Social Forestry in Concession Areas
A Contradiction in Terms, or an Under-utilised Potential?
Experiences from Indonesia

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Social Forestry in Concession Areas – The Issues

Social forestry (a term often used interchangeably with community forestry) emerged as a concept in the late 1960s out of an increasing concern with deforestation and forest degradation, and with the displacement and impoverishment of forest-dependent people in the tropics. These phenomena started to be blamed, at least in part, on the apparent failure of the "industrial forestry model" propagated by the FAO and other agencies to achieve sustainable natural forest management in its broad sense, i.e. forest management that not only yields profits but is environmentally acceptable and ensures an equitable distribution of benefits. A "paradigm shift" set in, leading to the currently often espoused ideal of "community-based forest management" which conjures up the image of closely-knit communities managing their forests sustainably, based on indigenous knowledge.

In countries like the Philippines, where the "industrial forestry model" is now obsolete because of the virtual disappearance of natural old-growth forests, this new approach requires profound changes in land use and forestry policies as well as an overhaul of the forest bureaucracy and its relationship to other relevant actors like local government and community development NGOs. However, what does this trend mean for countries like Indonesia and Malaysia, which still have large areas of primary or valuable logged-over forests – forests which, despite being at least in part inhabited and used by local people, have been declared state forests and parcellled out to state-owned or private concessionaires which generate much-needed foreign exchange? Given the inherent conflicts of interest
in such situations, can there really be a "socially acceptable industrial forestry" in the tropics producing timber worthy of certification according to international standards? Or do we – as some cynics say - have to wait for tropical forests to be degraded and forest agencies and timber companies to have lost interest in them before local people get reinvolved in forestry, as cheap labour for forest rehabilitation and reforestation?

SFMP (Promotion of Sustainable Forest Management Systems), a project focusing on improving natural forest management by concessionaires in East Kalimantan, Indonesia, has been struggling with these questions since its beginning in late 1993. This brief article is meant to share some of our concerns and experiences.

The Situation

Under President Suharto’s 'New Order' Regime (1966-1998), Indonesia pursued a growth-oriented development model in which natural resources were vigorously exploited. An increasingly complex bureaucratic-authoritarian state maintained centralised control over its people and the development process. The 1967 Forest Law led to a situation in which 75% of the country (in East Kalimantan, even 82% of the province’s over 210,000 km²) were declared state forest areas and came under the mandate of the Ministry of Forestry. The Ministry then handed them out as concessions to some state-owned but mainly private companies, without much concern for their inhabitants. Figures vary, but at their peak in the 1980s there were over 550 timber concessions, covering an area of more than the 64 million ha declared as permanent production forest.

Over the years, a multitude of regulations were issued on forest management in these concession areas, but enforcement by the Ministry and its two forest

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12 The GTZ-supported Forest Management Unit (FMU) in Sandakan, Sabah, Malaysia – one of the first certified forest enterprises in Malaysia and Indonesia – is exceptional in the region in that it does not include settlements.
agencies at Province level (Kanwil and Dinas Kehutanan) was low with widespread corruption. With the ITTO Target 2000 in mind and in the context of growing international but also domestic criticism, especially by NGOs, there were more serious attempts to improve Indonesia’s forest management under the Minister of Forestry Djamaludin (1993-1998). This included first and still rather cautious discussions about community-based natural forest management in state forest areas outside of timber concessions. The GTZ-supported Social Forestry Development Project in West Kalimantan has both benefited from and contributed to this trend. However, the bottom line of Indonesian forestry is still ensuring cheap raw material for the plywood and other export-oriented wood-based industries. The only policy dealing with the local people in concession areas is the 1991 Bina Desa (since 1995 also in timber plantations), which obliges concessionaires to provide basic services and community-development projects.

