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## Impacts of the new Decentralization Law 23/2014 to the implementation of Community Based Forest Management in Lampung Province, Indonesia

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# Impacts of the new Decentralization Law 23/2014 to the implementation of Community Based Forest Management in Lampung Province, Indonesia

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**Abstract.** Establishment of Law 23/2014 on Local Government has shifted authority of forest resources management from district to province level, including community empowerment programs in Lampung Province such as Village Forest (*Hutan Desa*), Community Forest (*Hutan Kemasyarakatan* or HKm). This study focused on HKm because it is the largest CBFM program in Lampung Province. As a result of Law 23/2014, 16 PAK (working area designation) in 4 districts (16,961 Ha) of HKm candidates were canceled, because they cannot be extended. Under these conditions it is necessary to make a study to determine the impact and strategy of local government in dealing with Law 23/2014. The study was conducted on March-April 2016 using a qualitative approach. The selection of respondents uses purposive sampling method followed by a descriptive analysis. This research finds that local governments tend to wait until there are specific regulations set on HKm in accordance with Law 23/2014. However, it can be concluded that (1) Ministry should immediately publish the Ministry Regulation on HKm, (2) Provincial and district governments should immediately coordinate transfers of personnel, funding, facilities, and documents.

## 1. Introduction

Implementation of decentralization in a district should be referred to the authority restructuring or reorganization of the government system so that it will create a system of shared responsibility between institutions of central and district government based on the principle of subsidiary. It is expected that these conditions will create a better system of government since it is improving the quality and effectiveness of government system overall including transparency, accountability also increasing the authority and capacity of a region. In addition it is also improving opportunities for communities to participate in the field of economic, social, and political decisions as well as helping people's capacities who still need to be developed and expanded on its responsibilities [1]

According to [2], [3], [4], [5], and [6], decentralization improves efficiency, equity and responsibility of bureaucratic towards community's request. Thus, in principle, decentralization aims to improve



efficiency and effectiveness of a government system in order to meet the needs of the community in the district. However, in most developing countries there are few examples of countries that can achieve the goal of decentralization that is efficient and equitable [7],[8] states are unable to achieve the goal of decentralization because it requires reforms in relation to central and local administrations, along with increasing the autonomy of local governments. When local governments and communities achieve autonomy, according to the respective roles, then these two actors could empower local resources in order to achieve the goal of economic development in the region. Logically this is acceptable because the local institutions will certainly have a good knowledge about local aspirations. This could happen because it is assumed that authorities have better access to information about their constituents, making it easier for them to gain trust from local population [7].

According to [9] there are many governments in Africa, Asia, and Latin America that claim to have launched decentralization initiatives in policy arenas as diverse as development, environmental management, healthcare, welfare, education, and credit provision. [10] find that decentralization makes it possible for the conservation of natural resources through institutionalizing social participations and benefit sharing. Other experts have similar opinions. [11] and [12] state that inclusive decision making in decentralized governance can increase the public services quality. States that the decentralized governance can enhance the access of equitable services and productive assets. Forest resources, as a type of natural resource, are thus affected by decentralization. According to [13], [14], [7], [15]; in [15], decentralization can also have negative impact to the sustainability of forest resources, leading to deforestation. In his study, [8] concluded that decentralization in Jambi Province, Indonesia has led to marked differences in forest governance among districts, and that deforestation rate is strongly related to the change of forest governance.

Based on these findings, decentralization policies have an influence on SFM. Specifically, [18] argue that decentralization in forest management is one of the characteristics that exist in forest governance in Indonesia. The implementation of the decentralization policies in Indonesia, which started in 2000, has fundamentally changed the country's forest governance framework [15]. Starting in early 2017, Indonesia has fully implemented the policy that relevant to decentralization of local government through Law 23/2014. The consequences on the decentralization implementation of forest management are both positive and negative and occur within the social, economic and ecological aspects of forest resources.

This study examines and analyzes HKm as a decentralized forest management program which aims to meet the needs of communities. The status and development of HKm program at a time before and in the transition period of decentralization is an objective of the study because HKm is one of the CBFM program of Indonesian government in solving social problems in forestry. In addition, the HKm program is the first CBFM program implemented in Lampung Province, and now covers the greatest forest area compared to other CBFM programs. There is a limit to studying the impact of CBFM, particularly HKm during transition period when the decentralization policy will be fully implemented Sustainability of HKm management will have impact to SFM in Lampung. Referring to that study limitation and the general objective of decentralization that is the creation of a good governance system and meet the needs of the community, this study has two objectives: (1) to find out how decentralization of forest management in the province of Lampung through Law 23/2014 impacts the HKm program as one of the community-based forest management program. And, (2) provide recommendations for the implementation of HKm after the Law 23/2014 takes effect.

### *1.1. History the Enactment of Law 23/2014*

Since the enactment of the Law 23/2014, it has affected governance at central, provincial and district/city levels. The existence of this new decentralization law is anticipated as a solution to various issues in previous policies of regional autonomy [18]. Issuance of a new law or a revision or addendum over the old regulation should have a clear policy direction even though this do not occur in all countries that are decentralizing [20]. Within Law 23/2014 is a revision from the Law 22/1999.

For over a decade, the implementation of regional autonomy in Indonesia has fluctuated greatly, and it is marked by the emergence of various new rules that strengthen the implementation of the

autonomous districts [21]. This started when Act No. 22 Year 1999 on Regional Government mandated the implementation of local government autonomy and was met with wide popular appeal and approval from local government at provincial and district levels. Districts and provinces then began to vie with each other to show their regional independence through the implementation of autonomy. According to [22], and [23], decentralization should also maintain efficiency of allocation when dealing with diverse preferences of local public goods.

