in the New Order were generation of foreign exchange, fiscal resources and employment opportunities, promotion of industrialization through forest-based industry, and regional development (Gillis 1988). Although some might have different arguments related to those objectives and their achievement,

Gillis (1988) believes that most of those objectives were not successful. By over-emphasizing the economic value of forests, the government also undermined the local communities' rights and forest sustainability.

The New Order government at first kept timber rent low to create and maintain loyalty and networks, mainly from the military and other Soeharto cronies and family (Ross 1996; Brown 2001). Collected official rent was used for other objectives rather than for forest sustainability. These non-forestry projects included SEA Games 1997 funding and Indonesia aerospace development (Ascher 1998).

After the 1997 economic crisis and the pressure to reform the governance in all aspects, general forestry policy objectives remained the same. However, it has incorporated some issues related to equity, participation and decentralization of rent distribution. Some policy instruments were introduced such as granting rights to local governments to distribute small concession licenses. A new scheme of share distribution in all new extended concessions should be 20% to cooperative and 10% to provincial government forestry corporations (Brown 1999). Other policy instruments were also installed, particularly those related to the duration of concessions. During the New Order, the government set the minimum limit of concession area at 50.000 hectares for 20 years and non-transferable, while in the decentralization era the limit varied and the duration ranged from 1 to 100 years. The government also increased royalty taxes and introduced performance bonds to concession licensers.

Although the new forestry law does not provide secure tenure, it revives customary communities and promotes their involvement in forest management. The new law strengthens local communities' rights to use the forest for daily consumption needs and to undertake forest management activities based on the customary rules as long as the rules do not conflict with state laws (Wollenberg and Kartodihardjo 2002).

Concerned about rent distribution and participation, the government introduced new concession forms to be granted by local government through HPHH (*Hak Pemungutan Hasil Hutan/Forest Product Harvesting Rights*) and IPKK (*Izin Pemungutan dan Pemanfaatan Kayu/Timber Extraction and Utilization Rights*) mechanisms to cooperatives

or individuals. At the provincial level, concessions were granted up to 10,000 hectares, while at the district level, regents were allowed to grant concessions of up to 100 hectares for timber extraction within conversion forests, or production forest bound for conversion or reclassification. Both HPHH and IPKK gave more access to local people for extracting forest products although it was stated that HPHH could not be issued on areas that have been granted large-scale timber concession rights (HPH).

These small-scale concessions significantly contributed to locally generated revenues. In Bulungan District, for example, IPKK contributed to 50% and 40% of locally generated revenues in 2000 and 2001. In Kapuas Hulu District, forest activities based on IPKK and HPHH schemes were even more striking, contributing to more than 85% of locally generated revenues (Barr et al. 2006).

Authorization of district governments to issue small-scale forest product extraction licenses was considered fostering deforestation rates and forest degradation in Indonesia. Community-based concessions were also entrusted with providing a medium for the formalization of illegal logging in order to increase regional revenues. District heads in this term were able to generate taxes and more income including a number of informal payments rooting from the initial share of IPKK payments and small-concession permits. The district of Indragiri Hulu Riau, for example, granted illegal sawmills with legal documents to legitimize the mills. In Central Kalimantan, one district head imposed a tax of Rp 125,000 per cubic meter of timber transported by ships to destinations outside the regency, without the nationally required documents (Scotland 2000).

However, it is doubted whether small or medium sized concessions were really the main cause of deforestation and thus threatened forest sustainability. If compared to HPHH concessions, community-based concessions only extracted a small portion of the forests. Obidzinsky (2005) rebuts the discourse saying that small concessions are responsible for illegal logging and deforestation is driven by established timber industries to maintain power over forest resources.

The decentralization era was also marked by conflicts among communities and between communities and investors. Conflicts also occurred between centrally-managed big concessions and district-issued small concessions. The conflicts were usually related to land ownership, boundaries and distribution of profit (Dermawan, Komarudin, and McGrath 2006). It took place mostly in the forest-rich regions in Indonesia such as in Kalimantan and Papua.

Due to increasing deforestation, conflicts and overlaps with larger concessions, the central government revoked a policy which gave local governments authority to grant small concession licenses in 2002, strengthening their authority over commercial timber extraction (Dermawan, Komarudin, and McGrath 2006). At this point, decentralization of forest management was considered over.

FROM THE NEW ORDER TO POST- DECENTRALIZATION: THE PERSISTENCE OF CENTRAL GOVERNMENT CONTROL OVER FOREST

Political and economic values of forest and its land supported by institutional and individual interests, the Ministry of Forestry and its bureaucrats, produced not only non-extensive reform but also reaffirmed the central government's roles in forestry. The pattern shows the central government's resistance to give up its power over land and forests. Along with decentralization reform, the central government and the Ministry of Forestry preferred to strengthen their power rather than to support local government capacity for better forest management. It shows their resistance to any change which might threaten their interests. Legislative processes in Indonesia, which are mainly dominated by sectoral agencies, have smoothed the recentralization process.

