

## CHAPTER 5 THE PROSPECTS FOR FOREST POLICY REFORM



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Indonesia's forests have experienced a precipitous decline over the past several decades. If the pressures on forests are not checked, Indonesia will enjoy the dubious distinction of having presided over the disappearance of Southeast Asia's last remaining expanses of rainforest. Sulawesi has already lost all its lowland rainforest, Sumatra's will be gone by 2005, and Kalimantan's will have disappeared by 2010. (See *Chapter 2*.) Patches of montane and swamp forests on these islands may last a little longer, but not much. By 2010, Irian Jaya is likely to be the only part of Indonesia with any significant areas of undisturbed natural forest.

This study is primarily a report on the state of the forest, and it does not offer detailed prescriptions for policy reform and institutional change. Nevertheless, a complete accounting of the state of Indonesia's forests should offer an informed prog-

nostication on what the near future may hold, one that goes beyond "if present trends continue. . . ." This chapter, therefore, briefly summarizes the current policy and institutional environment in which decisions must be made and action taken within the next few years if Indonesia is to preserve any significant part of its natural forest ecosystems. It also reviews the current national agenda for forest policy reform and assesses the prospects for its implementation.

### 5.1 The Forest Policy Context: A Country in Crisis

Forest policy reform and the strengthening of forest management institutions in Indonesia largely depend on factors unrelated to forests. Although this report does not aim to analyze Indonesia's multiple

economic, political, and social crises fully, it is important to review the contextual challenges facing efforts to slow deforestation, reform forest policy, and strengthen forestry institutions.

#### Continuing Economic Malaise

Indonesia's economy is in tatters, partly as a lingering result of the East Asian financial crisis that began in late 1997, but more fully explained by the tangled web of Suharto-era economic mismanagement, cronyism, and corruption that was revealed by the economic crash. Most of the country's banks and many other key economic players are bankrupt, the value of the Indonesian rupiah remains low, and unemployment and inflation are high. At present, the national economy is being kept afloat largely on the basis of an IMF-led international bailout package and oil revenues.<sup>45</sup>

The major impacts of the economic crisis on Indonesia's forests are a result of the depreciation of the rupiah and the more competitive position of Indonesian commodities on the international market, the lure of boosting agricultural and natural resources exports to ameliorate the economic downturn, and increased income insecurity in the rural population. The relatively low price of Indonesian plywood, combined with rising demand (especially from China, which reduced domestic logging 60 percent in 1998), and the restricted supply of timber owing to the 1997-1998 forest fires "means that producers will search for stems in ever more remote and inappropriate places." (Sunderlin, 1999: 562).

Producer prices for some agricultural export commodities increased steeply from 1997 to 1998 and therefore tended to increase pressures for clearing forest. (*See Section 3.6*.) A similar dynamic has boosted expansion of mining, often in forest areas. Meanwhile, some unemployed people in the urban sector have evidently migrated to the countryside in search of employment while labor market entrants who might have sought work in the city remain in rural areas. This trend, combined with high rupiah prices for agricultural export commodities and the incentive to produce food domestically (because of high import prices), appears to be increasing pressure for forest clearance.

A 1999 study of areas in parts of Sumatra, Kalimantan, and Sulawesi concluded that in general, better-off farmers, immigrants, and urban dwellers with capital are more likely to take advantage of the opportunities created by the monetary crisis by converting forest areas for high-value

export crops. In some cases, these new investors are putting upward pressure on land prices, tempting local subsistence farmers to sell their holdings and open new lands in the forest (Angelsen and Resosudarmo, 1999).

## 5.2 Political Paralysis at the Center

Following more than three decades (1966-1998) of relatively stable rule and rapid economic growth under the "New Order" regime of President Suharto,<sup>46</sup> Indonesia entered a period of chaotic political transition that degenerated into almost complete political paralysis by mid-2001. Suharto was hounded from office in mid-1998 following the crash of the economy in late 1997 and an accompanying crescendo of popular protest against the widespread corruption and pervasive human rights violations of the New Order regime.<sup>47</sup> Following an interregnum under Suharto Vice-President B.J. Habibie,<sup>48</sup> Abdurrahman Wahid, a Muslim cleric, came to power in October 1999 after the country's first democratic election in more than 4 decades.<sup>49</sup> Initially praised as a sincere democrat and masterful politician, Wahid led a fractious coalition government that was unable to address the country's economic and social crises effectively. This failure, combined with his mercurial and frequently baffling personal style, his alienation of the newly vocal parliament and the armed forces, and several corruption scandals, led to widespread calls for his removal from office by the beginning of 2001.<sup>50</sup> He was ousted by the Parliament in July 2001, handing over the government to Megawati Sukarnoputri, the Vice-President and daughter of Sukarno, Indonesia's first President.