Five years after 1999, the central government seems to have a willingness to strengthen the function of the regional autonomy, approving direct local elections. This means that the government must provide better public services after the autonomy enforced [24]. Public aspirations for the direct local election. Under these conditions in 2004 was published Law 32/2004 as an amendment of the Law 22/1999. Law 32/2004 which became the basis of the implementation of local elections turned out to produce diverse local leaders, who depend on raw materials. Political background and social life of the community and the candidates would also affect the results of local elections in some regions. In the field, these direct elections affect the political power of the local head significantly. Not infrequently, they “tide the body” if the policies they had taken at the district level is in contrary to provincial policy, or provincial policy is in contrary to the central government since, “their powers” recognized by Law 32/2004. The term “small kings” in some regions also depicts the behavior of the local heads as the result of those democratic elections. The central government seemed to lose control of the pace of development in the regions that often do not run in line with the national development policies. This is what lies behind the enactment of Law 23/2014.

However, Law 23/2014 creates new concerns. It may be the revival of centralization in another form, which is camouflaged in the articles concerning the tasks division of the government, between the central, provincial and district/city [16]. This Law mentions, the government affairs consisting of absolute government affairs, concurrent government affairs, and public government affairs. Absolute government affairs entirely become the authority of the central government, concurrent government affairs are shared between the central government and the provincial and district/ city, the concurrent government affairs which is submitted to the region became the basis for the implementation of Regional Autonomy. This law also reinforces the position and the difference between the Governor and District head/Mayor. Governors are elected through direct elections, as the representative of the Central Government in the province, which means they are categorized as a unit in the administration of government. The authority of the governor is thus reduced as a result of its dual status, as well as the representatives of central government. This condition makes it clear that there has been a weakening effort of local autonomy in this law. The dual role as the province autonomous head and as a representative of the central government in the regions makes a comprehensive and great authority. So, it is expected to minimize the power of “small kings” at the district level, which is so far has been implementing a political oligarchy, so that governance will be more clean, accountable, and able to provide optimal service to the community. Under these conditions, the role of the community can be termed as the supervision on the public services government performance. Governors, as the representative of central governments, must now provide guidance and supervision on the implementation of co-administration in the regent/ city, to monitor and evaluate and supervise, evaluate the Budget and others, and can overturn any local regulations and give approval to *Rancangan Peraturan Daerah* or Raperda (Local Regulation Plan) of District/ City, and can impose sanctions to the District Head/ Mayor. Based on observations in the field, this is very influential to the implementation of forestry development in Lampung Province, especially CBFM, which has been the icon of Lampung Province as one of the alternative methods in resolving the issues of forest destruction which is continues to increase. These changes include the institutional changes in the level of provincial governments and district as well as changes on CBFM implementation in the field.

### *1.2. Status of HKM in Lampung up to 2014*

There are around 380 villages in Lampung Province located around the forest area and  $\pm$  1.33 million people living in and around forest areas [26]. This resulted in the emergence of social issues, which are

less conducive to the preservation of forests and tenure issues and Community Base Forest Management (CBFM) program provides one possible solution [27], [18], [28], [29]. In Indonesia, the CBFM program occurs within Protected Forest and Production Forest managed by local governments, while in Community Forest in conservation area is directly managed by the Ministry of Environment and Forestry or *Kementrian Lingkungan Hidup dan Kehutanan* (KLHK) which as Ministry of Forestry previously [30].

Despite Govt. Reg. 83/2016, Law 23/2014 has not been applied in Lampung. This research thus discusses the condition of PS when the government is still using P.88 as the implementation guidance up to January 2017. The starting point of Lampung CBFM program is in 1998, with the publication of *Menteri Kehutanan dan Perkebunan* or Menhutbun (Minister of Forestry and Plantation) Decree No. 677/Kpt-II/1999 about *Hutan Kemasyarakatan* (HKm), one type of CBFM in protection and production forests that declared by Indonesia government. In the Ministry of Forestry (MoF) Regulation (Permenhut) No. P.88/Menhut-II/2014 on Community Forest, the HKm program is implemented in the state forests that are primarily intended to empower local communities. This means HKm can be the first CBFM program in Lampung. Then the first permit of HKm utilization granted by the Minister of Forestry to *Kelompok Pengelola dan Pelestari Hutan* or Community Group for Sustainable Forest Management (KPPH) Sumber Agung in Register 19 Gunung Betung. In Lampung Province 149 permits of PAK (*Penunjukan Areal Kerja*) or WAD (Working Area Designation) have been issued by the Ministry of Forestry until August 2014. These permits cover a total area of 96,072.61 hectares and covers eight districts. With these 149 PAK or WAD permits, HKm is the largest area for CBFM program in Lampung Province due to there have been 470 HKm groups with total membership of 49,620 persons operating in Lampung [26]

Based on MoF Regulation Number P.88/Kpts-II/2014 on HKm mentioned that in order to get permission of HKm then the community should complete all the required documents for then submitted to Forestry Service of District for then submitted to Minister. The verification was then conducted by the ministry and processed further to obtain PAK. In a duration of 2 years, the PAK recipients of HKm group must obtain *Izin Usaha Pemanfaatan Hutan Kemasyarakatan* or Permission for Managing the HKm (IUPHKm) from the districts to immediately carry out the utilization of the forest. If, in two years, the IUPHKm has not been published, then the PAK is automatically forfeited and the HKm permission application process must be started from the beginning. The requirement of IUPHKm, which is issued by the districts, is in line with the policy of regional autonomy Law 22/1999, so there was no major obstacle on its implementation in the field. This changed when Law 23/2014 began to apply, particularly after the Indonesian Election 2015 where the authority to issue IUPHKm transferred from the district to the Governor (province).