In East Kalimantan, which is still the most important province for timber extraction in Indonesia, most of the 12 million ha of concessions include or border on local people’s settlements and overlap with their forest-dependent land use systems and territories claimed under customary law. "Local people” include a variety of groups among East Kalimantan’s two million inhabitants (half of them urban residents, the rest living in over 1100 administrative villages), ranging from indigenous Punan ex-hunters and gatherers and Dayak swidden cultivators to both long-established and more recent spontaneous settlers from the coastal areas and other islands. Industrial forestry began immediately after the handing out of the first concessions in the late 1960s in the lowlands and has been moving upriver ever since. It has caused the well-known negative environmental and social impacts, but did not face massive protests by indigenous people like the roadblocks in neighbouring Sarawak. Nevertheless, especially due to the increase of both timber plantations (in state forest areas) and oil-palm plantations (in areas

13 Only government-sponsored so-called transmigrants have land-tenure security, since their settlement areas were taken out of the state forest.
released from the state forest), local people and their extensive land use systems are increasingly being ”squeezed”, and conflicts are on the rise.

The SFMP Approach

SFMP is a project run by the Directorate General of Forest Utilisation of the Ministry of Forestry (since March 1998 Ministry of Forestry and Estate Crops) and supported by the GTZ.. SFMP’s strategy is to develop sustainable forest management under ”real-life management conditions” in East Kalimantan by directly providing advisory services to both state-owned and private partner concessionaires. Experiences and results are evaluated together with all relevant partners and are fed back to the Ministry in the form of policy recommendations.

For the purpose of SFMP, we defined Social Forestry broadly as the active involvement of local people in sustainable forest management to their benefit, well realising that under the circumstances this was a long-term objective which will require fundamental changes in the relationship between the Ministry of Forestry, the companies, and local people. Since in 1993, the concept of social forestry in Indonesia was at an early stage, the first project phase was used as a kind of ”orientation phase”. We started with a review of relevant legislation and literature and conducted a study in three initial partner concessions to assess problems and potentials in the relationship between each concession and the local people. This study was conducted by mixed teams, consisting of representatives of the forest administration, the companies, a local NGO and the SFMP-advisors who had all been trained in PRA (participatory rural appraisal) methods. This assessment led to the main conclusion that local people had been actively excluded from forest management, losing access to valuable resources for their livelihood. The following five main areas of field and policy work during the first phase were identified:

• Land tenure issues: While there were no outright conflicts between local people and the companies in the three concessions, overlapping claims did not provide the tenure security needed by both local people and the companies to
develop sustainable land use and/or forest management systems. Local people had no legal documents on their land rights nor was there official recognition of village boundaries.

- **Appropriate land use systems**: Forestry officials and timber companies in Indonesia still (often without differentiation) put the major blame for forest destruction on shifting cultivators, propagating irrigated rice (sawah) as a land-intensive but often locally unsuited alternative. Only a few researchers and NGOs have started to document indigenous land use systems. Local people in the three concession areas needed advice on how to make better use of their (limited and decreasing) land base.

- **Bina Desa**: Based on detailed 20-year work plans resulting from an obligatory Studi Diagnostik conducted without systematic local participation, the concessionaires were conducting activities mainly geared at local infrastructure improvements (proyek fisik) and the introduction of paddy rice with a rather paternalistic approach, spending, by local standards, considerable amounts of money. No attempt was made to involve local people in forest management (social forestry), and there was little co-ordination with local government agencies (the presence of which declines with increasing distance from the coast).

- **Economic relationships between concessions and local people**: NGOs and local government in Indonesia usually voice complaints that local people receive insufficient immediate economic benefits from company presence in their area. However, in one partner concession, quite a number of local people were working for the company even in managerial positions, and in another, a local marketing co-operative had been supported by the company in their sales

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14 The official terms is now Pembinaan Masyarakat Desa Hutan (PMDH), i.e. guidance of forest villagers.

15 The 1994/95 average of reported expenditures for East Kalimantan was Rp. 20 million (US $13,333), about four times as much as the annual government fund for village development, and the same amount as the special government subsidy for poor villages (Inpres Desa Tertinggal, IDT).
of vegetables and fruit at the camp. Given the problems with *Bina Desa*, it seemed useful to assess the pros and cons of these more straightforward relationships between companies and local people and develop recommendations on if and how they could be enhanced in other areas.

