

HELENA VARKEY POST-PRINT WETLANDS

1 **Oil Palm Plantations and Transboundary Haze: Patronage Networks and Land**

2 **Licensing in Indonesia's Peatlands**

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11 **Oil Palm Plantations and Transboundary Haze: Patronage Networks and Land**

12 **Licensing in Indonesia's Peatlands**

13 By HELENA VARKEY

14

15 Peatlands in Indonesia are protected by regulations that forbid the conversion of these lands  
16 into plantations. However, peat fires here have been found to be a major source of smoke that  
17 travels across national boundaries creating regional haze. Despite these regulations, more  
18 than a quarter of all Indonesian oil palm plantations are on peat. This paper argues that  
19 patronage networks within the Indonesian oil palm sector have been a major factor in the  
20 unsustainable use of peatlands there. Rampant patronage politics have made it easy for well-  
21 connected companies to skirt regulations to obtain licenses for these lands. Decentralization  
22 has further encouraged this practice at the regional level, as regional elites are eager to reap  
23 the benefits of local investments. In addition, clients are able to exert their influence over  
24 state decision-making to ensure that any changes to the licensing process does not jeopardize  
25 their access to these lands. These converted lands are highly fire-prone. Furthermore, some  
26 companies have been found to use fire as a cheap way to clear the land for planting. Hence,  
27 this paper argues that transboundary haze in Southeast Asia can be traced back to the ongoing  
28 oil palm boom in Indonesia, bolstered by patronage networks.

29

30 Keywords: Indonesia; peatlands; fire and haze; oil palm plantations; patronage politics;  
31 decentralization

32

33 **Oil Palm Plantations and Transboundary Haze: Patronage Networks and Land**

34 **Licensing in Indonesia's Peatlands**

35

36 **Introduction**

37

38 Tropical lowland peatswamps are a major type of forestland commonly found in Southeast  
39 Asia. The Southeast Asian region is estimated to have 27 million hectares of peatlands or 6%  
40 of total peatlands in the world (Tan et al. 2009). Indonesia is fourth largest in the world in  
41 terms of peatland area, being home to about 83% of the region's peatlands, with a total of  
42 26.5 million hectares or 12% of its total land area (Tan et al. 2009). This is mostly located in  
43 large areas in between river basins in Borneo, Sumatera, and Irian Jaya (Parish 2011).

44

45 The burgeoning need for land brought about by the oil palm boom in Indonesia has  
46 encouraged the conversion of peatlands to plantations. Despite its infertility for other crops,  
47 peatlands are quite suitable for the growth of oil palm when deeply drained (Tan et al. 2009).  
48 Research has shown that oil palm has a high tolerance for areas with fluctuating water tables  
49 (Liew 2010), and oil palm grown on reclaimed peatsoil has a particularly high fruit  
50 production (Ministry of Forestry 2009). By the 1980s, with most inland forests cleared,  
51 plantation companies began seeking licenses to build dykes to dry peatswamps to increase  
52 their acreage (Nowak 2008). Thus, the reclamation of peatlands increased drastically as most  
53 new oil palm plantation land was opened up on reclaimed peatswamps (Wicke et al. 2011).  
54 While the constraints discussed above make oil palm development on peat soil more  
55 expensive (with set up costs on peatlands almost double as compared to set up costs on  
56 regular mineral soil) (Liew 2010), higher oil palm trading prices have made this economically  
57 viable.

58

59 Peatlands are often attractive for oil palm plantations for several reasons. Firstly, there is  
60 often valuable timber on these lands that can be harvested and sold to provide additional  
61 funding to developers (Stone 2007). Secondly, peatlands are usually ‘empty’ in terms of  
62 communities, enabling companies to avoid conflicts with increasingly vocal and empowered  
63 local communities. Thirdly, peatlands are often located deep inside forested areas or coasts,  
64 far away from administrative centers. These secluded areas would enable plantations to  
65 conduct their activities with minimal monitoring by authorities. Fourthly, demand for  
66 peatlands are increasing with the decreasing availability of other drylands around Indonesia  
67 (Greenpeace 2007). As a result, a disproportionate and unsustainable amount of peatlands  
68 have been converted, or have been earmarked for conversion into plantations (Greenpeace  
69 2007; Silvius and Kaat 2010; Wicke et al. 2011; Kaat and Silvius 2011).

70

71 Problems relating to fires and haze arise during the draining and preparing operations  
72 (Basiron 2007). Once the valuable timber is removed to be sold, the peat is usually burned to  
73 remove any remaining vegetation (Stone 2007). Burning peatlands are a fast and cheap way  
74 to clear unwanted weeds and grass in preparation for planting, and reduces the risk of pests.  
75 Therefore, one way of keeping the costs down is to clear land using fire. Maintaining low  
76 production costs is a key to the continued profitability of oil palm producers, especially since  
77 the process of draining peatlands are already costly. Although not all companies burn to clear  
78 land, satellite imagery and field observations suggest that the larger plantation groups do  
79 practice open burning on peatlands (Raman et al. 2008).

80

81 Even for the companies who do not deliberately use fire, disturbance to the naturally  
82 waterlogged condition in peatlands create extremely dry conditions and hotspots (*Jakarta*

83 *Post* 1994). Once the peat swamp watertable is dropped for draining, it dries very quickly,  
84 making it naturally fire-prone. Fires require dry fuel, oxygen, and a spark (Colfer 2002), and  
85 these elements are easily found on drained peatlands. Accidental fires further contribute to  
86 the drastic rate of deforestation and air pollution in Indonesia (Rukmantara 2006). As a result,  
87 research has proven that 90% of transboundary haze in the southern portion of Southeast Asia  
88 is linked to such peatland fires (Global Environment Center 2010). Drastic land conversion  
89 like this further degrades and dries out the natural landscape in such a way that future  
90 hotspots and accidental fires are liable to occur again and are likely to be more severe (Colfer  
91 2002; Greenpeace 2007; Raman et al. 2008).

