

Document of
The World Bank

Report No: ICR2665

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(TF-056197, TF-056198)

ON

MULTI-DONOR FUND GRANTS

FOR THE BENEFIT OF THE REPUBLIC OF INDONESIA

IN THE AMOUNT OF US\$17.62 MILLION

TO

LEUSER INTERNATIONAL FOUNDATION AND
FAUNA & FLORA INTERNATIONAL

FOR A

PROJECT FOR INTEGRATING ENVIRONMENT AND FOREST PROTECTION INTO THE
RECOVERY AND FUTURE DEVELOPMENT OF ACEH

July 19, 2013

Indonesia Sustainable Development Unit
Sustainable Development Department
East Asia and Pacific Region

CURRENCY EQUIVALENTS

Exchange Rate Effective November 10, 2012

Currency Unit = Indonesian Rupiah
Indonesian Rupiah 1,000.00 = US\$0.104
US\$1.00 = Indonesian rupiah 9,615

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

| | |
|-----------|--|
| AFEP | Integrating Environment and Forest Protection into the Recovery and Future Development of Aceh Project |
| Bapedalda | Regional or District Environmental Management Agency |
| Bappeda | Region or District Planning Agency |
| Bappenas | National Development Planning Board |
| BKSDA | Nature Conservation Agency (Balai Konservasi Sumber Daya Alam) |
| BPKEL | Management Board of the Gunung Leuser Ecosystem (Badan Pengelola Kawasan Ekosistem Leuser) |
| BRR | Bureau for Rehabilitation and Reconstruction |
| CRU | Conservation Response Unit |
| CSO | Civil Society Organization |
| EU | European Union |
| FFI | Fauna and Flora International |
| FM | Financial Management |
| GEF | Global Environmental Facility |
| GIS | Geographic Information System |
| GOA | Government of Aceh |
| GOI | Government of Indonesia |
| HWC | Human Wildlife Conflict |
| ICRAF | International Centre for Research in Agro-Forestry |
| IA | Implementing Agency |
| KPI | Key Performance Indicators |
| LIF | Leuser International Foundation |
| LNP | Gunung Leuser National Park |
| MDF | Multi Donor Fund for Aceh and Nias |
| M&E | Monitoring and Evaluation |
| MOF | Ministry of Forestry |
| MTR | Mid-term Review |
| NGO | Non-government organization |
| PAD | Project Appraisal Document |
| PCU | Project Coordination Unit |
| PDO | Project Development Objective |

| | |
|-----------|---|
| PMU | Project Management Unit |
| QAG | Quality Assurance Group |
| POLHUT | Provincial Forest Police (Polisi Hutan) |
| POLDA | Provincial Police Service (Polisi Daerah) |
| REDD | Reduce Emissions from Deforestation and Degradation |
| SC | Steering Committee |
| TIPERESKA | Aceh Forest Redesign Team (Tim Penyusunan Rencana Strategis Pengelolaan Hutan Aceh) |

| | |
|----------------------|----------------------|
| Vice President: | Axel van Trotsenburg |
| Country Director: | Stefan G. Koeberle |
| Sector Manager: | George Soraya |
| Project Team Leader: | Timothy H. Brown |
| ICR Team Leader: | Stefanie Sieber |

INDONESIA

INTEGRATING ENVIRONMENTAL AND FOREST PROTECTION INTO THE RECOVERY AND FUTURE DEVELOPMENT OF ACEH

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MAP74

| A. Basic Information | | | |
|---|------------|-------------------|---|
| Country: | Indonesia | Project Name: | Integrating Environment and Forest Protection into the Recovery and Future Development of Aceh |
| Project ID: | P098052 | L/C/TF Number(s): | TF-56197,TF-56198 |
| ICR Date: | 04/02/2013 | ICR Type: | Core ICR |
| Lending Instrument: | ERL | Grantee: | Republic of Indonesia Leuser International Foundation (LIF) Fauna and Flora International (FFI) |
| Original Total Commitment: | USD 17.53M | Disbursed Amount: | USD 17.62M |
| Revised Amount: | USD 17.62M | | |
| Environmental Category: B | | | |
| Implementing Agencies: Leuser International Foundation (LIF) Fauna and Flora International (FFI) | | | |
| Cofinanciers and Other External Partners: Multi Donor Fund for Aceh and Nias (MDF) | | | |