- **Non-timber forest products (NTFPs):** East Kalimantan is known for its boom-and-bust cycles of NTFP extraction for *damar* resin, rattan or, most recently, *gaharu* incense. Historically, once a resource became attractive, local people were often deprived of the benefits through new tenure and marketing arrangements. In none of the three concessions did local people at present derive much income from NTFPs. Nevertheless, given the international debate about NTFPs, it seemed appropriate to assess their potential, distinguishing clearly between those from natural forests and from local people’s gardens (relevant especially in the case of rattan, the NTFP with the highest marketing potential).

The strategy planned during the May 1995 ZOPP IV workshop was to

- develop trial field activities in each of the five subject areas in a participatory and gender-sensitive way together with the three partner concessions and the villages in their surroundings, involving relevant government agencies at different levels, NGOs, and short-term consultants, according to need and

- based on a joint evaluation of these experiences, develop recommendations to the Ministry by the end of the first project phase. (For details on the study results and planning, see Wentzel 1995)

### Experiences during the First Project Phase (1993-1998)

Implementing this rather ambitious operation plan during the next three years turned out to be much more difficult than expected. The major challenges for the expatriate and Indonesian GTZ advisors (the forest agency counterparts and also the partner companies did not take the lead in this part of SFMP’s work) were to
• constantly mediate between in part very conflicting views (government, private sector, NGOs, local people) on the situation and role of local people in concession areas;

• maintain sufficient presence at different levels (village, concession, district, province, national level) to maintain momentum and ensure planned outputs;

• at the same time remain flexible enough to react to “windows of opportunity” and give inputs to the increasingly dynamic national level discussions on social forestry in general;

• ensure quality of work in a situation where critical thinking and in-depth analysis were not favoured by the scientific and social environment, and where both forest agency and company staff at all levels had basically no background in social sciences and community development.

Nevertheless, the following results could be achieved during the first project phase, providing the basis for more in-depth work in the Forest Management Unit and policy advisory services during the second phase. (For details, including a list of relevant project documents, see Wentzel/Haury 1998.)

Land tenure: An in-depth assessment of the complicated legal framework and its interpretation among government agencies in East Kalimantan showed that while in principle a case could be made for the legal recognition of indigenous communal (Adat) territories especially in the hinterland of East Kalimantan, government agencies were openly hostile to the idea. However, promising experience could be made in a UK-supported forestry project, the growing NGO network promoting participatory mapping and an SFMP trial in a new timber concession area. Following the Indonesian Criteria & Indicators for sustainable forest management (LEI Catalogue) which acknowledge customary land tenure, the SFMP could then work within the framework of MoF regulations on state forest and concession boundaries and develop and test a procedure for participatory boundary demarcation between forest areas claimed by the local people and those which will be part of the Permanent Forest Estate managed by the company. Local people’s areas will either have to be released from the state forest or be
given a special status within it which does not forfeit customary claims. It remains to be seen which legal option is feasible in the short term, taking into consideration the possible risk of alienation of land released from state forest for example by oil palm plantations.

**Land use:** Due to the lack of suitable technical recommendations for upland areas with poor soils and far from markets, and also of training courses in participatory technology development for field staff, it turned out to be impossible to start the envisaged participatory agroforestry system development process in the partner concessions. SFMP supported several studies on indigenous land use systems and/or the dissemination of their results and participated in a Task Force of four GTZ-supported agricultural and forestry projects on upland farming systems, mainly in Kalimantan. However, we had to accept that it exceeded our capacity to overcome the serious deficiencies of the current agricultural and (virtually non-existent) forestry extension services for upland farmers in the hinterland. The institutionalisation of appropriate and integrated agricultural and forestry extension services for these people remains an unresolved problem.

