



Completion Report

Project Number: 44413-012
Technical Assistance Number: 8331
June 2019

Indonesia: Sustainable Forest and Biodiversity Management in Borneo

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| TA Number, Country, and Name: | | | Amount Approved: \$4,477,273 | |
| TA 8331-INO: Sustainable Forest and Biodiversity Management in Borneo | | | Revised Amount: N/A | |
| Executing Agency: Directorate of Environment Services and Conservation Areas, Ministry of Environment and Forestry | | Source of Funding: Global Environmental Facility: \$2,527,273 Climate Change Fund: \$1,250,000 Regional Cooperation and Integration Fund: \$700,000 | Amount Undisbursed: Global Environmental Facility: \$788,348 Climate Change Fund: \$101,889 Regional Cooperation and Integration Fund: \$258,326 | Amount Utilized: \$3,328,710 |
| TA Approval Date: 26 February 2013 | TA Signing Date: 26 March 2014 | Fielding of First Consultant: 25 August 2014 | TA Completion Date Original: 31 August 2016 | Actual: 28 February 2018 |
| | | | Account Closing Date Original: 31 August 2016 | Actual: 30 April 2019 |
| Description | | | | |
| <p>The Heart of Borneo (HOB) covers about 22 million hectares (ha), approximately one-third of the island of Borneo. HOB is among the world's top priority areas for conservation. The territory of HOB comprises: (i) in Brunei Darussalam, about 0.3 million ha in the northwest; (ii) in Malaysia, about 3.4 million ha in Sarawak along the northwest coast and about 5.8 million ha in Sabah along the northeastern tip of Borneo; and (iii) about 12.5 million ha in 17 districts of Kalimantan, Indonesia. HOB's large carbon sequestration and storage capacity makes it an important component of the fast-shrinking band of equatorial forests that function as the "lungs of the earth." The ecosystem services provided by the HOB have significant impact on the lives of about 12 million local and indigenous peoples, including over 200 Dayak groups, who depend heavily on its resources for their subsistence. The TA project aimed to address the persistent issues and problems that contribute to forest degradation of the Indonesian part of HOB, by providing support to the Directorate of Environment Services and Conservation Areas of the Ministry of Environment and Forestry, and the district forestry agency (later changed to the provincial forestry agency). The Government of Indonesia requested ADB to strengthen the capacity of public and private sector institutions in sustainable biodiversity and forest management in the HOB.</p> | | | | |
| Expected Impact, Outcome, and Outputs | | | | |
| <p>The TA's impact was the sustainable use of forest resources in the Indonesian part of HOB. The outcome was improved management of natural resources and biodiversity in four districts in the HOB area in Indonesia. The TA had four main outputs: (i) strengthened capacity and institutions for sustainable forest and biodiversity management, (ii) Reduced Emissions from Degradation and Forest Degradation (REDD+) at the local level, (iii) establishment of pilot areas for Payment of Ecosystem Services (PES) and sustainable financing schemes for forest and biodiversity management, and (iv) delivery of effective project management. The TA was <i>relevant</i> as it supported the implementation of the HOB National Strategic Plan of Action 2009–2013 and the National Action Plan for REDD+ and was aligned with ADB's commitment to environmentally sustainable growth under Strategy 2020 and ADB's Regional Cooperation and Integration Strategy.</p> | | | | |
| Delivery of Inputs and Conduct of Activities | | | | |
| <p>Originally, 39 person-months of international and 108 person-months of national consultant inputs were planned to be recruited under the project management consultant (PMC). The actual consultant inputs were 36 person-months for international consultants and 191 person-months for national consultants engaged through a firm and directly contracted by ADB. The PMC was mobilized in September 2015 with a partial lump-sum contract of \$3,658,276, including \$1,765,000 under the provisional sum allocated for trainings, workshops, study, surveys, and equipment. In 2014, two international institutional specialists (a total of three person-months) were engaged by ADB to review HOB initiatives, formulate a strategy for a long-term HOB strategic plan, and present their results at the yearly HOB Trilateral Meeting in November 2014. On 13 June 2014 the Director of Environment, Natural Resources and Agriculture Division of ADB's Southeast Asia Department approved a minor change in scope and project implementation to (i) change the first output of "policies and institutions for sustainable forest and biodiversity management strengthened" to "strengthened capacity and institutions for sustainable forest and biodiversity"; (ii) change the second output indicator of "four REDD+ demonstration project sites" to "four REDD+ assessment sites and at least one REDD+ demonstration site"; (iii) increase the national consultant inputs from 108 to 167 person-months to strengthen the PES activities; and (iv) engage two additional individual national consultants for 36 and 27 person months respectively to strengthen the coordination with national and sub-national stakeholders.</p> | | | | |
| <p>The TA was closed with a total undisbursed balance of \$1,148,563 (26% of the total TA amount); specifically, the TA disbursed \$1,738,925 out of \$2,527,273 for Global Environmental Fund, \$1,148,111 out of \$1,250,000 for Climate Change Fund, and \$441,673 out of \$700,000 for Regional Cooperation and Integration Fund. The undisbursed TA balance</p> | | | | |

(\$1,148,563) was mostly from the provisional sum allocated to studies and capacity building in the PMC contract (close to 50 percent of the total contract amount), which was overestimated.