92

93 Indonesia actually has very clear policies on the use of peat soil which, if properly observed,  
94 should lead to the sustainable management of peatlands and low risk of fires<sup>1</sup>. The puzzle  
95 here is why has this unsustainable form of land use been allowed to happen, despite these  
96 laws? This paper argues that patronage networks within the Indonesian oil palm plantation  
97 sector have been a major factor in the unsustainable use of peatlands in Indonesia. Rampant  
98 patronage politics have made it easy for well-connected plantation companies to skirt  
99 regulations to obtain licenses for these lands. Furthermore, decentralization policies have  
100 raised new tensions between the central and local governments, which have produced gray  
101 areas in the licensing process for land which are easily exploitable by patrons and clients. In  
102 addition to this, these clients are able to exert their influence over state decision-making and

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<sup>1</sup> For example, Presidential Decree No. 32/1990, Indonesian Government Regulation No. 26/2008 states that peat of more than 3 meters deep should automatically be designated as protected areas (PanEco Foundation 2008; Ministry of Forestry 2009). The Regulation of the Ministry of Agriculture No. 14/2009 stipulates that if there is a concession in peatlands with an area of more than 30% of its total concession having a peat thickness of more than 3 meters, then the entire concession should not be opened (Wibisino et al. 2011). Ministry of Agriculture guidelines identify areas of peat more than 76cm deep peat as unsuitable for conversion to agriculture (Ministry of Forestry 2009). The Ministry of Agriculture's Instruction to the Governors of Indonesia No. 301/TU.210/M/12/2001 (13 December 2007) states that the issuing of new plantation concessions on peatlands are temporarily forbidden, pending further instructions. These policies are elaborated in detail in the discussion section of this paper.

103 policy-making to ensure that any statutory changes to the licensing process do not jeopardize  
104 their access to these forbidden lands.

105

### 106 **Conceptual framework**

107

108 This paper uses the concept of patronage politics to explain the unsustainable use of peatlands  
109 in Indonesia. Patronage politics have been a dominant characteristic of the societies in  
110 Southeast Asia and especially Indonesia (Enderwick 2005), so much so that patronage ties are  
111 a legitimate, accepted, even expected part of the economic process in the region (Dauvergne  
112 1995). Hadiz (2004, 2007) describes patronage in the Indonesian context as the system of  
113 mutually shifting and fluid coalitions of predatory networks, usually characterized by  
114 corruption and abuse of power. These predatory networks gained foothold in Indonesia  
115 primarily during Soeharto's centralized New Order system. Through control over parliaments  
116 and political parties, and via business alliances and assorted instruments of political violence,  
117 patrons have been able to gain ascendance over state institutions and its resources (Hadiz  
118 and Robison 2005), and remain protected by authoritarian means (Hadiz 2007). This paper  
119 argues that patronage networks have encouraged the unsustainable use of fire-prone peatlands  
120 in Indonesia in two distinct ways. Firstly, patronage networks encourage disreputable  
121 allocations of resources. Secondly, patronage networks guide state decision-making towards  
122 the short term interests of exploiters.

123

### 124 **Disreputable allocation of resources**

125

126 Patrons and clients are exclusively motivated by material gain (Kurer 1996). Indeed, one of  
127 the conditions for patronage politics to exist is that potential patrons must have access to

128 instrumental, economic or political resources that can be tapped for patronage purposes  
129 (Hicken 2011). In this way, patronage politics can be seen as ‘a form of domination that is  
130 used by modern political and economic elites to channel resources for their own benefit’  
131 (Gunes-Ayata 1994: 17-26). These resources are consciously allocated by patrons to  
132 particular clients who would otherwise not have received these gains (Nesadurai 2004).  
133 Therefore, patronage politics denote a distinct mode of regulating and structuring the flow of  
134 resources in ways that differ from ‘free market’ exchange (Eisenstadt and Roniger 1995).  
135 This is why they are usually regarded as disreputable, if not illegal, by parties external to this  
136 relationship (Eisenstadt and Roniger 1995).

137

138 Barr (1998), Mayer (2006), Rajenthiran (2002), Richardson (2010), Aspinall (2010),  
139 McCarthy, Gillespie, and Zen (2012) have identified land licensing as a form of resource that  
140 can be tapped for patronage purposes. Barr’s (1998) early work on the shifting dynamics of  
141 control of Indonesia’s timber sector has discussed the preferential allocation of plywood  
142 licenses to members of the Indonesian Wood Panel Association (Apkindo), an association  
143 that was controlled by Bob Hasan, a well-known crony of President Soeharto.

144

145 While such monopoly systems have somewhat been dismantled with the advent of  
146 decentralization in Indonesia, similar practices of preferential allocation at the central and  
147 local (district) level have continued to be observed. Hadiz (2004) has noted that patrons have  
148 reconstituted themselves through new local alliances, and have continued to capture the  
149 institutions of Indonesia’s democracy to further their own objectives. In short,  
150 decentralization is facilitating the emergence of more localized patronage networks that are  
151 relatively autonomous of central state authority.

152

153 For example, with decentralization, regencies and districts have been empowered to  
154 administer governance of ‘capital investments’ of natural resources within their respective  
155 regions, (Rajenthiran 2002) to promote regional development and encourage private  
156 companies to be committed to their investment (Richardson 2010). These newly empowered  
157 local authorities are now able to grant a plethora of new and additional types of regionally  
158 administered plantation license rights to cooperatives, individuals and companies of their  
159 choice (Mayer 2006).

160

161 Work by Aspinall (2010) reflects this. He argues that Indonesia’s decentralization fostered  
162 predatory behaviour at the local level, where local parliaments became sites of corrupt deal-  
163 making in which legislators colluded with officials and businesspeople to direct contracts and  
164 licenses to business allies. McCarthy, Gillespie, and Zen (2012) further focuses down this  
165 analysis to oil palm plantations at the district level. They observe that as the central  
166 government decentralized key aspects of oil palm plantation licensing to districts, district-  
167 level actors gain enormous local discretionary power. With this power, local actors are able to  
168 obtain significant funds through ‘informal’ means as a result of the disreputable allocation of  
169 permits and licenses.

170

171 This paper applies the arguments of these scholars to explain the preferential allocation of  
172 licenses for the development of peatlands in Indonesia. It argues that the disreputable  
173 allocation of resources by patrons to clients at both the central and local level for material  
174 gain is key to understanding how certain groups are able obtain licenses to establish oil palm  
175 plantations on peatlands, despite existing laws that explicitly forbid this. Powerful  
176 businessmen with good patronage ties have no reason to fear punishment for obtaining these  
177 illegal licenses, as the law will be disregarded for them (Kurer 1996). Indeed, such strong



178 patronage networks make it easy for the well-connected clients to skirt, resist, or even ignore  
179 such laws and policies (Dauvergne 1995). In this way, corrupt patronage politics foster a  
180 culture of impunity and make it difficult to punish individuals for corrupt behavior, and  
181 wrong-doing may become the norm (Kurer 1996). This creates a circle which leaves little  
182 hope in breaking the pattern of poor implementation of these policies (Dauvergne 1995).