Control over land has intensified since the late 1960s. The government established its presence to the lowest level through a pervasive military and bureaucracy. Resettlement programs (transmigration) for Javanese until the end of the New Order to certain areas such as Kalimantan and Papua were also a device to diffuse and reinforce control over territory. Transmigration of retired military personnel was emplo-

yed to guarantee security and stability in an Indonesian border (East Kalimantan), secessionist movement regions (such as in Aceh and Papua), and unstable regions (East Timor). Intensification of physical access to territory allowed for increasing control and exploitation of resources (Barber 1986). Furthermore, the social and physical infrastructures associated with transmigration (e.g. roads, dam, marketing systems) have facilitated the spread of industrialism such as export-oriented agribusiness and industrial agriculture (Elmhirst 1999).

In his early period of power in 1965, Soeharto faced economic and political crisis. Economically, high inflation and budget deficits forced the new government to adopt policies favoring foreign investors. Politically, Soeharto faced fractious militaries which might challenge his authority. To gain control over militaries, Soeharto used patronage to reward supporters and developed their loyalty (Ross 2001). Centralized-forest management was adopted to facilitate those economic and political needs.

The New Order government enacted the Basic Forestry Law (BFL) in 1967 to strengthen their authority over forests. It authorized the Directorate General of forestry in Jakarta to control all of Indonesia's forest lands which covered 75 percent of the country. Consequently, the law extended the forestry department's jurisdiction from 3 million to 146 million hectares (Ross 2001). In order to control the outer island forests, the government shared its authority with private sector institutions on forest extraction and distributed concession rights to large multinational corporations. To promote competitiveness, the government lowered forest royalties and taxes.

The government also reorganized property rights in forestry by undercutting rights of forest dwellers and local government to bust forest industrialization. Enacting the Government Regulation No. 21/1971 and stipulating that the rights of loggers should have precedence over customary rights when the two conflict (Ross 1996), the government has weakened customary rights.

For the central government, the economic value of timber is enormous. Timber products were the biggest foreign exchange of non-

-oil resources (see Table 1). Through timber rent, Soeharto was able to consolidate the military by channeling them into the timber exploitation business. The military became absentee concession holders by attaining concession licenses and renting them to foreign operators (Magenda 1989). By the 1970s, military-affiliated concession holders were from all major services, army, navy, air force, and military intelligence (Ross 2001).

Table 1
Indonesia's Export Earnings (in million dollars) of Total Wood
Export of Logs, Sawnwood, and Plywood, 1969-1992

Year	Export Earnings (in million dollars)		
	Logs	Sawn timber	Plywood
1969	29	2	0
1970	86	2	0
1971	164	3	0
1972	228	2	0
1973	561	16	0
1974	703	22	0
1975	410	31	0
1976	811	49	1
1977	899	50	2
1978	909	86	18
1979	1550	235	32
1980	1515	260	56
1981	618	191	149
1982	333	188	282
1983	311	286	510
1984	170	339	663
1985	7	345	1150
1986	7	575	1097
1987	0	400	1764
1988	0	580	2123
1989	0	806	2703
1990	0	144	2725
1991	0	96	2871
1992	0	360	3230

Source: Brown (2001).

To maintain jurisdiction over forests and its land, the Ministry of Forestry allied with the President. The appropriation of reforestation fees from *concessionaires by the ministry was to fund development program activities. The ministry oversaw not only the designated forest area, with or without forests, but also held jurisdiction over the state operations on transmigration programs* (Ascher 1998).

Although there were no open confrontations, rivalry among departments is not a new problem. Two different orientations, namely nationalists and technocrats, held a rivalry in relation to forest rent allocation. Nationalists were made up of a group of engineers who mainly worked in the Agency for the Assessment and Application of Technology. The latter were mainly Berkeley-graduated entrenched in the Ministry of Finance and National Development Agencies. There were two issues which heated the debate, whether to subsidize the wood product industry, or to develop a state aircraft industry (Ascher 1998).

The Ministry of Forestry used to be a rival to the Ministry of Agrarian over territorial control. The conflict mounted in the 1990s during an attempt to reform forestry policy. At that time, the tenth draft of the Basic Forestry Law (BFL) revision was discussed with stakeholders. One of the high bureaucrats in the Ministry of Agrarian openly stated that they should be the highest public institution to control the state territorial authority, although such authority can be delegated to other institutions. Responding to this statement, the Minister of Forestry suspended the BFL reform process (Lindayanti 2003).