This drawn-out political drama has had a debilitating effect on efforts to reform and implement forest policies. Engrossed in round-the-clock political machinations, senior government officials paid little attention to forest policy matters. Frequent cabinet shake-ups and widespread expectations of the imminent fall of the Wahid government created the perception that senior forestry officials, and their policies, were transient phenomena that would not be on the scene for long. Megawati's new government has just been installed at the time of writing; its forestry policies, and the priority that it will accord to forest policy issues, are largely unknown.

## 5.3 Separatism and Demands for Decentralization in the Provinces

The centrifugal tendencies inherent in a large multiethnic, archipelagic nation like Indonesia have been unleashed since the demise of the New Order. East Timor, invaded and occupied by Indonesia in 1975, was finally given its independence after a bloody UN-supervised referendum process in mid-1999.<sup>51</sup> Long-simmering separatist movements in the forest-rich provinces of Aceh and Irian Jaya have been reinvigorated,<sup>52</sup> and other provinces (oil-rich Riau, in Sumatra, for example) have begun to talk about independence as well.<sup>53</sup> Separatism is motivated in large part by the long-standing practice of channeling natural resource rents to Jakarta, with only a small fraction remaining in the provinces.

Partly in reaction to these separatist movements but also in response to a more widespread antipathy outside Java to the centralized governance of the Suharto era, Indonesia is moving rapidly toward a

new system of “regional autonomy.” But, for the most part, the provincial and district governments who will benefit from this sweeping decentralization completely lack the capacities needed to govern effectively. Indeed, many are still run by entrenched and corrupt holdovers from the Suharto era.<sup>54</sup>

**Growing lawlessness has been a major factor in increased logging and forest clearing.**

This quite rapid devolution of governmental powers calls into question the very notion of a uniform national “forest policy.” The more likely scenario for the next few years is one in which different local government units each make and implement their own forest policies within vague national guidelines under nominal oversight by a greatly weakened central Forestry Ministry. Raising revenue is foremost on the minds of provincial and district officials, who are being handed vast responsibilities without the necessary funds to carry them out. Intensified exploitation of forest resources through logging and conversion of forest lands for plantations is therefore likely in many regions. (See Box 5.1.)

## 5.4 Spreading Civil Violence and the Breakdown of Law and Order

Ethnic and religious killing, looting, violent street crime, and savage vigilantism have exploded in many parts of Indonesia since 1998. Moslem-Christian violence in the eastern province of

Maluku has taken thousands of lives,<sup>55</sup> and similar savagery has appeared in parts of Kalimantan and Sulawesi.<sup>56</sup> As of mid-2001, the Indonesian Red Cross estimated that more than 1.25 million “international refugees” were displaced by these various conflicts, half of them school children.<sup>57</sup> Crime rates have soared in the cities, along with brutal “street justice” in which hundreds of suspected street criminals have been beaten and burned to death in the streets.<sup>58</sup>

The Indonesian military, reeling from revelations about its past human rights atrocities in East Timor, Aceh, and elsewhere, and what it sees as its humiliation in “losing” East Timor, appears unable to contain the growing violence.<sup>59</sup> Indeed, in Maluku, Christian and Moslem troops sent to quell the fighting ended up fighting with the respective factions.<sup>60</sup> Similarly, the police, long reviled by most Indonesians as corrupt, brutal, and ineffective, are unable or unwilling to stem either the growing crime rate or the vigilantism that has mushroomed in response.<sup>61</sup>

This growing lawlessness has been a major factor in increased logging and forest clearing. Enforcement of forestry law, never strong, is almost nonexistent in national parks and many other areas, allowing new encroachment by small farmers and large-scale operators alike.