183

#### 184 **Biased state decision-making**

185

186 Indeed, patronage connections often guide state decision-making (Johnston 2005), as elites  
187 are highly motivated to block, slow down, or dilute any statutory changes that imperil the  
188 informal set of connections from which they benefit (Brinkerhoff and Goldsmith 2004).  
189 Ascher (1998, 2000) and McCarthy (2008) have applied these understandings to their studies  
190 on Indonesia. Ascher (1998, 2000) makes the direct link between state decision-making and  
191 patronage in his writings. He explains that webs of patronage networks can result in a  
192 situation of ‘state capture’, where certain sectors mould the state and influences the policy-  
193 making environment (Ascher 1998). In such environments where patronage networks  
194 complement weak government institutions, the big and the powerful tend to have  
195 disproportionate influence. The political influence of those who gain economically from  
196 exploitation activities can thwart proposals for environmental reform. The state finds itself  
197 without the autonomy or indeed the motivation to pursue policies that do not reflect the short-  
198 term interests of the exploiters (Ascher 1998).

199

200 Ascher (2000) uses the example of forest royalty policies during the Soeharto era to illustrate  
201 this. Despite public outcry, the Indonesian Forestry Ministry refused to review its policy on  
202 low forestry royalties that allowed private commercial loggers to retain four-fifths of timber

203 value, much of which should have gone to the central treasury as timber is publicly owned.  
204 Ascher argued that the Indonesian Chinese that were controlling the logging industry at the  
205 time ‘captured’ Soeharto and thus the state, as these clients were instrumental in helping to  
206 establish Indonesia’s petrochemical industry that was high on Soeharto’s priority list then  
207 (Ascher 2000). McCarthy’s (2008) more recent work on governance reform during the  
208 agrarian transition in Indonesia also reflects this. His case study of Kalimantan, Indonesia,  
209 discusses how patronage networks, or what he calls what he calls ‘networks of  
210 accommodation and exchange’ have affected decision making on resource entitlement  
211 policies in ways that benefit commercial interests. He explains that these commercial  
212 interests shape the decision-making process through private consultations with decision  
213 makers in the absence of effective transparency and accountability mechanisms (McCarthy  
214 2008).

215

216 This paper in turn applies the arguments of these scholars to analyze state decision-making  
217 over the United Nations Collaborative Programme on Reducing Emissions from  
218 Deforestation and Forest Degradation in Developing Countries (REDD programme) in  
219 Indonesia. Under the programme, Norway pledged USD 1 billion to Indonesia in 2009  
220 (Butler et al. 2009) in exchange for a two-year moratorium on primary forests and peatlands  
221 in order to identify which parts of the Indonesian peatlands are safe for further development.  
222 However, this paper discusses how the influence of patronage networks limiting the  
223 effectiveness of the programme, as the programme has been significantly watered down due  
224 to inherent private interests. In this way, these ‘captured’ state agencies end up  
225 accommodating, assisting or even strengthening the practices that destroy natural resources  
226 (Dauvergne 1995). As these networks are very hard to suppress, and as they serve the  
227 interests of their network members, they continue to flourish (Lande 1983).

228

229 **Methodology**

230

231 Interview methods are especially appropriate for exploring sensitive topics (Pezalla 2012), as  
232 it allows for easier expression of non-conformity (Stokes and Bergin 2006). This was  
233 particularly useful for this research topic that deals with informal institutions and personal  
234 relationships that might be considered sensitive, such as issues of patronage. Therefore, semi-  
235 structured interviews were used as the primary source of data for this research.

236

237 These interviews were conducted among 138 individuals that are closely linked to the  
238 Indonesian oil palm plantation sector. These included government officials, journalists, non-  
239 governmental organisation (NGO) representatives, former plantation staff, and academicians  
240 in Indonesia, Malaysia and Singapore. These in-depth, semi-structured interviews were  
241 conducted over a period of six months in the year 2010, three months in 2011 and another  
242 three months in 2012. Convenience sampling was used to select interviewees; this was based  
243 on whether these individuals were willing to be interviewed when approached.

244

245 Even though there was a core set of questions prepared for the interviews, common strategies  
246 like ‘branching’ (tailoring interviews to individual interests and identities) and ‘building’  
247 (interviews that build upon earlier interviews) were employed (Gusterson 2008). The first set  
248 of questions aimed to obtain qualitative data to be used as evidence to establish the existence  
249 of the dense patronage networks that already exist between the major Indonesian oil palm  
250 plantation companies and the Indonesian government at the central and local level. Questions  
251 like “Tell me about relationship between the government and plantation firms in this area”  
252 were asked. The second set of questions focused on determining the role of patronage in the

253 allocation of licenses for peatlands, specifically how well-connected clients were able to  
254 receive ‘special approvals’ for the use of lands that were generally forbidden. Questions like  
255 “Was it easier for plantation companies with good relationships with the government to  
256 obtain land permits?” were asked. The third set of questions aimed to collect data to illustrate  
257 the influence of these clients in the watering-down process of the REDD programme for  
258 Indonesian peatlands to the extent that the programme was rendered ineffective. For this,  
259 questions like “How effective has the REDD programme been in protecting the peatlands of  
260 Indonesia?” were asked. These interviews were conducted as part of a larger study of the  
261 effect of patronage politics on regional level transboundary haze mitigation efforts.

262

## 263 **Discussion**

264

265 As a whole, this paper argues that transboundary haze in Southeast Asia can be traced back to  
266 the ongoing oil palm boom in Indonesia, bolstered by patronage networks. The discussion  
267 section of this paper is divided into three substantive sections. The first part proposes the  
268 existence of patronage networks between government and business elites within Indonesia’s  
269 oil palm sector, at the central and local level. The second and third part relates to the two  
270 factors discussed in the conceptual framework section which this paper argues have  
271 encouraged the unsustainable use of fire-prone peatlands in Indonesia. Part two discusses  
272 how licenses for the development of peatlands being preferentially allocated by central and  
273 local level elites (patrons) to well-connected groups (clients), despite existing laws. Part three  
274 then analyses how patronage networks have been instrumental in ensuring that the REDD  
275 programme remains ineffective in its attempt to restore sustainable use of Indonesia’s  
276 peatlands.

277

278 **Patronage networks in the Indonesian oil palm sector**

279

280 In Indonesia, oil palm plantation concessionaires often cultivate patronage relationships with  
281 the ruling elite from a very early stage of their business operations (I49 personal  
282 communication 1 Dec 2011). Interviewees explain that patronage influences in the sector are  
283 especially important in obtaining licenses and property rights for the opening of plantation  
284 land, one of the earliest stages involved in the process of establishing plantations. Influential  
285 actors in the sector are often able to obtain rights to environmentally sensitive land not  
286 normally released for conversion, like peatlands (I. T. C. Wibisino personal communication  
287 10 Nov 2011; I49 personal communication 1 Dec 2011). Patronage influence in licensing has  
288 therefore resulted in a situation where most of the oil palm plantation land in Indonesia is  
289 controlled largely by only around ten (Chalil 2008) local and foreign conglomerate groups (P.  
290 F. Moore personal communication 27 Jun 2010).