Aside from the barriers to reform mentioned before, the legislative process was not supportive toward initiating reform. Sectoral departments dominated all policy making processes from initiation to decision making. During the New Order, the legislative process began with internal bureaucracy preparing a draft, followed by public consultations to provide comments. The consultation depended on the budget and willingness of the bureaucracy. In the last stages, the draft was sent to the President and House of Representative for approval.

The legislative process in the post-New Order involves more public participation. A draft might come from either bureaucrat or House of Representative. However, there are two similar points between the New Order and the post-New Order concerning legislative process, which are: (1) Sectoral bureaucracy remains to control all policy initiation process; (2) Each sectoral agency still manages their own bills. As a result, they champion their own statute, whether in fisheries, forestry, mining, tourism, agriculture or industry. Some skeptically argue that instead of

serving national interests, laws are enforced to serve the administrative bureaucracy (Patlis 2005).

The new Basic Forestry Law 41/1999 was supposed to produce a much more accommodative policy since it was initiated in the era of openness and democratization. Unfortunately, the Ministry of Forestry collaborated with stakeholders in initial steps only. The ministry was more concerned with its own agenda rather than to public participation. In the final stage of the policy process, the ministry submitted its own draft to the House of Representative with little incorporation of stakeholders' proposals (Lindayanti 2003).

Compared to other resource policies, the forestry law was enacted earlier. The fishery law was enacted in 2004, while the mining law was passed in 2009. The forestry law had been enacted before the post-New Order government was built. This early forestry policy formulation invited interpretations as the law might preserve the interest of the New Order. The law would have been different if enacted by the new government such as in the fishery and mining sectors. The government would have faced difficulties in bypassing stakeholders' interest in the process as it was in the previous forestry policy formulation.

One argues that some of the principles of the BFL 41/1999 are similar to the draft proposed in 1990s (Lindayanti 2003). Customary forests, for instance, is still declared as a state forest although customary management rights are clearly articulated in the new law. The government still does not acknowledge customary claims over forest territory. The new law only gives space for customary practice.

Forestry reform shows the pattern of half-hearted decentralization in the initial stage which has been followed by recentralization efforts. This half-hearted reform can be tracked since the earliest stage of decentralization in Indonesia. The BFL 41/1999, which is supposed to be linear with the general decentralization law, speaks a different language. The new forestry law reaffirms the role of the central government in administering the nation's forest resources and gives only minimal authority to local/district governments. While the Government Regulation No. 34/2002 for the technical implementation of Forestry Law assigns

the provinces a relatively significant role, the general Decentralization Law 22/1999 transfers greater authority to districts instead of provinces.

To strengthen its power, the government enacted Government Regulation No. 25/2000 which clearly mentions that the central government does not devolve two primary powers: (1) the determination of forest areas and changes in their status and function (including conversion); (2) the management of various conservation and protected areas. The regulation puts these functions, as well as policy and standard settings, under direct control of the center, and assigns cross-district functions, e.g. granting some cross-district permits, to the provinces. This allocation of most planning and implementing functions to central and provincial levels under the Government Regulation No. 25/2000 appears to be in line with the new Law 41/1999.

On the contrary, in the case of general mining, the Government Regulation No. 25/2000 assigns standard and criteria-setting functions to the center and cross-district matters to the provinces. All other operations, regardless of scale, are implicitly devolved to the district. Whereas the Ministry of Forestry's centralized approach appears to be based on Article 7.2 of Law 22, which reserves natural resource utilization to the center, this radical decentralization of general mining under the Government Regulation No. 25/2000 is pegged to article 10.1 of Law 22, which authorizes regions to manage natural resources in their areas.

Resistance to decentralization efforts from the Ministry of Forestry and central government continued since the reform in 1999 until 2014. Ardiansyah, Marthen, and Amalia (2015) describes that there were tendencies toward recentralization since the initial reform. The year of 2002 holds the highest number of regulation issued by the government. The one with a lasting impact was Government Regulation No. 34/2002, reinforcing the Ministry of Forestry to administer commercial timber extractions. Through this regulation, the ministry revoked previous regulations which authorized district governments to allocate small-scale licenses. The regulation not only authorized the Ministry of Forestry over a large scale of timber extractions but also extended the ministry's control over the wood processing industry (Barr et al. 2006).

Tendency of recentralization remains when the Law on Regional Governance No. 32 of 2004 (revising Law No. 22 of 1999) was enacted. The Law gives central government considerable authority to supervise and monitor the decisions, policies and regulations adopted by regional government. The law also authorizes the central government to impose sanctions against regional government officials who are caught violating or circumventing the central government supervision and monitoring process. The tendency toward strengthening central government over local government is also related to civil servants. The law states that any promotions, transfers, and dismissals of civil servants at district level must be approved by the Governor.