## 5.5 Conflicts Over Forest Lands and Resources

Exploitation of forest resources has been a significant factor in fueling Indonesia’s rapid economic

development since the early 1970s, as discussed in Chapter 3. Benefits from logging and other forest industries, however, flowed largely to a small coterie of elite Suharto family cronies and their patrons in the government while local and indigenous communities bore the costs. Centuries-old systems of customary rights over forests and traditional resource management systems were swept aside in the name of development and under the authority of national laws declaring that the central government “owned” the 75 percent of the nation’s land area legally designated as forest land. Local communities were barred from forest resources on which they had long depended, and the forests themselves were recklessly logged, burned, and cleared for plantations, often causing erosion, flooding, and drought and wiping out many species of plants and animals that local people had been utilizing. The transmigration program also commandeered millions of hectares of land in forest areas and brought millions of new migrants into previously forested and sparsely populated areas.

It is not surprising, then, that conflicts between forest-dependent communities on the one hand and government and private sector forest resource exploitation projects on the other have been a perennial and growing problem in Indonesia since at least the 1970s. Abused local communities had little recourse during the authoritarian Suharto era except to nurse their grievances and develop a strong mistrust of the government. Since Suharto’s fall, conflicts have multiplied in both number and intensity. (See Map 1.3.)

As is the case for many social tensions in Indonesia over the past few years, conflicts over forest lands

### Box 5.1 Regional Autonomy and Forest Management

Indonesia is currently in the early stages of implementing a wide-ranging “regional autonomy” policy that decentralizes many functions of government, including numerous aspects of forest regulation and management, to the provincial and district governments. At present, however, the basic division of authority and responsibility over forests among central, provincial, and district governments is unclear and is being contested.

With regard to the authority to decide what is forest land and how it may be used, a 1992 spatial planning law (Spatial Use Management Law, 1992) gave provinces the right to make these fundamental land use planning decisions although it contradicted the 1967 Basic Forestry Law. The revised Basic Forestry Law of 1999, however, specifies that the central government retains the right to “determine the forest estate” and “plan the use of the forest” and need only “pay attention” to the local land use plans made under the 1992 law. On the other hand, two 1999 laws on

regional autonomy seem to shift significant power over natural resources to the regions, specifying, for example, that 80 percent of state income from resources (including forests) shall go to the regions. Both laws still lack implementing regulations, however, and many lawyers and government officials regard these laws as essentially inoperable (Basic Law on Regional Government, 1999, and Basic Law on Financial Balance, 1999).

The 1999 revised forestry law gave district heads the right to hand out 100 ha logging licenses, and they have given out hundreds in some areas, according to an investigative report by the newsmagazine *Tempo*, despite an October 2000 order from the Minister of Forestry to stop the practice. These concessions are profitable for the districts (sometimes called regencies) because “It’s common knowledge that every time such a license is issued, between Rp 50 million and Rp 100 million (approximately US\$5,000–10,000) finds its way into regency coffers. And one regent alone can issue hundreds of these licenses.” (*Tempo*, July 24–30, 2001.) The *Tempo* report

goes on to note, however, that the local governments’ take from this practice is small compared to the profits being taken by the businessmen who are issued the licenses, sometimes as many as 10 licenses each. According to one observer in West Kalimantan, the people receiving the new small-scale licenses are in fact old players whose HPH concessions have run out or who cannot get their old concessions renewed. To keep their sawmills running, they manipulate small groups of people to set up cooperatives, which then apply for the new small-scale licenses. The system is also often used to legalize illegal logging: “The timber brokers, who up to now have been receivers of timber from illegally felled trees...no longer need to hide what they are doing because they officially ‘own’ cooperatives that supply them with the timber they require.”

The regional autonomy policy has also fanned disputes about which level of government has the authority to change the status of forest lands. In

and resources have become increasingly violent. Logging concessions have long been a source of tension and occasional conflict between logging firms and the state on the one hand and local communities on the other. In March 2000, the Association of Indonesian Forest Concessionaires (APHI) reported that 50 timber companies, controlling about 10 million ha of logging concessions in Irian Jaya, Kalimantan, and Sulawesi, had stopped logging because of growing trouble with local

residents, who not only claimed ownership of the concessions but also often threatened the workers.<sup>62</sup>

