



1. Project Data:		Date Posted : 09/22/2003	
PROJ ID: P004014		Appraisal	Actual
Project Name: Kerinci Seblat Icdp	Project Costs (US\$M)	45.971	18.815
Country: Indonesia	Loan/Credit (US\$M)	19.146	7.465
Sector(s): Board: ENV - Other social services (100%)	Cofinancing (US\$M)	15.020	8.265
L/C Number: L4008			
	Board Approval (FY)		96
Partners involved : Global Environmental Facility (GEF)	Closing Date	09/30/2002	12/31/2002
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2. Project Objectives and Components

a. Objectives

The overall objective of the Kerinci-Seblat National Park (KSNP) Integrated Conservation and Development Project (ICDP) was to secure the biodiversity of the KSNP and stop further habitat fragmentation by reconciling conservation and regional development. The specific objectives of the project were to :

- 1) Improve Park protection and management, including the involvement of local communities; and
- 2) Promote sustainable management and the maintenance of permanent forest cover in the remaining buffer zone concession areas.

b. Components

The project had four main components and four supporting activities :

1) Park Management (Appraisal US\$ 13.4 million; actual US\$ 8.6 million):

This component supported: a) legal establishment of the park; b) mobilization of the staff; c) implementation of management plan; d) reinforcement of park protection and management; e) protection of ecosystems and endangered species; f) establishment of monitoring and evaluation system; and g) establishment of facilities for recreation and education.

2) Area and Village Development (Appraisal US\$ 25.9 million; actual US\$ 6.3 million):

This component sought to improve land-use planning, land-use rights and community resource management in and around 134 villages adjacent to the park using the negotiated Village Conservation Agreement (VCA) and Village Conservation Grant (VCG).

3) Integrating Biodiversity in Forest Concession Management (Appraisal US\$ 2.9 million; actual US\$ 1.8 million): This component included: a) training for concessionaires and forest staff; b) independent audit of logging operations; c) assessing and identifying biodiversity within production areas; and d) community forestry activities.

4) Monitoring and Evaluation (Appraisal US\$ 3.8 million; actual US\$ 2.1 million):

This component was designed to support the three components described above by providing : a) monitoring of the park at landscape level; b) monitoring of forest management in neighboring concessions; c) analysis of the impact of rural development activities; d) tools to monitor encroachment and poaching .

Supporting Activities :1) policy and planning (appraisal US\$ 1.7 million; actual US\$0.9 million); 2) training and community facilitation (appraisal US\$ 6.1 million; actual US\$1.7 million); 3) promotion of conservation awareness (appraisal US\$ 1.3 million; actual US\$ 2.5 million); and 4) studies (appraisal US\$ 0.8 million; actual US\$0.2 million).

The project objectives were not revised, however its scope and design were modified . The number of participating villages (under component 2) was reduced to 75. Several new activities were added, including as anti illegal logging activities at district level, integrated village planning and awareness in three focal areas, and the preparation of technical briefs supporting transfer of high biodiversity areas in adjacent forest concessions .

c. Comments on Project Cost, Financing and Dates

Total actual project cost was \$ 18.815 million, compared to the appraised cost of \$ 45.971 million (40.9 % of cost at appraisal). The government provided counterpart funding of \$ 3.085 million, compared to the appraised estimate of \$ 11.804 million. The Bank and the GEF provided a total of \$ 15.730 million (Bank loan of \$ 7.465 and GEF grant of \$ 8.265), compared to the appraised estimate of \$ 34.166 million. The devaluation of the Rupiah led to the

cancellation of \$9.0 million from the loan. The project closed on December 2002, 3 months later than planned.

3. Achievement of Relevant Objectives:

The overall conservation and development objectives of the project were not achieved . Nevertheless, the project made some progress in a few areas :

1) Park protection and management were modestly improved:

- The KSNP was legally gazetted and designated as one of the nine -priority parks in the country with access to special budgets.
- The four provinces and nine districts which share KSNP issued a joint declaration supporting the park and regulations banning illegal saw-mills.
- KSNP management was significantly strengthened by increasing staff and providing technical assistance and training in areas such as survey and information system .
- Partnerships and networking between local government, NGOs and researchers have been strengthened .
- A baseline forest cover has been established and the KSNP has been zoned according to different land -use and conservation objectives .
- 72 villages signed the VCA, but follow-up on implementation has been modest.
- Some VCG-funded micro-hydro electricity generators and clean water /sanitation infrastructure were built and their services priced to pay operation and maintenance cost .