291

292 It is common among the top tiers of Indonesian plantation firms to have ‘functional directors’  
293 appointed to perform ‘extra-economic functions’ (Gomez 2009), and ‘advisors’ who are  
294 elected on a retainer basis. Indonesia adopts a two-tier management structure, comprising a  
295 board of directors and a board of commissioners. Officially, the former manages and  
296 represents the company and the latter supervises the directors (Rajenthiran 2002). However, in  
297 reality, interviewees report that members of the board of commissioners (and sometimes also  
298 board of directors) are typically retired senior bureaucrats (*mantan*) who could act as  
299 intermediaries with the state and perform ‘advisory and brokerage functions’ on behalf of the  
300 company when needed (M. T. Surya and A. Akhbar personal communication 30 Jun 2010; A.  
301 Tarigan personal communication 16 Jul 2010; R. Syaf personal communication 24 Jul 2010;

302 J. Arif, personal communication 4 Nov 2011; G. Z. Anshari personal communication 9 Nov  
303 2011). In other words, they are elected to the post by virtue of their connections.

304

305 This is an important element in patronage politics (Johnston 2005), and especially common in  
306 the oil palm sector (M. T. Surya and A. Akhbar personal communication 30 Jun 2010; R.  
307 Syaf personal communication 24 Jul 2010; J. Arif personal communication 4 Nov 2011; A.  
308 Rukmantara personal communication 14 Nov 2011). Foreign companies, especially  
309 Malaysian and Singaporean firms operating in Indonesia, have also been found to regularly  
310 engage in this type of patronage behaviour. Interviewees explained that these companies,  
311 familiar with the patronage culture back home, understood the necessity of these networks  
312 and had little qualms about adopting this patronage culture themselves.

313

314 Such appointments also occur at the local level, especially with the advent of  
315 decentralization. Indonesia's flawed decentralization policies in the late 1990s failed to  
316 anticipate the effect of internal regional autonomy reforms, which, among others, have also  
317 encouraged the 'decentralization' of patronage politics to the local level as well.  
318 Decentralization had led to widespread confusion on the ground about who has the authority  
319 to approve local land use redesignation and plantation development, or how recently  
320 devolved authorities are legally exercised (Mayer 2006). For example, the law states that  
321 'local government has the authority to manage natural resources occurring in its jurisdiction  
322 and shall be responsible to secure environmental sustainability in accordance with laws and  
323 regulations' (Richardson 2010). Before decentralization, evaluation of the Environmental  
324 Impact Analysis (*Analisis Mengenai Dampak Lingkungan* or AMDAL) was done at the  
325 ministerial level. With decentralization, the evaluation of AMDAL has been under the  
326 capacity of the local government (Widianarko 2009). Therefore, decentralization has

327 paralyzed the effectiveness of Environmental Act No. 23/1997, and its subordinate  
328 regulations (Widianarko 2009). Although the central government retains the power to decide  
329 ‘policies on natural resources utilization’ (Article 7 of the Regional Autonomy Law No.  
330 22/1999), the management of it *per se* is ceded to the regions (Article 10) (Rajenthiran 2002).

331

332 In particular, Government Regulation No. 6/1999 granted district governments the authority  
333 to issue small-scale timber concession licenses (L. M. Syarif personal communication 24 Jun  
334 2010; Wiryono personal communication 8 Nov 2011) to co-operatives, individuals, or  
335 corporations owned by Indonesian citizens for areas of up to 100 hectares (Palmer and Engel  
336 2007) within conversion forests or production forests slated for reclassification to other uses,  
337 including into oil palm plantations (L. M. Syarif personal communication 24 Jun 2010).  
338 Following that, the National Deregulation Policy Package of 2003 granted greater authority  
339 to local governors, allowing them to issue permits for the conversion of forests to plantations  
340 of up to 1000 hectares (Richardson 2010). This was encouraged by fact that with  
341 decentralization, local governments were responsible for a large part of their own budgets.  
342 Issuing new plantation permits and licenses presented a quick and easy way to fill regional  
343 government coffers (Duncan 2007). Local administrations have taken advantage of this; for  
344 example research by Zakaria et al. (2007) in the regency of Seruyan in Central Kalimantan  
345 noted that ‘colours on the land use map of the regency quickly changed from green  
346 ‘Production Forest’ to orange ‘HPK’ or land available for conversion into plantations’ soon  
347 after decentralization (Zakaria et al. 2007).

348

349 However, central Forestry Law No. 41/1999 and its implementing instrument, Government  
350 Regulation 34/2002 on the Management, Exploitation and Use of Forest Areas, continue to  
351 retain competence for the central government in the granting of concession licenses (Tan

352 2004). This left the respective areas of authority of different agencies unclear (McCarthy and  
353 Zen 2010) which created a great deal of confusion, as various levels of government disagreed  
354 with the interpretations of the laws (White III 2007). Although the conversion of primary  
355 forests into plantations must theoretically be approved by the Ministry of Forestry, regional  
356 governments rarely comply with this regulation (Richardson 2010).

357

358 For a host of local officials, the new decentralized laws and procedures presented  
359 opportunities to ‘cut in’ to a previously Jakarta-centered lucrative ‘industry’ of licensing rents  
360 (Lim and Stern 2003; Tan 2004; Palmer and Engel 2007; White III 2007; Hunt 2010).

361 Therefore, with decentralization, the role of local police chiefs, local (district and regencies)  
362 governments, administrators and politicians became increasingly important. Indeed, an  
363 interviewee from Sime Darby described these local strongmen ‘like kings, who can make  
364 your life miserable if you do not have a good relationship with them’ (M45, M46, M47, M48  
365 personal communication 17 Jan 2012). Interviewees explained that companies began to elect  
366 as part of their staff local strongmen, their relatives (; M. T. Surya and A. Akhbar personal  
367 communication 30 Jun 2010; I. T. C. Wibisino personal communication 10 Nov 2011),  
368 retired three- or four-star Generals, police chiefs or relevant ministry staff. These individuals  
369 would be hired as managers, special ‘community relations officers’ (*Hubungan Masyarakat*  
370 or *HuMas*) (E. Peters personal communication 13 Apr 2010) or ‘government relations  
371 officers’ to cultivate healthy patronage links at the local level (E. Peters personal  
372 communication 13 Apr 2010; I. T. C. Wibisino personal communication 10 Nov 2011; A.  
373 Rukmantara personal communication 14 Nov 2011)<sup>2</sup>.