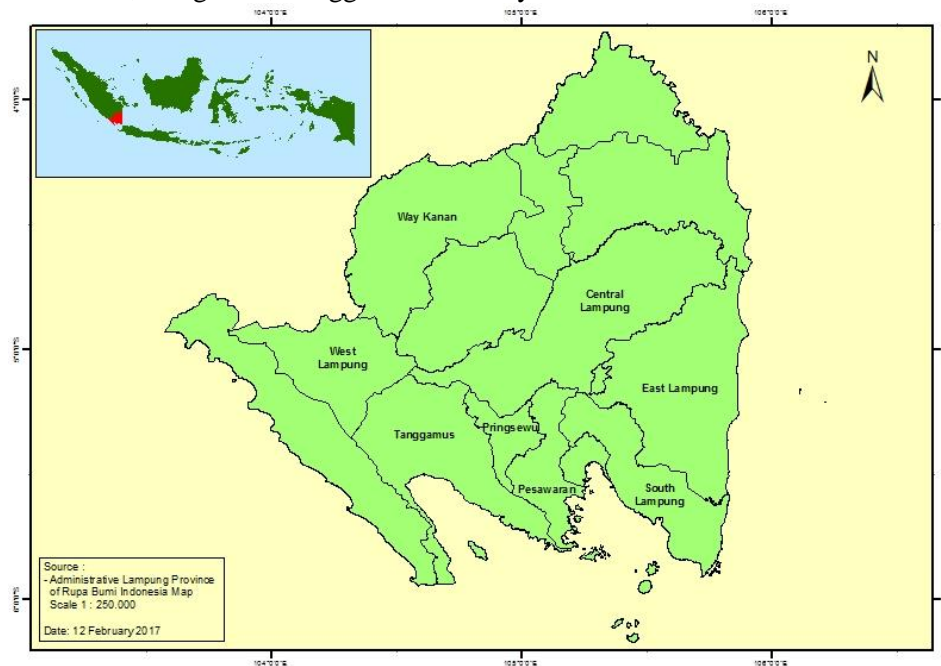
The spirit of the Law 23/2014 is to maximize the role of the provincial government to exercise its authority oriented to basic services instead of power itself. Regional autonomy is a shape of institutional reforms, which are prevalent in many developing countries [31]. However, since Law 23/2014 was declared, many districts in Lampung are hesitant to issue IUPHKm because, based on the Law 23/2014, their authority switched to the governor and consequently in Lampung, then there are 16 PAK forfeited covering 16,961 hectares [32]. These groups will thus be required to re-apply. This research examines the transitional effects on HKm implementation in Lampung province.

## 2. Methodology

### 2.1. Research period and sites

The study on the impact of the issuance of Law 23/2014 on the development of CBFM in Lampung was conducted on March-April 2016 and December 2016-January 2017. Lampung is located between 3°45' and 6° South Latitude and 105°45' and 103°48' East Longitude; in the north it is bordered by Bengkulu and South Sumatra provinces, in the east the Java Sea, in the south by the Sunda Strait, and in the west by the Indonesian Ocean. Currently there are 12 districts in Lampung Province, but only 8 districts are

developing HKm. These districts are: West Lampung, East Lampung, South Lampung, Central Lampung, Pesawaran, Pringsewu, Tanggamus and Way Kanan.

