



1. Project Data:		Date Posted : 08/14/2002	
PROJ ID: P003984		Appraisal	Actual
Project Name: Land Administration	Project Costs (US\$M)	140.2	80.7
Country: Indonesia	Loan/Credit (US\$M)	80.0	46.1
Sector(s): Board: ENV - Central government administration (100%)	Cofinancing (US\$M)	15.2	20.0
L/C Number: L3792			
	Board Approval (FY)		95
Partners involved :	Closing Date	09/30/2000	12/31/2001
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components			
a. Objectives			
The objectives of the project were to :			
<ul style="list-style-type: none"> • foster efficient and equitable land markets and alleviate social conflicts over land, through acceleration of land registration in an initial phase of a 25 year program; • improve the institutional framework for land administration that is needed to sustain the program; and • support the Government of Indonesia's (GOI's) efforts to develop land management policies . 			
b. Components			
The project had three major components :			
<ul style="list-style-type: none"> • acceleration of land titling, in 18 districts in Java and Sumatra, aiming to cover about 1.2 million parcels (estimated cost US\$ 122 million, or 88% of project cost); • improvement of the institutional framework for land administration, including review of existing laws and regulations; assistance in drafting new laws; preparation of a legal data base to cross -reference the many laws relating to land; study of ways to improve the security of customary tenures; and training and scholarships (estimated cost US\$ 13.4 million, or 9.5% of project cost); and • assistance to GOI in developing land management policies (estimated cost US\$ 4.6 million, or 2% of project cost). 			
c. Comments on Project Cost, Financing and Dates			
A massive devaluation of the rupiah occurred in 1998/99, from about 2,000 to about 10,000 per US dollar. Local costs did not rise proportionately. Since most project costs were in rupiahs, the actual dollar cost was US\$ 80.7 million, significantly below the appraised cost of US\$ 140.1 million. The cost of the project, as appraised, was to be financed by a Bank loan of US\$ 80 million and an Australian (AusAID) grant of US\$ 15.2 million. The actual amount financed from the Bank loan was US 46.1 million and US\$ 33.9 was canceled. Actual AusAID financing was US20 million.			
3. Achievement of Relevant Objectives:			
The project began the process of reform and modernization of Indonesia's administration of its non -forest lands across the full range of issues: institutional, legal, administrative, social and technical . A comprehensive series of policy studies was carried out on legislation, land rights, customary land tenure, etc . These provided inputs to national and international workshops leading to an ongoing land policy dialogue among stakeholders, including government, something that did not exist at the outset . A social impact evaluation was undertaken that, although it was not able to determine if unrest related to land had been reduced, did show that 95% of the respondents that had participated in the program believed that the time, effort and expense taken to obtain a certificate were small by comparison with the usefulness of the certificate and 70% believe that they now have greater security of tenure .			
4. Significant Outcomes/Impacts:			
<ul style="list-style-type: none"> • Titling. Survey control points were established and base maps prepared to provide the survey context needed for the titling program. This effort also established a capacity in the National Land Agency (BPN) for continuation of this work. Some 2 million titles were registered, exceeding the initial target by 67%. The work 			

covered both individual titles for single, isolated plots ("sporadic titling") and surveying and registering large numbers of adjacent parcels at the same time ("systematic titling"). Emphasis was increasingly placed on the latter, because of the large demand and the substantial difference in unit costs .

- Institutional framework. BPN was assisted to develop long-term policies, procedures, and a corporate strategy. A systematic review of land laws and regulations was carried out and redrafts of the relevant laws and statutes proposed to introduce more practical procedures for land registration . Training was given at local institutions, including BPN's own Centre for Education and Training, assisted by consultants and the advisory team supported by AusAID. Some 40 senior staff of BPN also undertook training in Australia . The quality of local training was variable and needs to be improved .
- Land management policies. A range of studies were produced on relevant topics that were made widely available. Generally these were of high quality and provide a wealth of material and a framework for land policy a discussions and institutional reforms. This, together with the systematic review of land laws, made a major contribution to the basis for comprehensive land law reform .

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

The project set up a computerized data base of some 2,000 laws and regulations on land to facilitate a reform of the legal framework, which had become overly complex and confusing . However, this database was infrequently used, was not maintained and is rated as being unsatisfactory .

The success of the component on land management policies was limited by the failure of government to be substantially engaged. There was little interaction between this component and the rest of the project . The main problem was that the turbulent state of social and political affairs in Indonesia made it difficult to forge the broad social consensus needed to support changes of the magnitude required . This will be an important issue for the follow-up operation.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Modest	Modest	
Sustainability :	Likely	Likely	Note that the project was designed as the first tranche of a program lasting at least 25 years. A second project is under preparation and its implementation is assumed in rating sustainability of the first project as 'likely'.
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
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:

A number of lessons noted by the ICR are of general applicability :

- Land administration will be more successful if it is based upon an appropriate assignment of roles between central government agencies, local government, and the private sector . While land administration is a local government function by its nature, especially where there is large variability in local land tenure traditions, it requires appropriate support from central agencies and can benefit from the establishment of a cadastral survey capacity in the private sector .
- Land administration will be more successful if the entire process is transparent, including the establishment of land rights, obligations, redress and grievance resolution procedures .
- Studies by themselves do not guarantee progress on policy and institutional reforms and more direct linkage to project activities is required up front .
- Formation of interministerial "coordination committees" to resolve complex cross-sectoral issues is unlikely to be successful in the absence of real incentives to participate .
- Monitoring indicators have to be chosen carefully . In this case, the key progress indicators measured progress of inputs and outputs, but not of impact .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

This is a satisfactory ICR that provides a good discussion of the implementation and outcome of the project and that is strengthened by good brief reports on the results of the Beneficiary Survey and of a concluding Stakeholder Workshop , as well as above average contributions from the Borrower and Co -Financier. It also estimates an ERR for the project (33%), whereas the appraisal did not provide any estimate .

However, the ICR does suffer from one shortcoming . This is primarily caused by deficiencies in the statement of objectives in the appraisal report, which was .."the main objective of the project is to foster efficient and equitable land markets and alleviate social conflicts over land .." Unfortunately, there was no discussion of Indonesian land markets in the appraisal, or of their deficiencies, or of the ways in which the project would foster the markets . Nor was there any specific provision made to develop a data base on which progress could be assessed . The same applied to social conflicts. As a result, the ICR has nothing to say about whether the project has helped foster the development of land markets or reduce social conflict . Data from the beneficiary survey indicates that the possession of title increases land value and is valued in itself as security, but whether the land market is more efficient than it was is not clear. Certainly the project achieved its intermediate goals of creating a more efficient process of registering titles, strengthening relevant institutions, and creating the basis for policy change . It would have been better if the appraisal had expressed objectives in these terms, or instead had stated the land market or social conflict objectives as long-term goals.