The tendency toward recentralization has also been underlined by a number of studies by local researchers. Ardiansyah, Marthen, and Amalia (2015), for example, notes that in 2007 the government transferred some minor powers to the districts through Government Regulation (GR) No. 6 of 2007 (revised by GR No. 3 of 2008). The GR authorized district government to issue Commercial Forest Estate Utilization Permit (IUPK). Six months later, the government also enacted the GR No. 38 of 2007 on the Division of Roles between National, Provincial and Local Government. This regulation strengthened the role of district governments especially on the management of production forest. These roles included forest inventory, forest rehabilitation and reclamation, forest protection and conservation, issuing non-timber forest products, environmental services and forest utilization permits issuing. Similar finding can also be found in Ekawati's study (2012) that evaluated the implementation of the GR No. 7 of 2007 in four districts and found. The study reveals that the authority of the management of production forests by local government was not meaningful. It happened because the economically valuable authority was still held by the Central Government. The peak of recentralization was marked with the Law No. 23 of 2014 on Local Government as the only policy in 2009 and 2011 (Ardiansyah, Marthen, and Amalia 2015). On article 14 of the Law, it is clearly stated that local government holds authority only on the ma-

nagement of conservation of forest park. In short, central government controls most of the authority over forest management.

Based on the discussion of the policies on forest management as described above, this article argues that Indonesia's forest governance policy development is characterized by a path-dependence institution. Path dependence is about a path that resists and is hostiles to any change and the case of forest governance in Indonesia is one the examples in this context. The forest governance policy is to serve central bureaucracy interest, mainly the Ministry of Forestry. The Ministry is the core bureaucracy of Forestry Laws and is responsible for governing, administering and ensuring ecosystem preservation. The Ministry of Forestry is also responsible for forest administration and forest management. The former term includes regulation, general planning and granting rights. Meanwhile, the latter composes of planning, inventory and management for income generation (Sahide et al. 2015). All these administration capacities are assigned to the Ministry of Forestry, which tends to resist to any change as local governments only have authorities to maintain control over forest park. Furthermore, Sahide et al. (2016) describes clearly that the establishment of Forest Management Unit (KPH) and Community Forestry are utilized effectively by central government for reclaiming authority over forest land.

Regarding the fiscal forest policy, the tendency to maintain the central government control over forestry can also be seen at fiscal transfer policy. It has been revealed that intergovernmental fiscal transfers are to serve central bureaucracy interests (Nurfatriani et al. 2015). With this policy, local governments do not have the authority to develop Non-Tax State Revenue (NTSR) and manage forestry fiscal balancing regulations. Nurfatriani et al. (2015) found that there is a positive correlation between deforestation and shared revenue. It indicates the close relationship between reducing forest assets and generating revenue for districts. It occurs because there is no 'punishing mechanism' to districts which do not have a plan for sustainable forest management. In short, the implementation of intergovernmental fiscal transfers in Indonesia was not designed for forest conservation.

CONCLUSION

The study reveals that the evolution of forest governance in Indonesia is marked by the contestation between local and central government. Although there have been many efforts to reform forest governance, institutional resistance appears to be undermining the efforts. The values of forest and its land have produced not only a half-hearted reform but also reaffirmed the central government control over forests. Along with the reform initiatives, the central government tends to reinforce its power rather than to accommodate local needs and to strengthen local capacity for better forest management.

Despite the prolonged tendency toward centralization, the progress of forest management policy in Indonesia may not be necessarily gloomy. The development of current policy stages suggests that social and environmental aspects are more taken into account and there is a promising improvement in the relations between the center and the locals. One of the potential sources to promote collaboration and reconciliation between central and local government is through the framework of REDD+ (Phelps, Webb, and Agrawal 2010). The development of environmental projects and REDD+ may increase the monetary value of forest and an income for the country. Increasing economic values of forest and its land will generate “increasing economic return” and it will perhaps clarify the remaining interest of central government over forest.

Given the certain commonalities of centralization tendencies after decentralization of forest management in developing countries, the findings of this study may have implications for other countries in which forest policies are evolved and developed. As Ribot, Agrawal, and Larson (2006) notes, a broad coalition may counter-balance the centralizing tendencies. The coalition which composes diverse interest groups from different sectors of society and government could become a medium for promoting decentralization. The findings prompt some questions needed for further investigations, such as how to break the persistence of central government, how to unlock the prospect for further reform, or how to understand the mechanism of reproduction sustaining persistence.

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