374

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<sup>2</sup> For further evidence of these networks of relationships between plantation firms and governments at the central and local level, see Varkkey 2012



375 Therefore, opportunities for patronage politics exist at various central and local levels. As one  
376 interviewee observed, ‘Indonesia is dominated by big business, and the bureaucracy is so  
377 corrupted that it is easy’ (P. F. Moore personal communication 27 Jun 2010) for these well-  
378 connected clients to take advantage of this. Oil palm plantation companies, both local and  
379 foreign, have indeed done so; using their network influence and resources to obtain the rights  
380 to large, secluded tracts of land that will not be easily subjected to administrative scrutiny,  
381 with little concern if this land is restricted due to peat or not (Suwarsono personal  
382 communication 24 Jun 2010; A. Tarigan personal communication, 16 Jul 2010; A.  
383 Rukmantara personal communication 14 Nov 2011), as the following section expounds.

384

#### 385 **Patronage politics and the allocation of licenses for peatland use**

386

387 Forest policy in Indonesia is based on the Constitution of 1945 (Article 33), which mandates  
388 the state to manage Indonesia’s natural resources, ‘for the benefit of the people’ (Abdullah  
389 2002). In addition, Act No. 5/1990 and Act No. 41/1999 on Biodiversity Conservation are the  
390 main references for managing forest resources in Indonesia (Masripatin et al. 2009). These  
391 laws reflect the philosophy of forest management in Indonesia which accommodate the need  
392 to utilize forest resources optimally as well as to conserve forest resources to assure multiple  
393 benefits in a sustainable manner (Masripatin et al. 2009). To ensure this, the government of  
394 Indonesia fosters and controls local private sector and foreign investment licensing in  
395 forestlands (Rajenthiran 2002). Indonesian forest land is divided into four major functional  
396 categories; Production Forest (*Hutan Produksi*) Convertible Forest (*Hutan Konversi*),  
397 Protection Forest (*Hutan Lindung*), Conservation Forest (*Kawasan Konservasi*). Convertible  
398 Production Forest (*Hutan Produksi Konversi* or HPK) can be converted to other non-forest

399 uses, like oil palm. The majority of the HPK is found in the lowlands of Indonesia, including  
400 peatlands (Masripatin et al. 2009).

401

402 While the Forestry Ministry has the ability to redesignate forestland as HPK, the exceptional  
403 nature of peatlands and impacts of peatswamp forest fires justified special legislation  
404 restricting development on peatlands (G. Z. Anshari, personal communication, 9 November  
405 2011). Presidential Decree No. 32/1990, Indonesian Government Regulation No. 26/2008  
406 states that peat of more than 3 meters deep should automatically be designated as protected  
407 areas (PanEco Foundation 2008; Ministry of Forestry 2009). Also, the Regulation of the  
408 Ministry of Agriculture No. 14/2009 stipulates that if there is a concession in peatlands with  
409 an area of more than 30% of its total concession having a peat thickness of more than 3  
410 meters, then the entire concession should not be opened (Wibisino et al. 2011). Furthermore,  
411 there are spatial planning guidelines under the Ministry of Agriculture and National  
412 Development Planning Agency that identify areas of peat more than 76cm deep peat as  
413 unsuitable for conversion to agriculture (Ministry of Forestry 2009; BAPPENAS 2009).  
414 There is also a standing instruction through the Ministry of Agriculture's Instruction to the  
415 Governors of Indonesia No. 301/TU.210/M/12/2001 (13 December 2007) stating that the  
416 issuing of new plantation concessions on peatlands are temporarily forbidden, pending further  
417 instructions. Essentially, this means that issuing of plantation concessions in peatlands across  
418 Indonesia is wholly forbidden (PanEco Foundation 2008). However, as of now, more than a  
419 quarter of all Indonesian oil palm plantations are on peat (Greenpeace 2007; Silvius and Kaat  
420 2010; Wicke et al. 2011; Kaat and Silvius 2011).

421

422 The decision to release HPK from the forest estate is subject to ministerial approval based on  
423 proposals from industry (Masripatin et al. 2009). For forestry and agricultural matters, the

424 Ministry of Forestry processes the initial application of both local and foreign approvals  
425 (Rajenthiran 2002). The licensing process of obtaining land for plantation purposes thus is a  
426 lengthy and complicated procedure, involving various levels of governance in Indonesia,  
427 allows for high-handed bureaucratic intervention (Rajenthiran 2002) at both the central and  
428 local level (S. Lew and M7 personal communication 18 Mar 2010; S14 and S15 personal  
429 communication 19 May 2010). The procedure is outlined as follows:

430

- 431 1) Obtain a technical recommendation for investment in plantation business from the  
432 Directorate General of Plantations (central level);
- 433 2) If the investment is foreign, obtain a foreign investment approval from the Indonesian  
434 Capital Coordinating Board, and duly establish a company approved for foreign  
435 investment (central level);
- 436 3) Obtain a recommendation from the relevant regional government institution stating  
437 that the intended area for plantation development is in accordance with the regional  
438 zoning plan determined by the regional government (district level);
- 439 4) Obtain a location permit to commence land acquisition (central level);
- 440 5) Conduct the land acquisition;
- 441 6) Apply for Land Cultivation Title (*Hak Guna Usaha*) (central level);
- 442 7) Conduct an AMDAL study, and obtain the AMDAL approval from the regional  
443 government (regional level);
- 444 8) Prepare a business plan of the company;
- 445 9) Obtain a plantation business permit (*Izin Usaha Perkebunan* or IUP) (regional level);
- 446 10) Commence the seeding and planting of plantation plants (United Plantations 2008)

447

448 This 10-step procedure is often skipped or overlooked by well-connected companies, often  
449 resulting in parcels of fire-prone peatlands being illegally released to plantation companies.  
450 An important step in this process that is often skipped by well-connected companies is the  
451 AMDAL requirement (I18 personal communication 14 Jul 2010). The AMDAL process  
452 should be the step where land with peat is detected and licenses are denied. Indeed, the  
453 positive outcome for the AMDAL review process should be the main prerequisite for the  
454 minister or governor to issue a permit of environmental feasibility, which can be then used to  
455 obtain an IUP (Milieudefensie 2010a) (step 9 above). However, because these well-connected  
456 companies often gain ‘special’ approvals (J. Arif personal communication 4 Nov 2011) to  
457 proceed with land opening before the AMDAL is carried out (Zakaria et al. 2007), peat is  
458 often inadvertently included in these parcels.

