

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division: SEAE

<b>TA No., Country and Name</b> TA 4687-INO: Natural Resources Management in a Decentralized Framework			<b>Amount Approved:</b> \$600,000 <b>Revised Amount:</b> N/A	
<b>Executing Agency:</b> Directorate General of Regional Development	<b>Source of Funding:</b> Technical Assistance Special Fund	<b>Amount Undisbursed:</b> \$60,863.82	<b>Amount Utilized:</b> \$539,136.18	
<b>TA Approval Date:</b> 4 Nov 2005	<b>TA Signing Date:</b> 20 Dec 2005	<b>Fielding of First Consultant:</b> 15 Jun 2006	<b>TA Completion Date</b> <b>Original:</b> 31 Aug 2006 <b>Actual:</b> 31 Dec 2007  <b>Account Closing Date</b> <b>Original:</b> 31 Aug 2006 <b>Actual:</b> 26 Jun 2008	
<p><b>Description:</b> Indonesia has rich natural resources, which are significant assets for its economic development. The decentralization laws (32/2004 and 33/2004) divide administrative, political, and fiscal responsibilities among the different layers of government. These laws could create political and fiscal tensions between national and local government over local natural resources. There is also concern that the laws might encourage shortsighted methods of natural resource exploitation with long-term adverse impact, thus undermining the sustainability of natural resources management (NRM). Much donor assistance goes to public administration, fiscal reform, and capacity building in support of the decentralization laws; but there is little coverage of NRM issues. The technical assistance (TA) was aimed at helping to fill this gap in assistance by providing policy advisory support to the Government in mainstreaming NRM in selected districts and provinces in the context of decentralization. The TA was expected to strengthen ADB's role in NRM under decentralization and to support the achievement of Millennium Development Goals (MDGs) 1 and 7 (target 9).</p> <p><b>Expected Impact, Outcome, and Outputs:</b> The expected impact was more environmentally and socio-economically sound and sustainable NRM. The expected outcomes were the mainstreaming of principles and approaches of sustainable NRM into local government decision making and strengthening of local government capacity for the sustainable management of renewable natural resources.</p> <p>The outputs were the following:</p> <p>(i) <b>Component 1 (Policy Analysis and Institutional Strengthening):</b> (a) a position paper with recommended institutional reforms in local governments for NRM; (b) an analytical assessment of the decentralization policy and legislative framework, identifying weaknesses and recommending remedial actions; and (c) NRM-related technical guidelines developed with the Ministry of Home Affairs (MOHA), the executing agency, with technical advisory support, as well as the pilot-testing and validation of the related technical guidelines and the implementation of recommendations in selected districts.</p> <p>(ii) <b>Component 2 (NRM Development Planning):</b> (a) an analytical assessment of spatial planning and community involvement in NRM in pilot districts; and (b) recommendations for the incorporation and mainstreaming of NRM and environmental considerations into district planning and their application in selected districts.</p> <p>(iii) <b>Component 3 (Information for Decision Making):</b> (a) tools and information materials that would raise awareness among local governments and the public, including innovative approaches to natural resource accounting to demonstrate the long-term economic value of natural resources; (b) a fully operating multifunctional website on decentralized NRM; (c) technical guidelines for the economic valuation of natural resources, to be published; and (d) case studies analyzing specific experiences with NRM before and after 1999–2004.</p> <p>Although the TA was relevant to Indonesia's decentralization laws, the objectives were not specific (e.g., words like better government oversight, improved practices, etc., that were used which are too vague) and therefore outputs cannot be reasonably correlated with objectives. The consultants' terms of reference were not specific and the time frame for implementation (7 months) was too short for such a complex undertaking.</p> <p><b>Delivery of Inputs and Conduct of Activities:</b> The consultants' terms of reference were not sufficiently detailed in the TA paper (particularly with respect to the role of the national consultants and the assignment of person-months). The criteria for project site selection were vague and were not strictly followed. The TA was supposed to provide project- and program-level support to ongoing ADB-funded projects in the districts involving coastal and marine resources or water resources management. Yet at least two of the project sites selected had no such on-going ADB project. The final report provided little feedback on the findings or recommendations for ongoing ADB-funded projects. It was not well organized and did not effectively convey how the outputs were linked with the objectives, particularly with respect to the mainstreaming of NRM in the regional and local governments. Maps in the final report contained illegible legends and many were of uncertain relevance to the TA objectives (e.g., map 8: carrying capacity for forest protection, Bandung District). The inception report was delayed. The pilot-testing of the project in six districts was too</p>				

optimistically planned and resources were thinly spread, reducing effectiveness and stakeholder participation. Counterpart funding issues also limited MOHA's participation in project consultations. The short project duration, delays in the mobilization of consultants, and lack of clarity in project objectives, outputs, and consultants' terms of reference resulted in less efficient outputs. The performance of ADB was less than satisfactory in view of ADB's inadequate monitoring and supervision of the TA.

