

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: SEAE

TA No. and Name TA 3977-INO: Preparing the Community-Based Land Rehabilitation and Management Project			Amount Approved: US\$800,000	
			Revised Amount:	
Executing Agency: Directorate General of Rural Community Empowerment, Ministry of Home Affairs		Source of Funding: Japan Special Fund	TA Amount Undisbursed US\$33,689	TA Amount Utilized US\$766,311
Date Approval 05 November 2002 Signing 12 February 2003 Fielding of Consultants 26 May 2003			Completion Date Original 31 August 2003 Actual 31 December 2004	
			Closing Date Original 31 August 2003 Actual 30 June 2005	
Description About 20 million ha of Indonesia's lands are classified as seriously degraded or "critical class I" lands, which range in size from small areas (less than 100 ha) to tens of thousands of hectares, distributed throughout the country. These areas, the majority of which lie within or on the borders of forest land, have been rendered degraded through land clearing for various forms of agriculture, overexploitative logging, forest and land fires, mining, and the practice of slash and burn agriculture. Very large areas of degraded lands cleared of forest cover under commercial concessions have not been replanted. Degraded lands have been largely overrun with <i>imperata</i> species of grasses, locally known as <i>alang-alang</i> , which have limited productivity and are highly susceptible to fire. The Government recognizes the need to rehabilitate degraded forestlands and to restore the productivity and management of critical watersheds to keep pace with economic development. In 2002, the Government requested ADB for a project preparatory technical assistance (TA) for the reclamation and management of degraded land project, aimed at reducing poverty and improving natural resource management, enhancing local capacity, and ensuring the active participation of local communities. Objectives and Scope The purpose of the TA was to prepare a feasibility study for an investment project with the overall objective of reducing poverty in poor rural communities on degraded lands, focusing on areas with a high level of poverty. Specifically, the investment project is to address the pressing issue of land rehabilitation and sustainable management, through community and local government participation. The TA was intended to (i) provide an overview of the problems and causes of land degradation; (ii) develop, to prefeasibility level, a phased long-term program for land rehabilitation and management; (iii) prepare a detailed feasibility study for an investment project for the first (5–7 year) phase, with detailed cost estimates and implementation arrangements at decentralized levels of administration; (iv) propose criteria for selection and prioritization of target communities; and (v) identify the potential sources of financing for the first phase, including possible cofinancing by the Global Environment Facility (GEF). The TA was to identify and address (i) the social, cultural, geographical, historical, and other factors contributing to the formation of degraded land, and the linkages with rural poverty; (ii) the extent and distribution of degraded land suitable for rehabilitation through community participation; (iii) the policy and legal framework relating to the rehabilitation and management of degraded forests; (iv) appropriate and acceptable land use rights arrangements; (v) practical options for the rehabilitation and future management of degraded forests and watersheds with active participation of local communities, in keeping with the goals of poverty reduction; and (vi) the capacity-building and knowledge needs of target communities and the decentralized levels of government. Evaluation of Inputs The TA was designed to fulfill ADB's requirement for the preparation of the investment project based on the ADB's guidelines for the economic analysis, guidelines for the financial analysis, handbook on poverty and social analysis, and handbook for integrating poverty impact assessment in the economic analysis of projects, and environmental assessment guidelines. Skill mix of consultants (expertise in technical, institutional, legal and socioeconomic aspects of degraded land use and management; agriculture and community development; monitoring and evaluation; and database management) was well chosen to appropriately design the investment project. An International firm in association with a local firm was engaged to assist the Directorate General of Rural Community Empowerment, Ministry of Home Affairs in undertaking the feasibility study of the proposed project. Total actual inputs of the international and domestic expert person-months were 20.88 and 44.71 compared with original input of 19.0 and 45.0, respectively. Consultant skill mix and person-months inputs were appropriate to project requirements.				

A staff consultant was engaged for 2 months intermittent inputs from mid-October 2003 to mid-April 2004, to work alongside the TA consultants to prepare documentation for possible GEF co-financing. The GEF Concept Paper was submitted on 30 January 2004, and ADB was advised of GEF's acceptance of the Project into the GEF pipeline on 17 March 2004.

There were no significant changes in the scope of the TA inputs envisaged at TA formulation. ADB closely supervised the TA and undertook four review missions during implementation.

Evaluation of Outputs

The consultants undertook a multi-stage analysis to identify about 30 target districts for inclusion of the area located in five regions under the Project. Six district-level participatory stakeholder workshops and one national level workshop were held between 29 July and 27 August 2003.

In general, consultant's work was satisfactory, but performance of the executing agency was weak and the issue was discussed with BAPPENAS, the national planning agency, several times. The consultants reviewed various approaches to community-based land rehabilitation, natural resources management by communities and livelihood development, and undertook a preliminary analysis of economic and financial issues, reviewed policy, social and institutional issues, and issues relating to gender, environment and indigenous people. Village land and livelihood profiles and a training need assessment were also undertaken.

The inception report was submitted on 26 June 2003, followed by the submission of the interim report on 12 September 2003 and the draft final report on 12 December 2003. These reports were discussed at the tripartite meetings, chaired by BAPPENAS and attended by the EA and sector agencies (ministries of home affairs, forestry, agriculture and environment). Ensuing Project's investment cost was estimated at around \$113 million, of which ADB was expected to finance \$68 million, GEF \$10 million and the Government of Indonesia \$28 million and the beneficiaries \$8 million (in kind).

The GEF Concept Paper on a Sustainable Land Management Project was submitted to GEF secretariat on 30 January 2004, and ADB was advised on 17 March 2004 that the Project had been recommended for inclusion in GEF's pipeline for about \$10 million.

Overall Assessment and Rating

The TA was highly relevant to the Government development strategy and ADB's overarching goal, reducing poverty. The report made a thorough analysis of the constraints and bottlenecks for sustainable rehabilitation and management of degraded forest lands for the selected project sites and in Indonesia at large. It proposed specific measures that are technically viable, socially acceptable, and economically and financially sound that could, in principle, be replicated elsewhere under similar agroclimatic conditions and in a similar socio-political context. The TA was efficient in the use of inputs, but less efficient in achieving its purpose. It did not result in an investment project for ADB financing because the sponsoring agency had difficulties in steering the Project through the government approval process because of the decentralization issues, fiscal difficulties faced by the Government, and difficulties encountered in implementing an ongoing project with similar activities. Overall, the TA was rated as partly successful.

Major Lessons Learned

The ownership, commitment and capability of the sponsoring agency to secure consensual approval within the Government of a proposed project need to be clearly ascertained at TA formulation stage. Active involvement of oversight agencies during the TA design and its implementation could promote a wider ownership within the Government and facilitate the approval process of the ensuing project, particularly at times of fiscal constraints at macro level.

Recommendations and Follow-Up Actions

Sustainable management of degraded forestland is a major challenge facing the Indonesian authorities, and ADB should remain engaged in the sector through sharing of technical knowledge and information, and promoting the implementation of a community-based management approach to the problem as envisaged in the investment project design. Once the macroeconomic conditions improve, the idea and vision of the investment project should be revived. The GEF has shown interest in the investment project, and a grant cofinancing by it would significantly enhance the project attractiveness.