The TA administration was transferred from the Environment, Natural Resources and Agriculture Division to the Indonesia Resident Mission in January 2015. An 18-month TA extension was approved by the Director General of the Southeast Asia Department on 27 March 2015, changing the closing date from 31 August 2016 to 28 February 2018. Due to a lack of a defined scope for capacity building in the TA design, the capacity building plan was developed by the PMC and approved by ADB only in 2016, the original TA closing year. An additional \$33,000 was added for TA knowledge dissemination activities in 2017, and a resource person was engaged for 10 days to handle communication tasks for the HOB Trilateral Meeting in 2017, while a national professional photographer was engaged for 10 days to produce a HOB photo essay in 2016.

Due to delays in PMC's recruitment of some experts, the capacity development plan could only be delivered and approved in 2016, and most of the workshops and trainings conducted in 2017, which was more than 10 months later than planned. A mid-term review mission in 2016 highlighted the shortcomings in PMC performance given several changes of the team leader and a delay in expert mobilization. The Executing Agency (EA) and ADB instructed the PMC to provide more field inputs to recover the delay and expedite TA implementation. ADB faced difficulty in contractually committing the PMC to doing so because of the partial lump-sum contract arrangement. The PMC eventually produced all contractual deliverables and their performance was *generally satisfactory*. The performance of individual consultants was mostly *satisfactory*.

ADB conducted TA review missions annually from 2015 to 2017 including the mid-term review mission in 2016 and provided input and comments to the consultants' deliverables. ADB's performance was *satisfactory*. Due to a lack of consultation with the local authorities in the Kapuas Hulu and Malinau districts during TA formulation, and a delay in mobilizing PMC experts in the field, the TA had to conduct a series of meetings during the initial stage of implementation in 2015 to introduce the districts to their role as Project Implementation Units (PIUs). In late 2016, a revision to the decentralization law was introduced, shifting PIU responsibility from the district to the provincial level. The provincial governments reissued the PIU decrees in 2017 to clarify the provincial role as PIUs. The EA, PIUs in both provinces and districts, and the steering committee members provided adequate support to manage the institutional challenges posed by the change of PIUs. The PIUs provided adequate counterpart staff. The governments also participated in all ADB TA review missions. Therefore, the government performance is *satisfactory*.

Evaluation of Outputs and Achievement of Outcome

Output 1: Strengthened capacity and institutions for sustainable forest and biodiversity management was partially achieved. The first output was changed on 13 June 2014 without revising its indicators, and therefore, the original indicators could not be fully assessed at the TA completion. The output 1 had the following three original indicators: (i) draft national policy and institutional reform agenda for forest resource and protected area management enacted, (ii) 6% increase in effective area of habitat of flagship species in Kayan Mentarang National Park (compared to 2013 baseline by 2016), and (iii) four (one each per district) participatory patrol units established in the four project districts. The first indicator was dropped as the government had undertaken the national policy and institutional reform agenda as part of their policy reforms. The second indicator was not achieved as no baseline was established due to a lack of clear definition of flagship species. Instead, the TA provided support to update two national parks' management plans (for Kayan Mentarang National Park and Betung Kerihun Danau Sentarum National Park, respectively). The third indicator was achieved under the second output.

Output 2: Land use and forestry practices improved was partially achieved. The output 2 had the following two indicators: (i) four REDD+ assessment sites and at least one REDD+ demonstration site, and (ii) 3% reduction in illegal logging activities (compared to 2013 baseline by 2016). The first revised indicator was achieved. The TA assessed more than four REDD+ pilot demonstration sites and established two pilot demonstration sites in Nanga Lauk village in Kapuas Hulu district (which falls under the legal designation *hutan desa*, or village forest) and Punan Adiu village in Malinau district (which is *hutan adat*, or customary forest). The TA adopted the Plan Vivo Standard, an internationally recognized framework for community-based land use and forestry activities, to implement REDD+ activities. Two participatory patrol units were established in those two REDD+ pilot demonstration sites. The second indicator was not achieved due to lack of baseline data as illegal logging activities were not monitored by the local government.