**Evaluation of Outputs and Achievement:** Many reports associated with the outputs for components 1 and 2 were produced. They covered issues related to the decentralization laws and NRM, strategic environmental assessments, natural resource accounting and valuation, green gross domestic product, and recommendations for institutional strengthening for NRM, for improved spatial planning, and for conflict resolution, among others. These reports were intended to assist MOHA in mainstreaming NRM in a decentralized framework, with the recommendations being tested and validated in the field. The reports did provide helpful inputs to MOHA for policy formulation, as well as for MOHA's technical guidelines. But case studies analyzing specific experiences with NRM before and after 1999–2004 (component 3) were not done. The contents of the handbooks and reports (e.g., participatory space planning and the use of tools like strategic environmental assessments, natural resource accounting, and environmental resource valuation) were not completely tested and validated in the project districts. National and regional workshops and consultations were less than satisfactory because the implementation period was too short. Although awareness-building posters were produced, they appeared to be insufficiently disseminated. There was also not enough community participation in the development of spatial plans with the "NRM tool kits." The project website (a major output of the TA) did not appear to be functional. The TA outcomes were therefore expected to be realized only partially. Good policy reports and technical guidelines related to decentralized NRM were developed, but whether the information helped improve local spatial planning and central-regional NRM governance practices in the selected six districts is doubtful. Lack of clarity of project objectives and work activities in project design, delays in the mobilization of national consultants, inadequate TA monitoring by ADB, inadequate participation by the districts due to a shortage of counterpart funds—all these made the achievement of the expected outcomes less likely.

**Overall Assessment and Rating:** The TA was relevant to and consistent with the Government's decentralization policy framework and commitment to sustainable NRM.

However, the TA was only partly effective. With the project resources so thinly spread among many project sites (six districts), stakeholder participation was limited. The low counterpart budget also constrained the participation of MOHA staff in the field consultations. Community-based space planning with the NRM tool kits was not pilot-tested and validated as planned. The dissemination and awareness-raising activities could have been more effective as well. The website was developed late, cannot be accessed in the public domain, and does not contain relevant information on NRM best practices and models for replication. But the "NRM toolkits", policy analysis, technical guidelines and informational materials produced under the TA was quite effective in strengthening MOHA's capacity for decentralized natural resource planning.

The use of inputs was only partly efficient. Stakeholder participation was inadequate and website development delayed, and the project started late, leaving little time for implementation. However, considering short time duration provided for the TA, the TA was still able to achieve most of its outputs.

Overall, the TA was only partly successful.

**Major Lessons:** When mainstreaming NRM in a decentralized framework, as in most other development efforts, one should take care to avoid overly idealistic goals, be aware of resource limitations, keep one's strategic focus, keep things simple, start implementation as early as possible, avoid long preparation, and build on early successes by finding opportunities for incremental gains consistent with capacity. There is a need to build on and communicate good-practice models in NRM policies and laws to the stakeholders. Good governance and NRM activities should be integrated for maximum results.

**Recommendations and Follow-Up Actions:** Future governance projects could also include NRM concerns. NRM mainstreaming will need multi-sector participation at all levels of government. Future projects could give attention to institutional strengthening and capacity building particularly in good governance principles, community participation, awareness raising, institutional absorptive capacity, and planning with the use of the NRM tool kits for strategic environmental assessment, economic valuation, and environmental performance analysis. Future interventions could be made more effective if the activities were more realistic (better than status quo but not necessarily best practice) and the solutions low-cost (since improvements are incremental and must fit institutional capacity). The reports, handbooks, strategic assessments, and NRM tool kits produced under the TA could be used in designing future decentralized projects. The Government should be prompted to make the website developed under the TA functional (in both English and Bahasa, Indonesia) and to upload the English version of the reports and handbooks that were prepared, for widespread use and dissemination. The website should include information on practices and lessons learned in decentralized NRM in other parts of Indonesia. The Government's interest in using the results of this TA in future ADB-assisted projects should be followed-up.