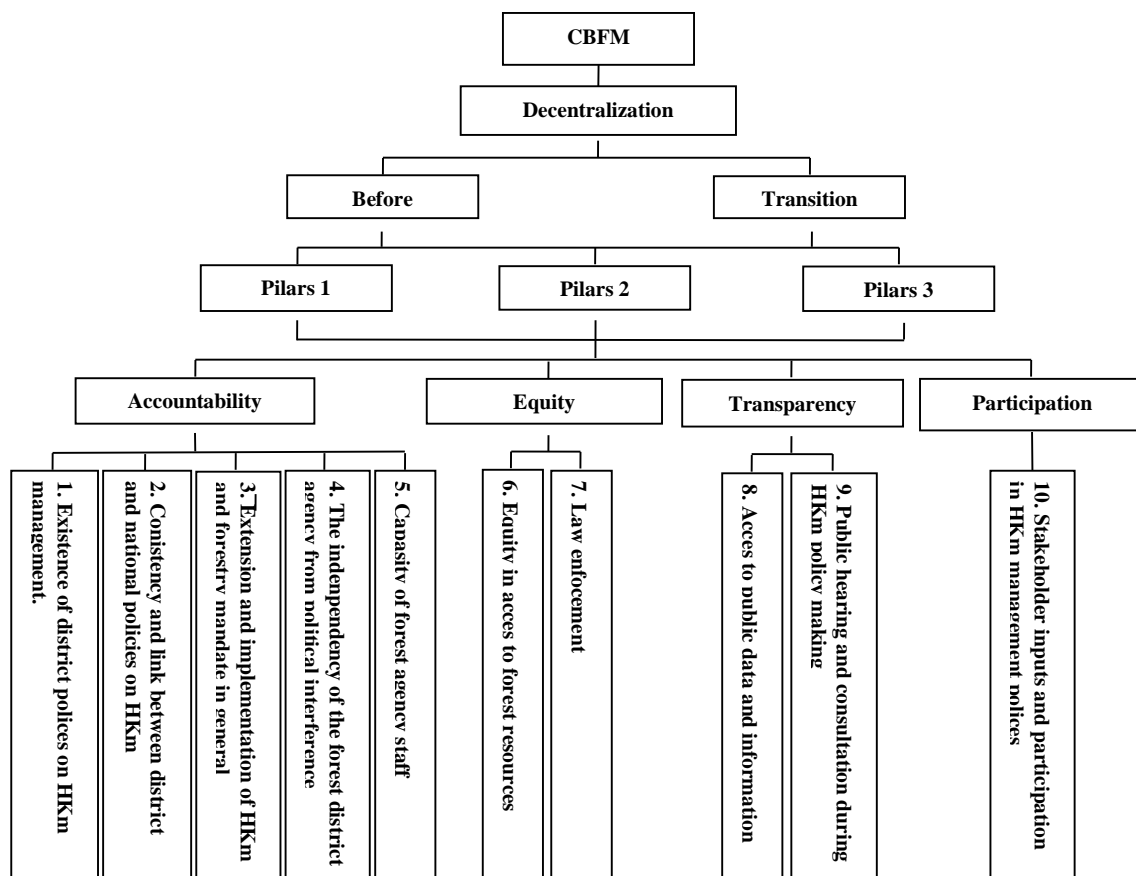


**Figure 1.** Map of the research sites in the eight districts of Lampung Province

## 2.2. Analysis of Forest Governance on HKm Implementation at District Level

This study uses a qualitative approach, combining interviews, desk study, and observation. This method is mainly used to describe (descriptive) and explain (explanatory or confirmatory) the development of HKm program in Lampung Province after Law 23/2014 is applied. Understanding decentralized forest governance in this study uses the theory of decentralization of resource governance. According to [7], [33], it is assumed and expected that local actors will have the willingness to manage NRM effectively and in accordance with the characteristics and performance of local institutions. Based on this insight, this study is conducted in 8 districts in Lampung Province.

This study based on research analytical framework as shown in figure 2 and uses three pillars and four key variables to consider accountability, equity, transparency and participation. Those three pillars are: (1) Policy, legal institutions, and regulatory frameworks, (2) Planning and decision-making processes, and (3) Implementation, enforcement and compliance and taken from the framework of the framework of “governance quality” developed by the World Bank [34] and “good forest governance” developed by PROFOR-FAO [35]. Furthermore, the variables are specified into 10 indicators as drawn in the table 1. All questions for the 10 indicators associated with the program and institutions of local government in managing HKm in their own districts. Respondents' answers to each question will be given a score of 1-4. The score of 1 is the worst and 4 is the best. The collection of data through interviews to 5 key stakeholders in 8 districts, are Staff of Forestry District Office, KPH, University, NGO and Community.

**Figure 2.** Research Framework**Table 1.** Indicators of forest governance quality on HKm Implementation

Pillars	Principle	Indicators
1. Policy, legal institutions, and regulatory frameworks	a Accountability	1) Existence of district policies on HKm management.
2. Planning and decision-making processes		2) Consistency and link between district and national policies on HKm management.
3. Implementation, enforcement and compliance		3) Extension and implementation of HKm and forestry mandate in general.
		4) The independency of the forest district office from political interference.
		5) Capacity of forest district office staff.
	b Equity	6) Equity in access to forest resources
		7) Law enforcement.
	c Transparency	8) Access to public data and information.
		9) Public hearing and consultation during HKm policy making.
	d Participation	10) Stakeholder inputs and participation in HKm management policies.

Source: adopted from [35], [34], [17]

### 3. Results and discussions

#### 3.1. Impacts of Law 23/2014 to HKm and other CBFM Programs in Lampung Province

The enforcement of Law 23/2014 significantly impacted forestry aspects, especially in the transitional of management authority or regulation of forest, including for the authority associated with CBFM program. According to *Peraturan Pemerintah* or Government Regulation (PP) No. 6 Year 2007 on *Tata Hutan dan Penyusunan Rencana Pengelolaan Hutan serta Pemanfaatan Hutan* (Forest Governance and Development of Forest Management and Forest Utilization) Article 84, CBFM (referred to as community empowerment program in Indonesia) can be implemented in the field through HKm program, *HutanDesa* or Village Forest (HD) and Partnership. Actually, KLHK also has other CBFM program that is *HutanTanaman Rakyat* or Community Plantation Forest (HTR). Especially for Lampung Province, the HKm program is the initial program of CBFM in the province and also has the most extensive total land governance compared to HD and HTR partnerships. Under these circumstances, this study will specifically analyze the management of HKm before and after the enactment of Law 23/2014 in Lampung Province.

HKm is an alternative solution used by the central government to slow the rate of deforestation due to encroachment as well as an alternative solution over the forest land conflicts. It is in line with [36] that decentralization needs to be prepared and implemented with care through strong legal frameworks and clear implementation guidelines. A change in forest management authority under the Law 23/2014 turned out to be significantly impacted in the implementation of HKm in various regions in Indonesia, including in Lampung. In Sanggau - West Kalimantan, based on Surat Keputusan Menteri Kehutanan No. 364/Menhut-II/2011 there were 76,090 Ha of PAK giving to the community but during 2 years only 5,150 Ha (6.7%) got IUPHKm. The delay in giving the IUPHKm is related to the scorching of PAK and consequently all HKm licensing process must start from scratch. Besides the scorched PAK, there are other effects namely organizational changes that will regulate HKm in Lampung Province.

#### 3.2. The HKm Practices based on P.88/2014 in Lampung Province

The enactment of Law 23/2016 shifted forest management authority to the central government. Only a small part of forest management responsibility remains at the the province-level, and only 1 (one) authority was provided to the district/city government: managing Taman Hutan Raya or Forest Park (Tahura). Transitioning authority of forest management from district to province has great impacts on HKm groups who already have PAK from the Ministry of Forestry. In accordance with regulation, after PAK, groups have to get an IUPHKm within 2 years after the PAK is published. As a result, the enactment of Law 23/2014, which transfers authority of IUPHKm issuance from district to the governor, prevented many district leaders (Bupati) from declaring and signing the IUPHKm. On January 16, 2015 a Minister Circulation Letter or *Surat Edaran* (SE) of Ministry of Internal Affairs Number 120/253/Sj was published on The Government Affairs Enforcement after the enactment of Law 23/2014. The SE states that the head of districts can still issued IUPHKm until March 31, 2016 since HKm is an empowerment program and IUPHKm must be declared in order to begin HKm management [37]. Unfortunately many government leaders were unaware of this Ministry of Internal Affairs Regulation. As a result, many PAK expired.