**Bina Desa:** Since this program received much attention from Minister Djamaludin but also well-deserved criticism from local government and NGOs, and for both reasons caused considerable headaches for province level forestry officials and especially the companies, it was taken as the SFMP ”entry point” to work towards ”real” social forestry in concession areas. Based on an in-depth study which documented that Bina Desa’s two core problems are the lack of participation by local people in the entire process, and poor co-ordination with ongoing government services and projects, trial participatory village development planning workshops were conducted, utilising a method which the Ministry of Home Affairs had prescribed in early 1996. Parallel to this, SFMP gave inputs

16 He insisted on direct implementation through the companies to make them ”socially responsible”, instead of for example subcontracting Bina Desa management to more qualified NGOs.

17 This method, called P3MD (Perencanaan Partisipatif Pembangunan Masyarakat Desa, Participatory Village Development Planning), was developed on the basis of experience made in several GTZ-supported projects but ”scaled up” and spread in a way that seriously jeopardized the
to the MoF to improve the *Bina Desa* regulations which made a participatory, process-oriented approach virtually impossible, and collaborated with other projects in the development of training courses for company field staff and forestry officials involved in *Bina Desa*. While some of our recommendations were taken up in revisions of the legislation (though often more their terminology than their institutional implications), the *Bina Desa* reform is still insufficient, and the lack of qualified, experienced and motivated company field staff remains a major constraint.

**Economic relationships:** The positive experiences in the two partner concessions were documented and a simple method developed for assessing the possibility to increase sales of agricultural products from local villages to the camps. A further analysis of the “labour issue” was impossible due to the lack of a qualified consultant. Since the percentage of local people employed by timber companies is an indicator in most Criteria & Indicator catalogues, with often unrealistically high figures and without much consideration of limiting factors like low population density in upriver areas, the need for mutual adjustments in seasonal work schedules between companies and villagers, and little desire on both sides (companies can control “imported” workers better, local people often refrain from working for timber companies as long as there are more attractive alternatives), this topic will need further attention. In the end, stable economic relationships between companies and local people hinge on the overall transition from the current mobile timber exploitation camps towards sustainable forest management by resident forest enterprises.

**NTFPs:** An in-depth study on the role of NTFPs from natural forests for local people in the area of one partner concession documented that currently, none contribute much to household income, and the prospects for sustainable quality of implementation (see Wentzel 1997). Nevertheless, in the context of *Bina Desa*, where qualified facilitators could be financed by the companies, it provides a framework for involving a broad range of villagers in the design of a mid-term (5 years) and one-year village development plan which distinguish between activities to be conducted in self-help, with government and with company support.
commercially oriented extraction are slim (see Grossmann 1998). Among several Dayak groups in other areas of East Kalimantan, rattan is sustainably produced in people’s agroforestry systems; however, these are often classified as low-potential state forests and under threat of conversion into timber and oil palm plantations. SFMP has contributed to national-level discussions and first changes in regulations undermining smallholder rattan cultivation and trade have been made. However, this area of work was discontinued in the second project phase since it has little impact on improving natural forest management.

**Conclusions**

At the end of the first project phase in March 1998, SFMP could not pretend to have developed a model for social forestry in concession areas, but we had gained valuable experiences which allowed us to conclude that it was worth continuing the difficult and often frustrating task of constant mediation and negotiation between conflicting world views and interests. While many of the currently operating timber companies will certainly phase out in the near future (here, minimising environmental and social damage has highest priority), those determined to stay in the sector will have to avoid conflicts with local people in their areas at least, or, if they want to export their timber, fulfil the increasingly demanding C&I criteria. Some are actually quite open to improve their relationships with local people, but they are usually insufficiently qualified to do so. For local people, this kind of partnership could mean regaining access to forest areas and tapping forest enterprises as employers, markets, and sources of technical and financial support for productive activities in areas where government services are notoriously weak.

For these partnerships to emerge, however, changes are needed in the legal framework regulating concession management and in the way forestry officials deal with both timber companies and local people. First, land tenure conflicts need to be solved as outlined above. Then, instead of obligatory and overregulated *Bina Desa* programmes, it would seem more appropriate to assess in each concession area if there are possible joint activities of mutual benefit
between companies and local people. It would be best to start with simple activities of immediate benefit like selling agricultural products at the camps and removing obstacles to the involvement of local people as workers and employees.

