

SUMMARY OF LIVELIHOODS SECTOR REVIEW

A. Introduction

1. The livelihoods sector review for Aceh and Nias was conducted during September and October 2006. A technical review team composed of Satkers, ETESP consultants and BRR personnel reviewed a future for rural areas in Aceh and Nias, not just rehabilitation and reconstruction, but creating a viable, prosperous livelihoods sector, where all families can enjoy their lives free from poverty.

B. Livelihoods Sector

1. Importance of the Sector

2. The review found that the livelihoods sector is important because:

- The sources of income for over 80% of the families in Aceh and Nias are provided from agriculture and fisheries sectors. This is the majority sector and the people want sustainable livelihoods.
- Conflict will return if poverty continues to rise, and communities feel alienated from the development process - abandonment of assets/low productivity/no support services and without immediate employment.
- Poverty is increasing in rural areas - for example Simeulue has 79% poverty. Majority of the poor, both men and women, are farmers and fishers. Agriculture and fisheries sectors is central to addressing poverty and also generating wealth and revenues.
- In livelihoods, many gender awareness issues and releasing the latent potential of women as entrepreneurs are critical ingredients for success.
- With predicted declines in Migas (oil and gas) revenues and very little other industrial development to date, developing the potential of agriculture and fisheries is the key to future economic development in Aceh and Nias,.

2. Sector Needs

3. The needs of the livelihoods sector were identified amongst others as:

- **Productive Assets Rehabilitation** Irrigated & rainfed lands clearing and sand removal; Estate Crops Areas rehabilitation and access; Fish Ponds reconstruction.
- **Inputs and Equipment** Drainage systems, water pumps, threshers, dryers; forest boundary fencing; livestock packages; agro inputs, fish cages, seeds, compost machines,.
- **Infrastructure** Jetties, wharfs, seed centres, hatcheries, tertiary irrigation canals, farm roads, nursery, animal health centres, markets, Rural Extension Centres (BPP), fuel stations, ice plants, cold storage, estate crop processing units,
- **Technology & Information Systems** Computers, Mariculture zones, planting and maintenance, media, community information and communication systems, post harvest storage, packaging, animal breeding, estate crops feasibility studies, training centres, processing technologies, resource co-management, investment needs and incentives programs.

- **Community empowerment** Agro fisheries resource facilitation centres, community grants, participatory field workshops, farmer to farmers field schools, co-management, women entrepreneurship and small business skills.
- **Community - Institutional strengthening** Organisation Development for CBOs, Farmers groups, Community internet, village governance, Micro finance institutions; facilitator training.
- **Local Govt Institutional strengthening** Capacity and network building, Kecamatan Development Forums, investment promotions; land use and infrastructure development planning
- **Processing and marketing** Market linkages with private sector, appropriate technology for processing and packaging; quality assurance and standards, storage facilities (warehouses, cold storage)
- **Environmental Protection** Mangroves replanting, agro ecological conservation areas, eco production (organic) processing, impact mitigation, agro-tourism.

4. Vulnerabilities of the livelihoods sector identified include declines in world product pricing, further disasters, currency fluctuations, inflation, energy prices, world market surpluses, political stability.

3. Funding

5. The funding requirements for all livelihoods sectors based on detailed analysis from all Aceh districts are \$3.6 billion for the period 2007 -2012. (see Table 1)

Table 1	Committed Dec 2006	Needs Tsunami & Conflict Areas				Deficit	
Sector		Public Goods	Public+P rivate Goods	Private Goods	Total Needs	Funding Required 2007 - 2012	
	Rp milyar	Rp milyar		Rp milyar	Rp milyar	Rp milyar	US \$ million
Agriculture							
Food Crops	369	3,691	1,768	911	6,370	6,001	667
Livestock	55	2,929	1,532	789	5,250	5,195	577
Estate Crops	62	4,591	2,977	1,533	9,101	9,039	1,004
Sub Total Agriculture	486	11,211	6,277	3,233	20,721	20,235	2,248
Fisheries							
Aquaculture	250	736	617	4	1,357	1,107	123
Capture Fish.	80	249	227	40	516	436	48
Infrastructure	90	3,351	3,062	1,000	7,413	7,323	814
Other Fisheries	100	297	-	11	308	208	23
Sub Total Fisheries	520	4,632	3,907	1,056	9,594	9,074	1,008
Livelihoods Centres		72			72	72	8
Micro- Enterprise	7				470	463	51
Small Enterprises					1,413	1,413	157
Others - Non Farm etc					1,476	1,476	164
Total Livelihoods	1,013	15,843	10,184	4,289	33,674	32,661	3,629