In the Suharto era, such local impertinence was usually dealt with rapidly and violently by police or military personnel “rented” to logging firms. Currently, however, the companies find themselves increasingly on their own: the thinly-stretched military, dealing with large-scale violent conflict in numerous parts of the country, lacks the resources

to respond to concession-related disputes. The Ministry of Forestry has softened its tone on such local protests, even admitting that logging firms may be to blame. The fact that most of the concessions where clashes are occurring have been linked to members of the Suharto family and inner circle, and hence are said to have been obtained through corruption, means that few officials are eager to spring to their defense.<sup>63</sup> But despite this change in attitude, the government seems to have no plan for

### Box 5.1 (continued)

South Kalimantan, for example, a dispute has broken out between the Governor and the heads of two districts in the Meratus Mountains over the issuing of logging licenses to two logging firms covering a total of 83,000 ha. The proposed concessions are in an area long designated as protected forest, but in 1999 the then-Minister of Forestry changed the status of 46,000 ha from protection to production forest to accommodate one of the two companies. Local Dayak communities opposed the logging and organized a campaign against the concession. The district heads are also reported to be opposed to the concessions, but the provincial government has argued that it is the Governor's prerogative to issue concessions without the district heads' approval, as long as they lie in more than one district. In short, three levels of government are arguing over who has the right to change the status of forest areas, and the interpretation of regional autonomy with respect to forest land use and exploitation is unclear and is being disputed (*Down to Earth*, August 2001).

resolving conflicts over forest resources. The Ministry of Forestry's 2001–2005 Strategic Plan does not specifically mention them, for example, although it does acknowledge the general problem of local grievances.

In addition to conflicts related to logging concessions, illegal logging is both a cause and a result of tension over resources. It generates anger in local communities when timber is stolen from their land.

Despite widespread confusion and apparent abuses, the then-Forestry Minister told the press in May 2001 that a Presidential decree would soon be issued allowing district heads to award full-scale HPH logging concessions and handing them significant power to manage and supervise national parks and protected forests (*Jakarta Post*, May 28, 2001). The new administration of Megawati Sukarnoputri is likely to slow down the implementation of regional autonomy policies, however, and has signaled an intention to revise the relevant laws to decrease district heads' powers over both natural resources and financial matters (*Jakarta Post*, August 11, 2001). Megawati herself expressed dissatisfaction with the law in May 2001 and said "I expect there to be a conceptual revision of the law as soon as possible." (*Jakarta Post*, May 16, 2001). But with local officials already having tasted the power – and the profits – of local control over forest and other natural resources, it may be difficult to take that power away from them.

But it also gives rise to conflicts within communities, where some are employed by illegal logging operations, and thus benefit, while others suffer the effects. These include diminution of local water supplies, increased erosion, and more frequent forest fires that are either set deliberately to hide evidence of illegal cutting or are caused by increased fuel loads of harvest waste material. Illegal logging is also a result of forest-related disputes. When the status of a particular area is contested or

#### Sources:

- The Spatial Use Management Law (No. 24/1992).  
The Basic Law on Regional Government (No. 22/1999) and The Basic Law on Financial Balance Between Central and Regional Government (No. 25/1999). (For a detailed analysis of the provisions in these two laws, see H. Haeruman, "Law No. 22/1999: Regional Autonomy Over Natural Resources," and H. Haeruman, "Law No. 25/1999: Natural Resource Revenue Sharing," both in *NRM News*, Vol. 1 No. 1, February 2000. Jakarta, Indonesia: Natural Resources Management Program.  
"Forests and regional autonomy: all in the hands of the regents." *Tempo*, July 24–30, 2001.  
"The fight against illegal logging." *Down to Earth* No. 50, August 2001. Online at <http://www.gn.apc.prg.dtc>.  
"Regents to issue forestry licenses." *Jakarta Post*, May 28, 2001.  
"Government revising law on regional autonomy." *Jakarta Post*, August 11, 2001.



FWI Sulawesi

protected areas, some of which have been illegally converted to plantation agriculture.<sup>64</sup> Since 1998, however, encroachment has increased dramatically, as in Central Sulawesi's Lore Lindu National Park, where locals have taken over thousands of hectares to plant cash crops and cut timber.<sup>65</sup> Similar takeovers have been reported at Kutai National Park in East Kalimantan.<sup>66</sup> Organized illegal logging has been well documented in Aceh's Leuser National Park and Central Kalimantan's Tanjung Puting National Park (Newman et al., 1999), and is generally thought to be widespread in many other parks.