For the emergence of ”real social forestry” in concession areas, however, the possibilities of local people’s participation in the concessionaires’ forest management (the LEI catalogue for example foresees their involvement in activities like area security) and of the development of community-based forest management should be assessed. Based on the experiences of local people with illegal logging along the rivers or roads in many areas of East Kalimantan and elsewhere in Indonesia, and SFDP’s emerging lessons on appropriate support systems for commercial community timber and NTFP extraction, small-scale pilot activities could be developed in clearly defined forest areas (either community forests or joint use zones within the concession). For this, however, the division of labour and especially the sharing of costs and benefits between company and local people will need to be negotiated in a transparent fashion from the very beginning. And all these possibilities, of course, ultimately depend on the economic viability of sustainable natural forest management and its competitiveness vis-à-vis other land uses.

We are very interested to learn about other experiences in the collaboration between concessionaires and local people in other parts of the world, especially its institutional and economic aspects.

**New Challenges – Current Trends in the Indonesian Forestry Sector**

**Update 1999**

Since President Suharto stepped down in May 1998, a process of political and institutional reforms has set in in Indonesia which provides new opportunities and challenges. For the first time in over 30 years, there is open discussion about alternative development models. However, eradicating *Kolusi, Korupsi* and *Nepotisme* (KKN) and overhauling the entrenched political-administrative system will be difficult, especially given the severe economic crisis the country has been facing since late 1997.
According to CIFOR, the economic crisis will increase pressures on Indonesia’s natural forests. However, the 1997/98 forest fires sharpened public awareness of the problems, and after the change in government approximately 70 NGOs formed a Coalition for the Democratisation of Natural Resources (KUDETA). The new Minister of Forestry and Estate Crops M. Nasution has started a reform process in the Ministry, emphasising social responsibility and striving towards more equitable access to forest resources. He launched the slogan ”the forest for the people.” Suddenly, it has become acceptable to talk about Adat (customary) rights to forest areas, and addressing land conflicts is on the agenda. Cooperatives are to become the core tool to strengthen the role of local people in forest management.

A new government regulation (PP 6/1999) limits the sizes of new or renewed concessions, one company and group only being allowed to operate 100,000 ha in one province and 400,000 ha in the whole of Indonesia (before, the three largest concessionaires controlled over 2 million ha each). Concessionaires will be assessed concerning their contribution to local peoples’ ”empowerment” before being extended. Finally, the basic law on forestry and many other important regulations are under review, and some restructuring of the ministry has begun.

There is thus quite some momentum for change, but the implications are still far from clear. On the one hand, considerable expectations have been raised which already led to deliberate gazetting of community forests within existing concession areas, on the other hand, the position of the government and with it, the Minister of Forestry and Estate Crops, is gradually weakened because of the continuing political crisis. The forest administration and the private sector are increasingly blocking reform moves, with the hope of outliving the present government without too many changes.

Within this difficult political setting, SFMP aims to be flexible and promote pragmatic approaches together with its partner companies and forestry officials to strengthen local people’s role in forest management. In a gradual process of discussion and joint experimentation, the partners can get acquainted with new ideas and become creative, e.g. sourcing out nursery or rafting activities or
rehabilitating burned over forest areas with and for local people. SFMP also supports them in working towards more integrated land use planning in concession areas through a process of participatory zoning conducted by mixed teams. The resulting zonation becomes an input to the forest function map of the forest management unit. In areas where real conflicts occur between different parties’ land claims and land uses, negotiations have to be carried out to reach a focused land use agreement.

The companies’ motives to get involved in all this may be more strategic than philanthropic, i.e. they may be trying to maintain at least indirect access to forest areas which increasingly are being returned to local people. However, in situations of conflicting interests, outcomes which are satisfactory to the weakest party may be more important than the principles and motivations of those in power.

References