6. Sources of Funding identified to date are only \$ 253 million. (see Table 2)

Livelihoods Sector Allocations	Government				Civil Society		Intl Donors		Private Sector		Total Planned Committed
	Local	GOI	Loans	ADB	NGO		Intl Donors				
	APBD	APBN	(PLN)	ETESP	FAO 2005	(Rand)	MDF	(Rand)			
US \$ mill	US \$ mill	US \$ mill	US \$ mill	US \$ mill	US \$ mill	US \$ mill	US \$ mill	US \$ mill	US \$ mill	US \$ mill	
Agriculture	4.3	21.6	11.9	30.0	10.1	72.0	-	8.3	-	-	158.2
Fisheries	4.1	31.2	2.9	30.0	5.0	5.8					78.9
Micro & Small Enterprise				16.0							16.0
Total Livelihoods Sector	8.4	52.8	14.8	76.0	15.1	77.8	-	8.3	-	-	253.1

7. Previous calculations were based on early assumptions of 25% damage and loss showed that agriculture and fisheries had surplus funding. Economic development and Livelihood projects are identified as one of the under-funded areas in the recent Multi Donor Fund Strategy Paper Sept 2006. This under-funding (Needs \$3 billion v \$ 0.25 billion allocated) highlights the importance of adequately funding building back better not building back to poverty.

4. Future Livelihoods Strategy

8. Real connections between communities (keuchik & kelompok), mukim and kecamatan offices and development partners in Aceh and Nias are needed. Livelihoods are best developed by and with the communities. Kecamatans/Mukims are the appropriate level close to assist the community connect with the resources and partners they need.

9. The review developed the following vision for the livelihoods sector rehabilitation and reconstruction:

Connecting all livelihoods stakeholders to the rehabilitation and reconstruction of Aceh and Nias

10. Aceh and Nias stakeholders build sustainable networks together with local communities to drive the rehabilitation, reconstruction and development of sustainable livelihoods in Aceh and Nias. Networks built for : pro-poor community development for men and women; rural livelihoods and micro-enterprise for local markets; demand-driven support services to revitalize agriculture, fisheries and enterprise productivity; market oriented agribusiness and rural industries; multi-stakeholder, sub-district management linked to established mechanisms.

11. Livelihoods Connections Centres should be established in all kecamatans to facilitate the following livelihoods stakeholder services:

- Community meeting facilities
- Commercial office/warehouse/ workshop facilities for

- Agricultural and fisheries inputs ordering including seed, fertiliser, veterinary products
- Equipment servicing,
- Extension services and training
- Processing, quality assurance, packaging, organic certification, cold storage, simple laboratory, green waste composting.
- Information services for appropriate technologies, market, technical and financial.
- Satellite Internet access and tele communications for development organizations and local communities.
- Micro Finance Services
- Business development and facilitation

12. BRR & ADB during 2005 and 2006 have established implementation networks under ETESP between Satkers, Province and District Dinas, support organisations and communities. Individual and specific district sub-project plans, kecamatan action plans and community information folders match needs with opportunities and support the future strategy of DINAS decentralisation and BRR Regionalisation in 2007- 2009. Now kecamatan action¹ is needed.

5. Priority for Livelihoods

13. Livelihoods development should be phased and synchronised with infrastructure development in Aceh & Nias. Livelihoods programmes should accompany or precede infrastructure. Livelihoods investments will develop infra structure users in advance so creating demand for infra structure. LCCs will facilitate marginal and landless farmers living below the poverty line to connect to the benefits that infra structure can provide. Maintenance of infrastructure will be improved by local ownership as infra structure is linked to livelihoods development activities.

C. Conclusion

14. Rehabilitation and reconstruction for the large majority of the livelihoods population must be completed by 2008/9. A foundation will have been laid for sustainable livelihoods development through technology, human resource development and integrated systems for production, processing and marketing plus the relevant information and extension services. This livelihood development could then provide added value to rural areas so reducing poverty to below 10% by 2012.

¹ ETESP Spatial planning component is producing Kecamatan Action Plans for over 60 West Coast Kecamatans(sub-districts) affected by the Tsunami and Conflict