459

460 For example, the NGO Borneo People’s Contact reported that five plantation companies in  
461 Kalimantan had engaged in patronage activities at both the local and higher levels of  
462 government to obtain permits (*Jakarta Post* 2011). Indonesia’s Duta Palma began operations  
463 in West Kalimantan without all four of Indonesia’s key land use and land use change permits  
464 as listed above, including the AMDAL. Locals were of the opinion that Duta Palma was able  
465 to operate with such impunity due to its strong military connections (Gilbert 2009). And  
466 Malaysia’s IOI Group (IOI) received ‘special approval’ from the Ministry of Forestry to open  
467 up parts of their concessions in West Kalimantan before the AMDAL process was completed  
468 (Milieudefensie 2010a).

469

470 Singapore’s Wilmar recently admitted that it started land clearing on plantations (containing  
471 peat) in West Kalimantan before the approval of AMDAL, because of ‘special permission’  
472 from the governor (Zakaria et al. 2007). Likewise, Singapore’s Golden Agri Resources

473 (GAR) also recently admitted that it conducted land clearing before AMDAL was completed  
 474 on six of its concessions in Central Kalimantan. They obtained special ‘in-principle business  
 475 permits’ from the governor and local officials to enable them to do so (Reksoprodjo 2010).  
 476 One interviewee explained that GAR often obtains these special licenses in exchange for  
 477 GAR’s contributions in funding election campaigns of local leaders (I49 personal  
 478 communication 1 Dec 2011). Sometimes these corrupt patrons who give out these special  
 479 allowances do get caught. For example, an East Kalimantan Mayor was found guilty for  
 480 issuing permits not in accordance to procedure, for a project that would turn a one million  
 481 hectare forest along the Indonesia-Malaysia border into oil palm plantations (*Jakarta Post*  
 482 2006). However, these cases are a rarity.

483

484

**Table 1: Peat and oil palm in Indonesia, figures for 2008**

Indonesia	Hectares
Land area	190,000,000
Of which peat	26,500,000
Of which degrading	12,500,000
Of which licensed for conversion	5,000,000
Of which converted to oil palm	2,000,000
% of oil palm on peat	27%

485

486

Source: Silvius and Kaat 2010; Suharto 2010; Kaat and Silvius 2011

487

488 As a result, despite ample regulations restricting oil palm development on peatlands, up to  
 489 25% of concessionaires deviate from this rule and plant on deep peat anyway (Silvius and  
 490 Kaat 2010). Today, over a quarter of all oil palm concessions in Indonesia are located on peat

491 (see Table 1) (Greenpeace 2007; Silvius and Kaat 2010; Kaat and Silvius 2011; Wicke et al.  
492 2011), and over 50% of new plantations are planned in these peatlands areas (Greenpeace  
493 2007; Silvius and Kaat 2010).

494

495 This situation is especially serious in Riau on Sumatra Island, where one-third of all oil palm  
496 concessions are situated on peat. It was reported in 2005 that in Riau, only 5 out of 36  
497 concessions were issued according to the above 10-step procedure (Harahap 2008).  
498 Furthermore, local governors in Riau collectively have plans to expand oil palm plantations  
499 by 3 million hectares. The 2007 draft of the new provincial land use plan shows that hundreds  
500 of thousands of hectares of peatlands have been designated for conversion, the majority of  
501 this consisting of large tracts of tropical peatlands, which was until recently forested areas  
502 (Greenpeace 2007). Many major plantation companies have been found to have obtained  
503 licenses for peatlands in Riau. For example, Indonesian companies Duta Mas, Astra Agro and  
504 Musim Mas were all found to have acquired land on peat. Duta Palma was found to hold 5  
505 concessions on very deep strata of peat ranging from 3.5 meters to 8 meters, with a total area  
506 of 55,000 hectares. Musim Mas also has a concession on deep peat in Riau, with an estimated  
507 area of 30,600 hectares, in some areas over 4 meters deep. Astra Agro has 2 concessions on  
508 peatlands in Riau, with an estimated total area of 20,000 hectares. Foreign companies are no  
509 exception, like Singapore's GAR and Wilmar and Malaysia's Kuala Lumpur Kepong (KLK)  
510 and Tabung Haji Plantations (THP). GAR has 6 concessions on peatlands in Riau, with an  
511 estimated total area of over 54,000 hectares. Wilmar has 3 concessions on peatlands in Riau,  
512 with an estimated total area of over 29,000 hectares (Greenpeace 2007). Indo Agri has a  
513 concession on peat in Riau, with an estimated total area of 8,500 hectares. 70% (19,432  
514 hectares) of PT Adei Plantation and Industry's (a subsidiary of KLK) land in Riau is on  
515 peatsoil (Saharjo et al. 2003). And most of THP's 150,000 hectares of allocated plantation

516 land in Riau is on peatsoil as well (M28 personal communication 14 Apr 2010). In the  
517 neighbouring province of Jambi, companies like Bakrie Sumatra Plantations (BSP), Sime  
518 Darby, Makin Group and GAR also operate on peatlands (Munadar et al. 2010).

519

520 Peat areas in Borneo Island's Kalimantan are quickly being converted into oil palm  
521 plantations as well due to illegal licensing (J. Arif personal communication 4 Nov 2011). One  
522 interviewee reports that 400,000 hectares of peat in Kalimantan has already been illegally  
523 converted to plantations (M44 personal communication 5 Jan 2012). Malaysia's IOI has five  
524 concessions on peat in West Kalimantan (with one consisting of 88% peat) (Milieudefensie  
525 2010b) and one concession on peat in Central Kalimantan province, with an estimated area  
526 of 3,000 hectares on peatlands. The government-linked Malaysian conglomerate Sime Darby  
527 also has a concession on peat in Central Kalimantan province, with an estimated area of  
528 1,600 hectares (Greenpeace 2007). The Singaporean Wilmar has peatlands in four  
529 concessions in West Kalimantan and 12 in Central Kalimantan (Zakaria et al. 2007;  
530 Greenpeace 2007). In Central Kalimantan, Singapore's GAR admitted that 1,880 hectares of  
531 its oil palm plantation developments were on peat, while in West Kalimantan, this figure was  
532 1,330 hectares (Reksoprodjo 2010). Indonesia's Musim Mas has four concessions on peat,  
533 and Astra Agro has 7 concessions on peatlands in Central Kalimantan (Greenpeace 2007).