It is sadly ironic that conservation efforts have at times been responsible for the abuse of local people. Gazetting of national parks and other protected areas has sometimes occurred without reference to indigenous peoples' views or rights. Two examples, provided in Box 5.2, contrast aggressive government action with more enlightened approaches that were simultaneously pursued over the past decade.

Encroachment, illegal logging, and poaching in protected areas have not given rise to much violent conflict, however, for the simple reason that such activities are mostly unopposed by park management officials or other government agencies. One striking exception is the Leuser Development Programme, a large European Union-funded project to conserve Leuser National Park and its surrounding ecosystem in Aceh province. The program has actively opposed (and in some cases, triumphed over) illegal park conversions to oil palm plantations and encroachments by logging concessions, illegal loggers, local government plans to build roads through the park, and planned transmigration sites on its boundary. Its efforts have created heated local opposition and protest from some quarters.

larly in Sumatra and Kalimantan. Reports follow a similar pattern. First, land on which local communities have longstanding claims and are often growing tree crops or harvesting nontimber forest products are allocated to a company without consultation with the community. People then protest to the company and local officials, and the company often promises compensation, participation in the plantation scheme, or other enticements. But when the company does not honor its promises, the community protests to local government and company officials again. Still nothing is done to meet their demands, and local people destroy or confiscate equipment and vehicles, occupy base camps, and prevent plantation staff from working. Then the company hires local police or military (sometimes dressed in the "black ninja" outfits that are popular with hired thugs and assassins on Java) to retaliate, and more violence ensues.

Other frequent arenas for conflict are the national parks and protected areas. Small farmers, poachers, and illegal loggers have long encroached upon

Should Indonesia decide to take protection of its national parks more seriously, and should the international community decide to provide major funding for such an effort, these kinds of tensions would probably explode into violent confrontations in many protected areas.

**Illegal logging is both a cause and a result of tension over resources.**

Rhetoric about the need to manage forests in the interests of traditional law (*adat*) and local communities has been pervasive for several years, but from a legal and policy perspective, little has changed since the Suharto era. Numerous analyses have searched for signs of a more local community-oriented forest policy in the spate of new laws and regulations, and there are some encouraging changes around the edges. But the basic structure of power over forest lands remains as it has always been: the state controls the forest and all who would use it may do so legally only by leave of the state.

The 1999 Forestry Law does establish a category of customary forest (*hutan adat*) but defines it as state forest that happens to lie within the territory of a "customary law community," whose definition the government will elaborate in future regulations. Under the Law, the government is obliged to respect the rights of communities that have received its blessing as truly "customary" but "only as long as those rights do not conflict with national interests." In short, the government unilaterally determines which communities qualify as "customary" and

## Box 5.2 National Parks and Indigenous People: Cooperation or Conflict? Two Cases From Sulawesi

As Indonesia's system of protected areas has expanded over the past several decades, the designation of forest areas has frequently conflicted with the prior claims and present livelihood needs of numerous indigenous forest-dwelling communities. Two cases from Sulawesi contrast the widely differing approaches that the government has taken to such conflicts.

Rawa Aopa Watumohai National Park comprises an area of 105,000 ha in Southeast Sulawesi province. It was officially gazetted in 1990. The Moronene people have occupied lands lying within the park for generations, but the decision to create the park was made without consultation with the Moronene or reference to their long-standing customary occupation of their areas. From 1997 to late 2000, the Moronene have been the victims of forcible evictions ordered by the provincial governor in the name of nature conservation. In 1997, security forces burned down 175 homes and destroyed crops. In 1998, a further 88 houses were burned and 12 villagers were given year-long jail sentences. Most recently, in November 2000, another 100 homes were destroyed in three Moronene villages on the instruction of the Governor, Laode Kaimuddin, despite widespread protests from not only NGOs but also central government forestry and environment officials.

A more enlightened solution has been worked out between the Lore Lindu National Park and the Katu people in Central Sulawesi. Lore Lindu National Park covers some 568,000 ha of varied ecosystems ranging from lowland rainforest and dense montane forest to

grassy plains and swampy upland valleys. Katu is a small village occupied by 227 people whose customary lands were included in the park when it was formally established in the mid-1990s.

The Katu have repeatedly been moved around by outsiders over the past century. In 1918, the Dutch colonial authorities forced them to move to the town of Bangkeluho to facilitate tax collection, but the people moved back to Katu in 1925. In 1949, they were again forced to relocate to Bangkeluho, this time by the newly independent Indonesian government.