| B. Key Dates | | | | |
|---------------------|------------|-------------------|---------------|----------------------------------|
| Process | Date | Process | Original Date | Revised / Actual Date(s) |
| Concept Review: | 08/25/2005 | Effectiveness: | 4/18/2006 | LIF 04/05/2006 FFI 04/21/2006 |
| Appraisal: | 12/01/2005 | Restructuring(s): | | 06/14/2010 |
| Approval: | 02/10/2006 | Mid-term Review: | 08/16/2008 | 08/16/2008 |
| | | Closing: | 06/30/2010 | 12/30/2012 |

| C. Ratings Summary | |
|--------------------------------------|-------------------------|
| C.1 Performance Rating by ICR | |
| Outcomes: | Satisfactory |
| Risk to Development Outcome: | Moderate |
| Bank Performance: | Moderately Satisfactory |
| Grantee Performance: | Satisfactory |

| C.2 Detailed Ratings of Bank and Borrower Performance (by ICR) | | | |
|---|-------------------------|--------------------------------------|----------------|
| Bank | Ratings | Borrower | Ratings |
| Quality at Entry: | Satisfactory | Government: | Satisfactory |
| Quality of Supervision: | Moderately Satisfactory | Implementing Agency/Agencies: | Satisfactory |
| Overall Bank Performance: | Moderately Satisfactory | Overall Borrower Performance: | Satisfactory |

| C.3 Quality at Entry and Implementation Performance Indicators | | | |
|---|-------------------|---------------------------------|---------------|
| Implementation Performance | Indicators | QAG Assessments (if any) | Rating |
| Potential Problem Project at any time (Yes/No): | No | Quality at Entry (QEA): | Satisfactory |
| Problem Project at any time (Yes/No): | No | Quality of Supervision (QSA): | None |
| DO rating before Closing/Inactive status: | Satisfactory | | |

| D. Sector and Theme Codes | | |
|--|-----------------|---------------|
| | Original | Actual |
| Sector Code (as % of total Bank financing) | | |
| Forestry | 100 | 100 |
| Theme Code (as % of total Bank financing) | | |
| Other environment and natural resources management | 40 | 40 |
| Other rural development | 20 | 20 |
| Water resource management | 40 | 40 |

| E. Bank Staff | | |
|----------------------|----------------------|----------------------|
| Positions | At ICR | At Approval |
| Vice President: | Axel van Trotsenburg | Jeffrey S. Gutman |
| Country Director: | Stefan G. Koeberle | Andrew D. Steer |
| Sector Manager: | George Soraya | Magdolna Lovei |
| Project Team Leader: | Timothy H. Brown | Josef Lloyd Leitmann |
| ICR Team Leader: | Stefanie Sieber | |
| ICR Primary Author: | John Weatherhogg | |

F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)

The development objective of the Project is to protect critical environmental resources and services from the Leuser and Ulu Masen forest ecosystems during the post-tsunami reconstruction process. This project will also contribute toward mitigating negative impacts of reconstruction on the forests of Aceh, the mainstreaming environmental concerns into planning processes, and building sustainable capacity and institutions for forest protection. By helping to ensure that ecosystem services provided by the forest are maintained, the project will support Aceh's future social and economic development.

Revised Project Development Objectives (as approved by original approving authority)

(a) PDO Indicator(s)

| Indicator | Baseline Value | Original Target Values (from approval documents) | Formally Revised Target Values | Actual Value Achieved at Completion or Target Years |
|------------------------------------|--|---|--|---|
| Indicator 1 : | 95% of forest cover determined by 2006 analysis and annually monitored remains by project end | | | |
| Value quantitative or Qualitative) | Forest cover was 697,000 hectares in Ulu Masen and 2,028,000 hectares in Leuser (2,725,000 hectares total) | At least 95% of forest cover (about 2.59 million hectares) remains at project end | | 96.9% in 2010 (about 2.64 million hectares) |
| Date achieved | 12/30/2006 | 06/30/2011 | | 12/31/2010 |
| Comments (incl. % achievement) | Activity closed on 06/30/2011. The most recent data for Ulu Masen and Leuser for 2010 shows that at the original closing date the target was exceeded. If the same rate of loss continued during the final two years, forest cover would still be above 95%. | | | |
| Indicator 2 : | Multi-stakeholder management framework for Leuser and Ulu Masen managing forests supported by project end | | | |
| Value quantitative or Qualitative) | No joint management framework at project start | N/A | Two frameworks established and adopted | Five frameworks established and adopted |
| Date achieved | 02/02/2006 | 02/11/2006 | 12/31/2012 | 10/22/2012 |
| Comments (incl. % achievement) | Activity closed on 06/30/2011. Existing local stakeholder bodies were supported instead of setting up new ones. | | | |
| Indicator 3 : | The provincial and 7 district governments adopt spatial plans with environmental and conservation inputs reflected in maps by project end | | | |
| Value quantitative or Qualitative) | Zero provincial or district spatial plan with environmental and conservation inputs | N/A | 1 provincial and seven district spatial plans by project end | 1 provincial and 5 district spatial plans adopted; 2 district spatial plans pending formal adoption |
| Date achieved | 02/02/2006 | 02/11/2006 | 12/31/2012 | 10/22/2012 |
| Comments (incl. % achievement) | A spatial plan for Aceh Province (supported by FFI) has been accepted by the Min. Forestry and is pending adoption by the Aceh Parliament. Five district plans have been adopted and two more are pending formal adoption. | | | |