2) The sustainable management and maintenance of forest cover in buffer zone concessions was not successfully promoted:

- Independent audits of logging operations showed that concessionaires were continuing to log in an unsustainable manner in violation of their concession agreements . No action has been taken in response to these violations.
- High biodiversity areas within adjacent forest concessions have been assessed, but could not be transferred to KSNP.

4. Significant Outcomes/Impacts:

- The KSNP was established and staffed, and is working with local governments to resolve local conservation and development conflicts.
- Several road expansions and mining development planned in the park were stopped during the project period, leading to improved understanding of development impact on the Park and raising community and government conservation awareness.
- The forest cover loss inside the park was reduced to 0.28% per year, compared to 2% per year forest loss in other national parks in the country, and 1% per year forest loss in adjacent forest concessions .
- The technical assistance, training and small grants program has provided a range of stakeholders with new skills and information, and created a local constituency for conservation .

5. Significant Shortcomings (including non-compliance with safeguard policies):

- The rate of forest loss in villages that signed a VCA (and received a VCG) was not significantly different than that in non-ICDP villages, putting the effectiveness of the ICDP approach in doubt .
- The effectiveness of the ICDP approach is also suggested by the fact that the greatest loss of forest cover during the project occurred in the two districts that received the largest proportion of VCGs .
- Poor coordination and collaboration between different directorates within the Ministry of Forestry (responsible for protection, production, and mapping, respectively) and between these and local governments dependent on the Ministry of Home affairs, and the regional planning agency dependent of the National Development Planning Agency, significantly hampered the implementation of the project .
- Project design did not provide for overall institutional analysis such as budget process and institutional management structure.
- No strategy was developed to ensure sustainability of ICDP activities beyond the project 's lifetime.
- Budget flows and delays in budget delivery were a serious constraint .
- Protection of habitats and endangered species was jeopardized by weak law enforcement and poor capacity to provide protective measures. Disputes over park boundaries continued both with local communities and within forest concessions.
- Many conservation activities defined in the VCA were not carried out and there was little follow -up of VCA and VCGs.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Unsatisfactory	Unsatisfactory	
Institutional Dev .:	Modest	Modest	
Sustainability :	Unlikely	Unlikely	
Bank Performance :	Unsatisfactory	Unsatisfactory	
Borrower Perf .:	Unsatisfactory	Unsatisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

The following lessons are drawn from the ICR :

- The absence of a strong institutional sponsor to lead and integrate the project left it at the mercy of the poor coordination between different agencies with competing agendas and no incentive for collaboration, since each had their own budget from the project .
- The design of the ICDP approach was based on the flawed assumption that poverty and the lack of alternative livelihoods were driving deforestation and agricultural encroachment into the park and adjacent areas, whereas the main factor was the expansion of poorly regulated and illegal logging activities, which were only belatedly and tangentially addressed by the project .
- Conservation cannot succeed in a situation where there is no effective governance, and officials have little commitment to prosecute violations of forest concession agreements and illegal logging activities .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ICR is satisfactory, but its quality could have been substantially improved by greater attention to the following :

- Cost and financing section should not have been referred to in a table only, but should have discussed, e .g., the gap between the loan/grant funding provided (\$34.8 million) and used (\$15.7 million). The explanation provided for the loan cancellation of US\$9 million, "due to currency devaluation", is counter-intuitive.
- Given the significance of the project as the pioneering demonstration of the ICDP approach, and the first phase in a long term program, the ICR should have been expected to derive more generally applicable lessons about the validity of this approach .
- The key performance indicators shown in Annex 1 have been poorly chosen in relation to the expected outcomes and impacts of the project, an unfortunate omission given that an entire project component was invested in monitoring and evaluation .
- Annexes 10 and 11 are referenced in the text, but have not been provided .
- The sector designation of the project is wrong and should have been corrected .