When disease epidemics ravaged Bangkeluho in the late 1950s, they once again returned to their ancestral lands in Katu. They were not disturbed again until the 1970s, when the government declared their lands to be the "Lore Kalamantia Wildlife Management Conservation Area" and once again began pressuring them to leave. Pressure was stepped up in 1985 when plans were announced to incorporate their area into the planned Lore Lindu National Park. It intensified further when the Central Sulawesi Integrated Conservation and Development Project was launched by the government in the mid-1990s, supported by a loan from the Asian Development Bank.

The Katu resisted these mounting pressures to move, and, with the help of environmental NGOs in 1998, they conducted a natural resource inventory survey of their area and documented their natural resource management practices. The survey revealed a complex system of traditional agriculture using dozens of local crop varieties and sustainable forest product harvest

systems that had been in place for centuries without damaging the forest.

In April 1999, the Katu finally won their long battle when the park authorities issued a formal letter awarding the Katu the right to remain on their ancestral lands (1,178 ha) and to continue to use their traditional systems of tenure and resource management. The two factors that ultimately drove this decision were the considerable body of empirical scientific evidence showing that Katu resource management practices were environmentally sustainable, and the Katu's ability to produce detailed maps documenting their customary land claims and detailed documentation of their land use systems. Armed with legal recognition of their rights, the Katu have become more vocal and aggressive in opposing and reporting illegal logging and other encroachments by outsiders into the park, a growing problem at Lore Lindu.

### Sources:

*Down to Earth*, No. 48, February 2001. "Moronene people forced out of national park." <http://www.gn.apc.org/dte/48Ind.htm>

Biodiversity Support Program-Kemala, Jakarta, Indonesia. "The End of a Dream, The Beginning of Hope: After more than 70 years of resistance, finally the Katu people gain legal recognition of their rights to live and manage their Adat lands." <http://www.bsp-kemala.or.id/stories/stories8.htm>

*Jakarta Post*, June 29, 2001. "NGOs protest forest looting in Lore Lindu National Park."

then unilaterally decides which community rights to respect. It is not surprising, therefore, that the 1999 Forestry Law has been denounced by indigenous peoples' organizations and NGOs as a sham with respect to protecting the rights of traditional forest-dwelling peoples.<sup>67</sup>

## 5.6 The Agenda and Prospects For Forest Policy Reform

In the *reformasi* euphoria following Suharto's resignation in 1998, many believed that at last a real opportunity existed to make fundamental changes in the way Indonesia's forests were managed, thereby slowing deforestation and recognizing the long-sighted claims and interests of forest-dependent rural communities.<sup>68</sup> Various government committees, NGOs, donor agencies, and academics put forward reform agendas, and a flurry of new laws and regulations was issued. But, as noted above, forest policy reform has not been the highest priority for politicians and policymakers, or for ordinary citizens, in the crisis-ridden years since Suharto's fall. What commitment to reform exists in the government is driven largely by the fact that Indonesia's aid donors have made future financial assistance conditional on specific reforms in the forestry sector, among other actions.

Indonesia's aid donors coordinate their assistance through a consortium called the Consultative Group on Indonesia (CGI), chaired by the World Bank. Through CGI, the donors meet periodically with senior Indonesian government officials to discuss

and decide on levels of assistance, set targets for policy reform, and assess progress toward those targets. The state of Indonesia's forests was first raised in the CGI process at a meeting in July 1999. At the subsequent February 2000 CGI meeting, Indonesia committed to a set of 8 urgent forest policy reform actions and, in parallel, to begin the process of formulating a new National Forest Program (NFP) and establishing an Interdepartmental Committee on Forestry (IDCF). At the October 2000 CGI meeting, the government reported little progress, but it renewed its commitments and promised to prepare an Action Plan to implement them. The Action Plan was made public in December 2000. It covered the original 8 commitments, plus 4 new ones. These 12 now constitute the core of Indonesia's forest policy reform agenda. (See Box 5.3.)