Provincial governors are unable to issue IUPHKm, since the transition rules are clear within Law 23/2014. The IUPHKm issuing authority is transferred to the governor, who would also have violated the Ministry of Forestry (MoF) Regulation number P. 88/2014, which mentioned that IUPHKm must be issued by districts. Thus, an immediate adjustment is necessary so that the two main actors in this authority transition (districts head and the governor) are not at a crossroads. The MoF Regulation (recently known as *Kementerian Lingkungan Hidup dan Kehutanan* (KLHK) or Ministry of Environment and Forestry) must be revised in accordance with Law 23/2014, because laws have a higher position than Minister Regulations. Currently, there is no definitive guide for a region to issue the IUPHKm. In Lampung Province, this resulted in the expiration of 16 PAK which provided managerial authority over 16,961 ha by 16 groups representing as many as 8,421 households. The governor and his



officials in charge of forestry issues at the provincial level are waiting a further revision of the Minister Regulation on the regulation of social forestry management that mention the license process to monitoring evaluation and development of local legislation.

Based on *Peta Indikatif Arahan Perhutanan Sosial* or Indicative Map for Social Forestry Purpose (PIAPS), Lampung Province has a target of social forestry area of 130.941 Ha in support of the national target [32]. Thus, with the expiration of 16,961 ha of former PAK land, Lampung has lost 12.95 % of social forestry that will go to support the social forestry target. There are three general attitudes taken by HKM groups with an expired PAK. (1.) They are willing to abide by the rules, update the data, repeat the HKM licensing, and have already started collecting data in the field, (2.) They are willing but have not begun activities for re-application, and (3.) They have no reaction concerning the expired PAK.

### 3.3. *The HKM Management based on P.83/2016 in Lampung Province*

In 2016, as to confirm to Law 23/2014 the Indonesian government through the Ministry of Environment and Forestry issued a ministerial regulation to oversee the implementation of all SF programs in Indonesia. As an introduction in the ministerial regulation, this regulation is an effort to give legal access to local communities by considering poverty, unemployment, and inequality in the management/ utilization of forest areas. This regulation states that the SF program that would be set within is CF, VF, PPF, forestry Partnership or the recognition and protection of indigenous people for the welfare of community and sustainability of forest resources. In principle, this ministerial regulation set in a simpler on the arrangements in obtaining license of management and utilization with the SF scheme. The definition of social forestry is becoming more widespread, as stated in Article 1 Permen LHK (Minister of Environment and Forestry Regulation) P.83 / 2016 stated that SF is a sustainable forest management system that is implemented in the state forest area or rights forest/ customary forest implemented by local communities or indigenous people as the main actors to improve their welfare, environmental balance and dynamics of the social culture in the form of Village Forest, CF, PPF, Customary Forests and Forestry Partnership. Especially for CF, in article 1 paragraph 3 mentioned as state forests, which its utilization primarily intended to empower communities. In Article 3 mentioned that the SF would be implemented based on the following principles: justice, sustainability, legal certainty, participative and accountable.

Another issue mentioned in this ministerial regulation is that PIAPS it remains possible to develop CF outside the areas that already drawn in the PIAPS as long as proposed by the community and the proposal is supported by the Working Group of Social Forestry Acceleration (PPS). The Working Group is expected to exist in each province, to help achievement the CF target. PPS WG is a working group that helped facilitate and verify the activities of SF acceleration. If the previous regulations mentioned that CF could be developed in HP and HL that have not been burdened by license, then on this new ministerial regulation CF can also be developed in the protected forests managed by Perhutani and in certain areas within the KPH (Article 16, paragraph 1). Simple process that can be seen from this ministerial regulation is that the group does not need to get PAK first before getting IUPCF. In addition IUPCF will be handled directly by the central government, so there should not be two times the amount of process as before, when PAK was obtained from the national government and IUPCF obtained from the local government. It will be a simpler process, because it has been decentralization with provincial governments who have the authority in the forest affairs, and the administration of IUPCF can be delegated to the provincial government established by Ministerial Decree. In the Announcement Letter (*Surat Edaran*) of the Minister of Environment and Forestry No. ,SE.6/MenLHK/PSKL/PSL.0/12/2016. This ministerial regulation explicitly mentions the duration of time required in the licensing if administered in the Ministry (24 days) or administered through the governor or provincial government (maximum 29 days).

Besides Permen LHK P83/2016, the PSKL General Director Regulation Number 12/PSKL/SET/PSL.0/12/2016 on Verification Guidelines for Application of Community Forest Product Utilization License is relevant as the basis of CF management. In addition, the following ministerial regulations shape community forest application and formation: the PSKL General Director Regulation

Number P.14/PSKL/SET/PSL.0/12/2016 on Guidelines of Facilitation, Establishment and Working Procedures of Social Forestry Working Group; PSKL General Director Regulation Number P.15/PSKL/SET/PSL.0/12/2016 on Social Forestry Online Services; PSKL General Director Regulation Number P.16/PSKL/SET/PSL.0/12/2016 on Guideline of Village Forest Management Plan, Business Work Plan of Community Forest Utilization License and Business Work Plan of Timber Product Utilization License of People Plant Forest. With the enactment of this ministerial regulation, all submissions of SF licensing program in all of Indonesian regions will continue. Especially for Lampung Province, there are three districts that have been verified before this regulation is issued, but only one district published its PAK.