534

535 This is clearly at odds with many of these companies' policies on the environment. For  
536 example, GAR's Forest Conservation Policy claims to ensure a no-deforestation footprint and  
537 the conservation of high carbon stock forests in their operations (*Reuters* 2011), and includes  
538 pledges to stop any development on peat regardless of depth (Golden Agri-Resources Ltd  
539 2010). Wilmar's sustainability commitments include not establishing plantations on high  
540 conservation value forests, primary forests or peatlands less than 3 meters deep (Greenpeace

541 2007; Zakaria et al. 2007; Richardson 2010). Sime Darby has also made public commitments  
542 not to develop on peat (M44 personal communication 5 Jan 2012), and IOI's Corporate  
543 Social Responsibility statements clearly state that it does not develop on (any) peat  
544 (Milieudefensie 2010a).

545

546 According to the previously discussed Indonesian law, all plantation land on peat is  
547 essentially illegal. This means that more than a quarter of all oil palm plantation land in  
548 Indonesia is illegal (M. T. Surya and A. Akhbar personal communication 30 Jun 2010; G. Z.  
549 Anshari personal communication 9 Nov 2011). However, even though by law, if existing or  
550 pending plantation licenses relate to deep peat, such licenses should be revoked under  
551 provisions of Presidential Decree 32/1990, Minister of Agriculture's Instruction to the  
552 Governors of Indonesia No. 301/TU.210/M/12/2001, Government Regulation 26/2008 and  
553 Ministry of Agriculture Regulation 14/2009 (PanEco Foundation 2008; Wibisino et al. 2011),  
554 no plantations have had their licenses revoked on these ground as yet. It has been argued that  
555 one reason for this is because with decentralization, the power to rescind operating licenses  
556 has been granted to the local sectoral agencies like the Department of Industry and Trade  
557 (*Dinas Perindustrian dan Perdagangan*) and the Plantation Agency (*Dinas Perkebunan*),  
558 which do not have environmental or conservation responsibilities, but have a primary interest  
559 in supporting regional development (McCarthy and Zen 2010) and thus are easily swayed by  
560 clients on developmental grounds.

561

562 Therefore, this paper argues that these well-connected plantation companies have been  
563 allowed to act with such impunity because of the patronage networks that they maintain with  
564 both the local and central governments, which has resulted in a lack of bureaucratic oversight.  
565 In these ways, the resource-rich Indonesian landscape has engendered a culture of 'grab and



566 greed' at both the central and district level (Brown 2006). For example, as discussed above,  
567 companies like GAR enjoy direct access to the President (M. T. Surya and A. Akhbar  
568 personal communication 30 Jun 2010) and also local governors (R. Syaf personal  
569 communication 24 Jul 2010) through their advisors and staff, and other companies like Sime  
570 Darby have powerful former Ministry staff in their employ (A. Tarigan personal  
571 communication 16 Jul 2010). As several interviewees explained, the influence of individuals  
572 are often instrumental in acquiring such land permits and licenses (M. T. Surya and A.  
573 Akhbar personal communication 30 Jun 2010; R. Syaf personal communication 24 Jul 2010;  
574 J. Arif personal communication 4 Nov 2011), and also in 'settling' any disputes that might  
575 arise (M28 personal communication 14 Apr 2010; J. Arif personal communication 4 Nov  
576 2011).

577

578 Because of this, powerful plantation companies with good patronage ties have no reason to  
579 fear punishment, and the law will often be disregarded (Kurer 1996). This fosters a culture of  
580 impunity (Dauvergne 1995) among well-connected elites in the sector. As a result, massive  
581 amounts of fire-prone peat are now exposed to conversion and development into plantations,  
582 further driving the haze. There have been recent governmental efforts to address this issue,  
583 the most notable being the adoption of the REDD programme. However, the influence of  
584 patronage has also limited the effectiveness of this programme, as the following section  
585 expounds.

586

### 587 **Patronage and peatlands regulation under REDD**

588

589 The latest and most high-profile development regarding peatlands regulation in Indonesia (I.  
590 Rowland personal communication 14 Apr 2011) is the REDD programme (Butler et al. 2009;

591 Richardson 2010). Under the programme, Norway pledged USD 1 billion to Indonesia in  
592 2009 (Butler et al. 2009) in exchange for a two-year moratorium on primary forests and  
593 peatlands (M. T. Surya and A. Akhbar personal communication 30 Jun 2010; R. Syaf  
594 personal communication 24 Jul 2010; J. Arif personal communication 4 Nov 2011) in order  
595 to identify which parts of the Indonesian peatlands are safe for further development (L. M.  
596 Syarif personal communication 24 Jun 2010; B. Maitar personal communication 24 Jun 2010;  
597 R. Syaf personal communication 24 Jul 2010). As part of this agreement, the Indonesian  
598 government agreed to establish a degraded land database, providing the necessary  
599 information to identify areas of land acceptable for the establishment of economic activity,  
600 including oil palm plantations (World Growth 2011). After a delayed start (Rondonuwu  
601 2011), the moratorium commenced in May 2011 (Kuala Lumpur Kepong Berhad 2010) with  
602 Presidential Instruction No. 10/2011 (I49 personal communication 1 Dec 2011).

603

604 However, the REDD scheme has many inherent weaknesses. It has been argued that the  
605 REDD moratorium was watered down due to inherent political and private interests  
606 (Simamora 2011; Rondonuwu 2011) bolstered by patronage networks (L. M. Syarif personal  
607 communication 24 Jun 2010; A. Tarigan personal communication 16 Jul 2010). For example,  
608 some interviewees note the irony that Agus Purnomo, who is rumoured to be closely  
609 associated with GAR (M. T. Surya and A. Akhbar personal communication 30 Jun 2010), is a  
610 central figure in REDD implementation in his capacity as the Indonesian Special Advisor to  
611 the Ministry of Environment and Head of the Secretariat of the National Council on Climate  
612 Change. Furthermore, illustrating the close relationship between government and industry,  
613 the President himself met personally with, and promised major players and the sector's lobby  
614 group, the Indonesian Palm Oil Association (*Gabungan Pengusaha Kelapa Sawit Indonesia*  
615 or GAPKI, which boasts membership of 382 local and foreign commercial plantations), that

616 he would ensure that their interests would be accommodated through REDD (Simamora  
617 2011) prior to the start of the moratorium. One interviewee also stated that Joko Supriyono, a  
618 director at Astra Agro and also Secretary General of GAPKI was able to use his formidable  
619 influence with the government in getting a weaker moratorium passed (I48 personal  
620 communication 30 Nov 2011).