In early 2001, however, Indonesia's Coordinating Minister for Economic Affairs argued to the donors that the government would not succeed if it attempted to devote equal effort to all 12 commitments at the same time. Rather, he resolved to work on 4 of the most urgent issues: illegal logging, forest fires, restructuring indebted wood-based industries, and forest inventory and mapping. But in early April 2001, the newly installed Forestry Minister Marzuki Usman (since replaced) admitted that Indonesia had failed to meet its forestry commitments, saying "It's our own fault. How could we have set such unrealistic targets?"<sup>69</sup> At the CGI meeting later that month, the donor position paper on forests confirmed the Minister's assessment, saying:

*In terms of results in the forests, which is the ultimate measure of achievements, there have been no tangible improvements. The rate of forest loss has not abated. The situation in the forests remains grave by any measure, and the donors remain seriously concerned.... There are major problems of overall governance that affect the forestry sector particularly severely, including official corruption, weak law enforcement, and a judiciary system needing reform... Decentralization brings in the short term a general weakening of authority for forest management, with the risk that the [regional and district governments] will emphasize short-term revenue enhancement at the expense of sustainability. Unequal resource access rights and issues of land tenure in the forest are fundamental problems, difficult to solve. The legacy of alienation of forest communities and resulting mistrust of government caused by the resource allocation policies and procedures of the past must be cleared away, but [this] will not be [achieved] without extraordinary creativity, sensitivity and hard work.<sup>70</sup>*

In measuring success, the donors' position paper could point to little more than the issuance of a presidential instruction ordering an intensive effort to halt illegal logging in national parks, the steps taken to cut off trade in *ramin* wood, Indonesia's agreement to host a September 2001 ministerial conference on forest law enforcement, and the issuance of a regulation on combatting forest fires (discussed in Chapter 4). The donors concluded their analysis with the statement that "very few

### Box 5.3 Indonesia's 12 Commitments to the Consultative Group on Indonesia (CGI) Concerning Forests and Forest Policy

In the course of 2000, the Ministry of Forestry made three groups of commitments: to establish an Interdepartmental Committee on Forestry, to proceed with formulation of the National Forest Program, and to take immediate action to address pressing issues raised by the CGI process. The action commitments are listed below.

- Invite cooperation and coordination of other Ministries to impose strong measures against illegal loggers, especially those operating within national parks, and to close illegal sawmills.
- Speed up forest resource assessment as a basis for National Forest Program (NFP) formulation.
- Evaluate the policy in conversion forest and place a moratorium on all natural forest conversion until the NFP is agreed upon.
- Downsize and restructure the wood-based industry to balance supply and demand of raw material and increase its competitiveness.

- Close heavily indebted wood industries under control of the Indonesia Bank Restructuring Agency (IBRA) and link proposed debt write-offs to capacity reduction.
- Connect the reforestation program with the existing forest industries and those under construction.
- Recalculate the real value of timber.
- Use decentralization processes as a tool to enhance sustainable forest management.
- Prevent and control forest fires.
- Formulate the National Forest Program.
- Resolve tenurial issues on forest lands.
- Improve the forest management system.

#### Sources:

Commitments 1-8: "Indonesia: Environment and Natural Resource Management in a Time of Transition." (Washington D.C. World Bank, 2001). Commitments 9-12: "Rencana Aksi Komitmen Pemerintah Bidang Kehutanan" [Action Plans for Government Commitments in the Forestry Sector]. Jakarta, Indonesia: Ministry of Forestry, November 2000.

tangible results have been achieved" and warning that the forestry situation is "rapidly deteriorating." They singled out the illegal logging issue, noting that "persons that manage illegal logging operations continue to do so with impunity."<sup>71</sup>

The CGI 12-point plan for reform is not the only reform agenda that has been put forward. One of Indonesia's largest environmental NGOs, the Indonesian Forum for Environment (WALHI), for example, has called for a complete moratorium on all industrial logging in natural forest areas, to be phased in over 2-3 years.<sup>72</sup> We focus here on the CGI-mandated actions because they are the only ones that have captured the serious attention of the government – because they are ostensibly linked to continued donor aid. To the extent that meaningful action will be taken to reform forest policies and remedy the deteriorating forest situation in Indonesia, it appears at present writing that such action will closely follow the steps laid out in the CGI-mandated Action Plan. However, recent experience suggests that the ability of donors to influence implementation of forest policy reforms is limited (Seymour and Dubash, 2000:83-105). Given the overwhelming political, social, and economic problems that Indonesia faces and the near-complete absence of action on *any* forest policy reform agenda item over the past few years, the prognosis for Indonesia's forests remains grim.