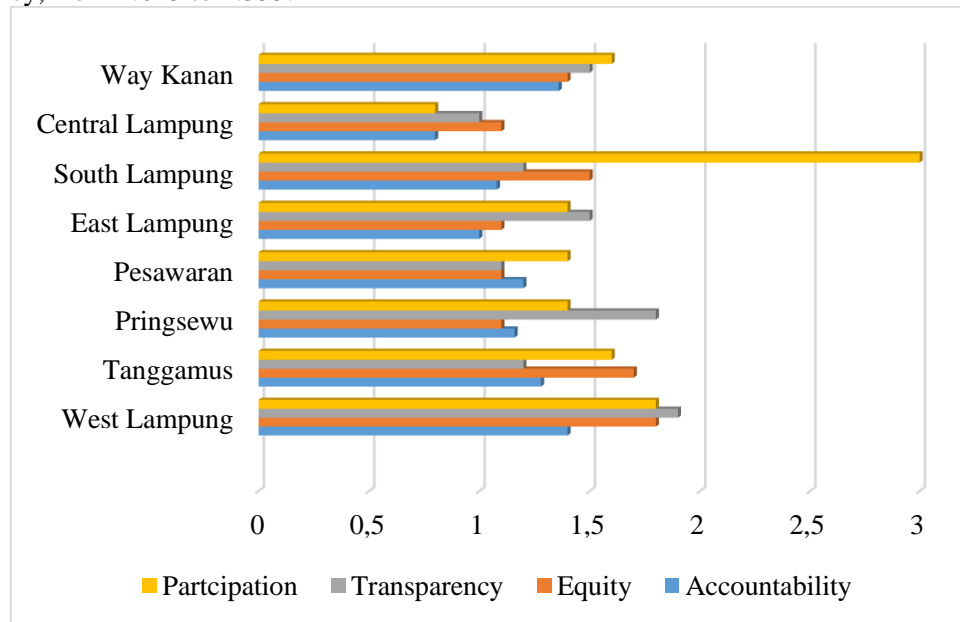
The next question is how long the licensing process and CF management will take. Changing management systems is not simple. It requires comprehensive institutional adjustments; moreover this change is based on Law, so that the change will be very basic. How is the response and commitment of local government in this transition period? Are there any changes before and after the decentralization policy is fully implemented? How is the recommendation so that CF management will be implemented in accordance with the regulations and in accordance with the objectives of CF program itself? Understanding decentralized forest governance in this study uses the theory of decentralized resource governance. Decentralization theory often presumes that local actors will have the willingness to manage the NRM effectively and in accordance with the characteristics and performance of local institutions [38]; [33]). With decentralization, it follows that CF management will be better because good forest governance also be better. [39] states that the transitional moment before implementation of decentralization is the "weakest" moment in East Kalimantan. This condition is similar to that expressed by [40]: such conditions are like when the repertoire of the "weapons of the weak" have, at least momentarily, this phenomenon also occurred in Albania. The Albanian forestry sector was affected by decentralization: a number of state companies were closed, illegal logging increased, weak forestry service was provided to the community, and there was a lack of investment in the forestry sector [41]; [42]. Although decentralization was mandated by the central government in January 2017, many districts in Lampung Province started to implement in 2015, although there was not an adequate policy reference. The 8 districts in this study are districts have started implementing decentralization based on Law 23/2016 with the understanding of local government officials of their respective regions. Based on these conditions, the period of 2015 to December 2016 can be regarded as a transitional period before the decentralized forest governance in Lampung Province is fully implemented, including the implementation of CF.

The state of transition period starting in 2015 - 2016, then this study divides the data collection period on before and in the transition period of decentralization. All respondents in all districts held relevant data on 10 indicators with the timeframe before decentralization and in the transition period. The duration of data collection is limited to December 2016, despite the provincial government of Lampung did not fully implement decentralization until February 2017, due to the immature state of the new government structure.

### *3.4. Quality of Forest Governance on HKm Implementation at District Level*

Before 2014, CF policies implemented in eight sampled districts were varied, depending on the initiative, commitment, and understanding of the district. Based on P.88, the process to be to get PAK is still complicated and lengthy. There is verification process of data and field condition carried out by authorized officials from the ministry. The absence of specific rules about deadline between the proposals submitted to the ministry up to the verification is perhaps one reason for the slow issuance of PAK; coupled with the absence of maximum deadline between verification and announcement of the verification results up to the issuance of PAK from the ministry. The existing conditions can be compounded when the local governments do not immediately fulfil their obligation to process the issuance IUPHKm. In fact there are local governments who did not issued IUPHKm until the expiration of PAK (2 years). Although the governance indicators from each districts are relatively good as before 2014, the approval of PAK and IUPHKm area remains low.

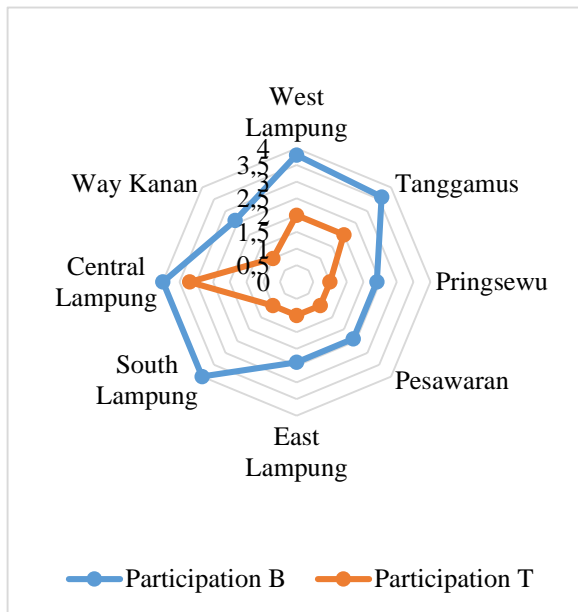
Based on data in the form of average score from eight districts before decentralization based on Law 23/2014, accountability and participation are the principles with the highest value. These two principles do not differ much before decentralization, but after they differ greatly. The average score of participation is much lower during the transition period, droing from 3.15 to 1.35. The accountability score dropped from 3.17 to 2.062. Two other principle scores dropped: equity, from 2.7 to 1.355; and transparency, from 2.613 to 1.355.