621

622 As a result of all this, the government decided that as part of REDD, existing plantation  
623 investment projects (including those on peatlands) already approved by the Indonesian  
624 government in the past will not be affected by the moratorium (Kuala Lumpur Kepong  
625 Berhad 2010). Also, the moratorium was set for only two years, an extremely short timeframe  
626 in contrast with the long horizons of the oil palm plantation sector. This period of time has  
627 been argued by environmentalists that were interviewed as too short to bring about any  
628 significant improvement on the situation of peatlands in Indonesia (A. Tarigan personal  
629 communication 16 Jul 2010; J. Arif personal communication 4 Nov 2011; I48 personal  
630 communication 28 Nov 2011). Furthermore, the Indonesian government has yet to clarify  
631 areas which are 'sensitive' and areas which are not, resulting in many 'gray areas' of  
632 ambiguous land (M55 personal communication 31 Jan 2012). Also, several interviewees  
633 argued that the reason for the delayed implementation of the moratorium was so that central  
634 and local governments could release a large amount of primary forests and peatlands to  
635 selected well-connected companies before the moratorium came into force (R. Syaf personal  
636 communication 24 Jul 2010; J. Arif personal communication 4 Nov 2011). Indeed, just before  
637 the moratorium was passed in May this year, interviewees reported that the Forestry Ministry  
638 had released several thousand of hectares of land in Central Kalimantan, including primary  
639 forests and peatlands, to the well-connected Duta Palma, GAR and Wilmar (J. Arif personal

640 communication 4 Nov 2011), which ensures their supply of land for at least the next two  
641 years while the moratorium is in force (M44 personal communication 5 Jan 2012).

642

643 Under the REDD however, there is a proposed land-swap mechanism (I. T. C. Wibisino  
644 personal communication 10 Nov 2011), where the government will purportedly encourage  
645 holders of existing permits in primary forest areas or deep peat lands to swap degraded lands,  
646 and be compensated according to the size of the concession (Richardson 2010). This is good  
647 news for Indonesia's peatlands. However, this mechanism is purely voluntary and no major  
648 plantation company has engaged in land swaps as yet (I. T. C. Wibisino personal  
649 communication 10 Nov 2011). It remains to be seen if this land swap mechanism would be  
650 considered as a cost-effective option for the companies involved.

651

652 Furthermore, environmentalists operating in the field have discovered that district  
653 governments are already breaking the moratorium, due to patronage pressures from  
654 companies (L. M. Syarif personal communication 24 Jun 2010; R. Syaf personal  
655 communication 24 Jul 2010; I49 personal communication 1 Dec 2011). For example, one  
656 interviewee reports that the Governor of Aceh, Irwandi Yusof, was recently discovered to  
657 have continued to release licenses for peatlands in his regency despite the moratorium, and  
658 was brought to court by a local NGO on that account (I49 personal communication 1 Dec  
659 2011). Therefore, it remains to be seen if the REDD moratorium will be any more effective  
660 than previous regulations restricting the use of peatlands for plantation purposes.

661

662 The contradiction here between governmental restrictions on land for plantations and  
663 governmental goals for continued expansion of the sector to reach a CPO output of 40 million  
664 tonnes per year by 2020 (M. T. Surya and A. Akhbar personal communication 30 Jun 2010;

665 I48 personal communication 30 Nov 2011) has not been lost on interviewees. As one  
666 interviewee explained, Joko Supriyono, a director at Astra Agro as mentioned above, in fact  
667 pointed this out to environmental NGOs to argue that in order for the government's goals to  
668 be achieved, companies 'had no choice' but to continue establishing plantations on restricted  
669 areas (I48 personal communication 28 Nov 2011). Indeed, research has shown that strategies  
670 of commercial plantations to increase productivity have primarily focused on expansion of  
671 new land, rather than replanting or research and development (Suharto 2011). If expansion  
672 continues into these areas, especially on peatlands, the persistence of haze is extremely likely.

673

#### 674 **Conclusion**

675

676 In short, this paper has shows how patronage politics within the Indonesian oil palm  
677 plantation sector has been very influential in the management, or mismanagement, of  
678 peatlands there. The booming oil palm industry in Indonesia poses a serious challenge to  
679 peatland conservation there because of the suitability of peat for oil palm growth. Hence,  
680 despite Indonesia having very clear policies limiting the use of peatsoil, its peatlands continue  
681 to be exploited to fuel the growth of this sector. The influence of patronage can be seen not  
682 only in the unscrupulous allocation of licenses for otherwise forbidden peatlands to well-  
683 connected groups for conversion into oil palm plantations, but also in ensuring that any  
684 changes to licensing procedures remain firmly to the advantage of these powerful groups.  
685 This highlights a pertinent problem with peatland management in Indonesia. Policies that  
686 have been shaped for conservation purposes often do not stand up against economic interests,  
687 especially when both patrons and clients stand to gain economically. It also points towards  
688 potentially similar peatland management problems that may arise in other Southeast Asian

689 countries, which also have a high occurrence of peatsoil, and also have an entrenched culture  
690 of patron-client relations.

691

692 Such relations result in a classic collective action or free-rider problem: what might be  
693 rational at the level of society makes less sense at the level of the individual, and creates  
694 disincentives for people to go along with changes in patronage systems that would benefit the  
695 majority (Larson and Soto, 2008). Hence, the haze can be seen as an example of the  
696 manifestation of free-rider attitudes within the sector; with patrons being more motivated by  
697 material gain rather than protecting the interests of the society, they are obligated to disregard  
698 the long-term interest of society for a haze-free atmosphere, focusing instead on helping their  
699 clients maximize profitability in the oil palm plantation sector (Larson and Soto 2008).

700

701 This situation thus poses a difficult challenge in mitigating the transboundary haze problem  
702 in the region. This is because patronage networks are hard to dismantle as they serve the  
703 immediate needs and narrow interests of many elite individuals (Brinkerhoff and Goldsmith  
704 2004). Even though this signals the scant likelihood of a more regulatory Indonesian state  
705 emerging, there are persistent social movements in Indonesia pushing for reform in the  
706 sector, spearheaded by NGOs like Sawit Watch, Wahana Lingkungan Hidup (WALHI), and  
707 Indonesia Corruption Watch, and international NGOs like Milieudefensie and Greenpeace.  
708 The lawsuit against the Governor of Aceh mentioned above is an example of civil society-  
709 driven pressure for reform and a more regulatory state. Furthermore, with Indonesia signing  
710 the Jakarta Commitment in support of the Paris Declaration on Aid Effectiveness in 2009  
711 (Suryabrata 2011), international pressure could be an effective tool that can be used by fellow  
712 endorsers of the Declaration, like Norway, to further strengthen the effectiveness of aid  
713 programmes like REDD and to avoid the manipulations of such programmes by political and

714 private interests. Without such efforts, the plight of the environment in the hands of well-  
715 connected profit-motivated corporate plantations and their elite patrons is indeed dire.

716

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718

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724

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