Output 3: Potential PES and sustainable financing schemes for forest and biodiversity management identified and developed, was partially achieved. The output 3 had three indicators: (i) four business case scenarios developed supporting implementation of two PES financing mechanisms, (ii) sustainable financing manual developed to support national and ecoregion PES expansion, and (iii) 5% increase in income of local project cooperators (environmental service providers), where at least 30% are women (compared to 2013 baseline by 2016). The first indicator was partially achieved as only two business case scenarios were developed under the REDD+ pilots related to output 2 (carbon PES). The TA developed non carbon PES scheme for the Verified Conservation Areas (VCA) in the two REDD+ pilot demonstration sites under output 2. The second indicator was achieved. The TA developed a draft district regulation for PES that included sustainable financing arrangements. The third indicator was not achieved due to lack of baseline data.

Output 4: Project management services delivered was substantially achieved. The output had three indicators: (i) implementation of TA activities and corresponding disbursement and utilization of TA funds are as programmed for 2013–2016, (ii) one monitoring, reporting, and verification system deployed for the HOB Indonesia, and (iii) two knowledge products (one each for REDD+ preparedness and PES schemes) disseminated through national, regional, and global knowledge networks. The first indicator was achieved as the IAs established the PIUs and provided counterpart staff to implement TA activities. The second indicator was not achieved, as there is no one institution tasked for monitoring, reporting, and verification system deployed for HOB Indonesia. Developing one system agreeable to all the relevant institutions would require more than the TA scope and implementation period. The third indicator was achieved. The TA produced the REDD+ project design documents and disseminated TA knowledge and lessons through national, regional, and global knowledge networks, such as HOB trilateral meetings in Indonesia, Governors' Climate and Forest Task Force forum in West Kalimantan, and the International Union of Forest Research Organizations 125th Anniversary Congress in Germany.

The outcome had the following two indicators: (i) 2% decrease in forest loss and (ii) 5% reduction in incidence of wildlife and biodiversity poaching (flagship species: rhinoceros, orangutan, and pygmy elephant). Overall, the TA partially achieved its outcome. The first indicator was achieved based on the land cover change analysis in two districts of the REDD+ pilot demonstration sites from 2010 to 2016, as the net forest losses in those districts were 0.03 percent and 0.07 percent, respectively. The second indicator was not achieved as there was no baseline data for wildlife poaching in the original design.

The TA was *less than efficient* because it required an 18-month extension, yet the outputs were not fully achieved.

The TA was *less than effective* as it did not fully achieve the outcome and outputs. However, during the TA final workshop, the government indicated satisfaction with the outputs and outcome, and appreciated the approach that the project took to implement both the community-based sustainable forest management and alternative livelihood activities.

Overall Assessment and Rating

Based on assessment of relevance, efficiency, and effectiveness, the overall TA assessment is *less than successful*.

The TA is *likely sustainable*. Two PES schemes (REDD+ and VCA) are likely to be sustainable because (i) Nanga Lauk village is receiving continued support from the Forest Investment Project, as Nanga Lauk village is one of the target villages, (ii) a letter of intent from a carbon offset buyer for Nanga Lauk has been obtained in 2019 for 25 years funding commitment to support village forest management plan, and (iii) the other pilot area (Punan Adui) is pursuing the dedicated grant mechanism under the Forest Investment Program to enable PES implementation. Furthermore, the government issued the national regulations for the use of economic instruments in natural resources management and REDD+ project implementation in late 2017, which serves as a legal basis for continuing REDD+ and PES implementation. The REDD+ pilot supports the government social forestry schemes, which has been the Ministry of Environment and Forestry's main program since 2014.

Major Lessons

The project did not fully achieve the outputs and outcome due to: (i) adequate consultation with the subnational governments needs to be done during the TA design stage to confirm their commitments and avoid start-up delay, (ii) role of the national project steering committee needs to be agreed upfront to ensure effective oversight support, (iii) a lump-sum contract was not suitable for the TA implementation consultant because PES demonstration activities at the district level and the capacity building activities for the communities and the government required large field inputs with a flexible schedule, (iv) capacity building scope should have been predefined in the terms of reference of the firm's contract, particularly for a lump-sum contract, to avoid delay in the delivery of trainings and TA implementation; and (v) clearly defined output and outcome indicators and corresponding baseline data were needed to measure achievements. Adjustment to the TA outputs and their indicators is needed whenever a minor change in scope is made so that the output achievement will be assessed based on the revised scope.

Recommendations and Follow-Up Actions

It is recommended to: (i) scale up a workable funding scheme for community-based forest management, as this will help Indonesia to achieve its emission reduction targets and enable sustainable forest and biodiversity management; (ii) work with other HOB countries to have a broader context for HOB transboundary landscape management; and (iii) in addition to the Ministry of Environment and Forestry, the Coordinating Ministry of Economic Affairs and the National Development Planning Ministry should be closely involved in TA implementation, so that forest protection can be mainstreamed into the regional green economic development plan of HOB.

TA = technical assistance.