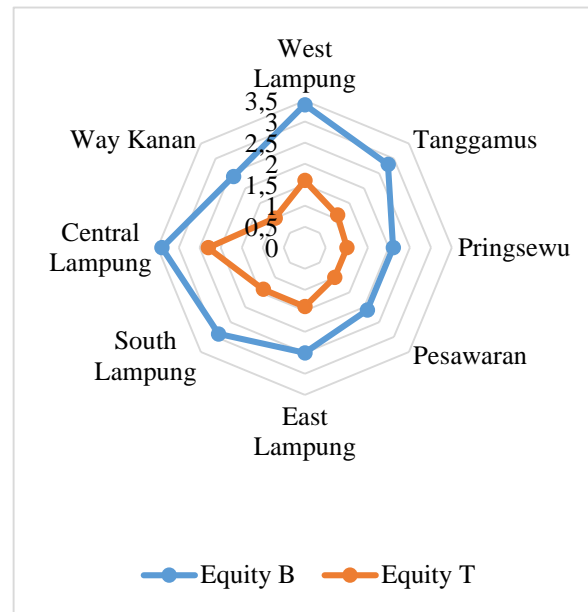
**Figure 3.** The level of forest governance indicators during the transition period of the implementation of Decentralization Law 23/2014

According to the survey results, each district that demonstrates a decreased score can also be said to experience the loss of good governance during the transition period. The decrease in participation usually occurs because of the change in the number of staff or governance structure that correlates with the minimal number of staff with appropriate specialization, or inadequate number of trained and professional staff, or weaknesses related to the level job codification and the amount of rule observation. Based on these conditions, the decentralization design of a region should take into account the opportunities and limitations imposed by existing channels of local participation. Thus, it required the mechanisms that include local communities in the preparation of decentralized design to meet with the local needs. The biggest decrease in participation score occurred in South Lampung District and the smallest is in Central Lampung District. This could happen because the all of the forestry apparatus in South Lampung were transferred to the provinces level with no phasing out preparation.

Lampung's central district has the smallest score in terms of participation time difference before 2015 and during the transition. This can occur because the forest service has set up phase of the staff moving to province level, for example by working with the agriculture service for reforestation program, had been already distributed forestry bachelors to other relevant agencies, so that they will still be able to carry out forestry programs that are relevant to the agency where they moved.



**Figure 4.** Forest governance indicator: participation

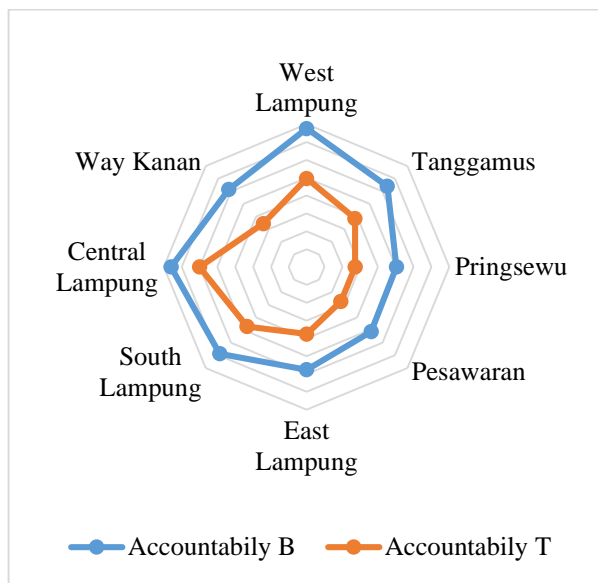


**Figure 5.** Forest governance indicator: equity

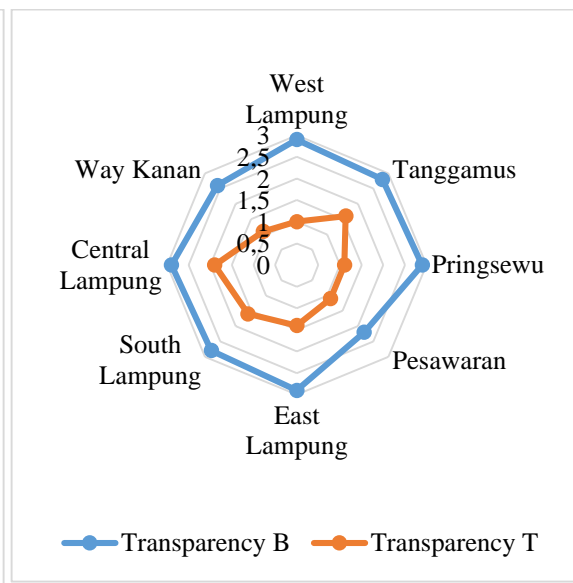
The decrease in equity during the transition period also occurred in all districts. This condition indicated that there has been a problem in the distribution of assets in the community that are relevant to the issue of institutional and leadership. Further [43] stated that according to around 24 studies on the forestry sector it is known that equity based on the decentralization policy would have positive impact if increasing the people's capacity or otherwise would have negative impact if not extend state control over local people. Moreover [44] also stated that decentralization of forest resources will affect the livelihood. It means that equity is one of the GG essential principles (see also [45]).

The principle of accountability also decreased in all districts during the transition. Accountability is an important aspect or is a key factor in implementing effective and efficient decentralization [10]. Accountability of good forest governance can occur because of the good relationship between the local government and the community, community with the council and stakeholders with their performance results. In eight sample districts also experienced a score decreasing on the principle of transparency. According to [46], transparency is an important factor of forest governance.

Transparency also affects the procurement of honest and staff and functions as an incentive for all employees [47]. If there is no transparency, there will be no access for the community to data and information on state official documents, also the absence of transparency on state funds, and no transparency over a wide range of development program planning. According [48] and [49] transparency is the important thing needed to determine the dysfunction of natural resources management in countries which rich in natural resources. West Lampung and Central Lampung are 2 districts that have the highest and lowest score.



**Figure 6.** Forest governance indicator: accountability



**Figure 7.** Forest governance indicator: transparency

### 3.5. Institutional re-arrangement of HKm at Provincial and District level

Transitional authority of forest regulation and management certainly will have an impact on the institutional change. Institutions changes that regulate forests including HKm occur because the PFS (Provincial Forest Service) of Lampung Province will change according to the P18 / 2016 as a derivative of the Law 23/2014. Based on this law, the type of Lampung PFS is A and have four division that will support the Head of PFS towards sustainable forest management (Previously, PFS has five division). One of division will be deleted to be 4 division as new form of PFS. It will be a division that develop arrangements and management of HKm and others social forestry program in Lampung. Now there is a draft of organizational structure that covers four fields appropriate to Permenhut No. P.74/2016 on *Pembagian Tugas dan Fungsi Unit Kerja pada Dinas Kehutanan Provinsi* (Division of Task and Function of Provincial Forest Service), as follows: (1) *Bidang Tata Hutandan Perencanaan Kawasan Hutan* (Forest Governance and Planning), (2) *Bidang Perlindungan dan Konservasi Hutan* (Forest Protection and Conservation), (3) *Bidang PDAS dan RHL* (Watershed and Forest Rehabilitation), and (4) *Bidang Penyuluhan, Perhutanan Sosial dan Pemanfaatan Hutan* (Extension Education, Social Forestry and Forest Utilization). Consequences over this transition are quite complex. Informal goals of the decentralization legislation are observable from the practices in the field, [18]. According to [14], as mentioned in Law 23 year 2014, transferring the power of natural resource control from districts to provinces, may be reversing the decentralization trend that actually has been characterized the past two decades of forest governance in Indonesia [14].

Other institutional threats from Law 23/2014 include the program of forest mainstreaming managed by the KPH (*Kesatuan Pengelolaan Hutan*) or Forest Management Unit (FMU). The existence of forest management policies by KPH in Indonesia is in accordance with the regulation PP No. 6/2007, PP No. 03/2008, and have been applied since 2010. According to [50], KPH is smallest forest management unit which managed based on its function towards to efficiency and sustainability. Actually KPH system has been touted as opening opportunities to strengthen decentralization [51]. The KPH organizations in Indonesia are very diverse in organizational structure and the number of staff and budget beyond the KKPH.

The main duties and functions of KPH not only deal with HKm or CBFM, but all forest management programs. Thus, the rearrangement of the institutions which can take care of CBFM at the forest service province level be implemented holistically on the aspects of human resources, main duties and functions,

as well as the funding. Central government should provide financial incentives to regional governments to establish KPHs within their own administrative jurisdictions with a campaign slogan: 'no KPHs, no budget' [52]. As of April 2015, 120 'model' KPHs were established and administratively structured within regional governments. However, KPH-related policies still include CBFM schemes to be administered under the KPH system. Thus the term CBFM can no longer be used strictly to refer to devolution of power to local communities. Depending on bureaucratic politics in play across the levels of governments and among local actors, the management authority of CBFM can be recentralized by way of specific institutions and instrumentation [53], [54], [55].

All of the transitional authority has already been provided by the PFS by the planned local regulation as its legal basis. Based on research, it is known that the provincial government has prepared a local regulation draft (*Rancangan Peraturan Daerah* or Raperda) on *Pembentukan dan Susunan Perangkat Daerah Provinsi Lampung* (Establishment of Lampung Provincial Government Structure) for institutional rearrangement of province government under the Law 23/2014 as well as its derivatives rules that is PP no. 18/2016. The institutional re-arrangement at the province level, such as the Forest Service, is planned to be implemented under the Governor Regulation. The big question that appears on this transitional authority which will be enforced in October 2016 is, can Lampung PFS manage the responsibility in the HKm affairs for all the districts? There are district governments who refuse to implement Law 23/2014 and PP 18/2016 by handing over their authority to the provincial government. They refuse because the district government alliance is in the process of conducting Judicial Review of Law 23/2014. This means, the provincial government is a key actor for two positions: local and national government. It also has the task to provide insight to the district and city government who are still refusing. Districts that refuse will be sanctioned even though in the Law 23/2014 and PP 18/2016 there is no arrangement for conflict sanctioning. Beside the issue of institutional changes, there is a problem of funds required to apply the changes. Does the PFS already have enough funds to be able to accept the responsibility to facilitating HKm? Based on the interview results, the RFS (District Forest Service) are ready to release their authority in managing HKm to provincial level, there is a district that would no longer have the RFS by January 2017, and all maintenance associated with natural resources including forest resources will be transferred its management to the other district institution i.e. District Environment Service. Thus, district government will still continue to intersect with forest management in their area. This coordination it should be performed immediately through legal documentation especially concerning HKm management. In addition, both local governments should mention in the legal document about the coordination mechanism to be built in the transfer of human resources or personnel, including the appointment of the chairman from each division, the facilities and also its funding aspects [56] and [57].

#### 4. Conclusions

Based on HKm operation in the field and institutions that set and manage it in the provincial and district levels, it is clear that the obstacles rooted in the lack of regulations can be used as a basis for implementation after Law 23/2014 was published. The KLHK has drawn up the draft of minister regulation with the title of *Perhutanan Sosial* or Social Forestry, but it has never been approved by the minister. It is expected that new minister regulation would address all of the issues in regulating authority of HKm management in the province level. In the draft of minister regulation article 2, paragraph 1, intends to provide guidelines for granting rights management, licensing, partnerships and Customary Forests in the field of social forestry. Furthermore, in paragraph 2 it mentions that the regulation aims to solve the issues of tenure and justice for local communities and indigenous people living in or around the forest area through the framework of community welfare and preservation of forest functions. This regulation draft is indeed required by the PFS (Province Forest Service) in setting up the institution as well as community group to make it have enough power and competence to receive the authority transfer of HKm management of all the districts in Lampung. Synergies declared by the minister regulation on establishing CBFM management, including HKm, must be coordinated between the provincial and

district governments. This coordination is necessary in order to arrange personnel, facilities, funds and relevant documents.

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