| | | | | |
|------------------------------------|--|------------|----------------------|--|
| Indicator 4 : | 50% increase of respondents in target areas (Teunom, Ulu Masen) agree that there is a positive correlation between forest cover and hydrological function by end of 2008. | | | |
| Value quantitative or Qualitative) | 55% | N/A | 82.5% (50% increase) | 95.2% (73% increase) |
| Date achieved | 06/04/2007 | 02/11/2006 | 06/30/2011 | 12/31/2009 |
| Comments (incl. % achievement) | Activity closed on 06/30/2011. The last survey, conducted in 2009, shows that awareness of the conservation-environmental services link substantially exceeded the target. Comparable values were achieved as early as 2007 and maintained throughout the project. | | | |
| Indicator 5 : | In targeted areas (UM: 10 Mukim; LE: 30 Gampong), at least 95% of forest remains at end of project | | | |
| Value quantitative or Qualitative) | Forest cover in target areas was 196,456 for LE and 350,373 for UM | N/A | 95% | 97.3% in UM (2010) 99.6% in LE (2009) |
| Date achieved | 12/30/2006 | 02/11/2006 | 06/30/2011 | 12/31/2010 |
| Comments (incl. % achievement) | Activity closed on 06/30/2011. The most recent data – UM 2010, LE 2009 – shows that at the original closing data, the target was exceeded. If the same rate of loss continued during the final two years, forest cover would still be above 95%. | | | |

(b) Intermediate Outcome Indicator(s)

| Indicator | Baseline Value | Original Target Values (from approval documents) | Formally Revised Target Values | Actual Value Achieved at Completion or Target Years |
|-------------------------------------|--|--|--------------------------------|---|
| Indicator 1 : | 95% of initial 1000 forest guards contracted by Dinas Kehutanan receive training and equipment support by end of project, as specified in agreement with Dinas Kehutanan | | | |
| Value (quantitative or Qualitative) | 0% | N/A | 100% | 62.2% |
| Date achieved | 02/20/2006 | 02/11/2006 | 06/30/2011 | 06/30/2011 |
| Comments (incl. % achievement) | Activity closed on 06/30/2011. The project fell short of the training target, since the volume of training originally planned could not be fully implemented due to disagreement over the level of compensation to be offered to trainees. | | | |
| Indicator 2 : | 6 sub-district zonation/conservation plans developed, completed and delivered to local governments through participatory process by project end | | | |
| Value (quantitative or Qualitative) | 0 | N/A | 6 | 9 |
| Date achieved | 02/02/2006 | 02/11/2006 | 06/30/2011 | 06/30/2011 |
| Comments (incl. % achievement) | Activity closed on 06/30/2011. Actual achievement is 50% greater than target | | | |
| Indicator 3 : | 500 teachers trained (including 50 trainers) and provided with environmental and conservation curriculum materials | | | |
| Value (quantitative or Qualitative) | 0 | N/A | 500 | 1007 |

| | | | | |
|--|---|------------|------------|------------|
| Date achieved | 02/02/2006 | 02/11/2006 | 06/30/2011 | 06/30/2011 |
| Comments (incl. % achievement) | Activity closed on 06/30/2011. More than twice the target number of teachers trained | | | |
| Indicator 4 : | 50 nurseries established and operational as small business in target area by project end | | | |
| Value (quantitative or Qualitative) | 0 | N/A | 50 | 47 |
| Date achieved | 02/02/2006 | 02/11/2006 | 06/30/2011 | 06/30/2011 |
| Comments (incl. % achievement) | Activity closed on 06/30/2011. The project only fell slight short of the nursery target (47 vs. 50), producing more than 760,000 high-quality seedlings. | | | |
| Indicator 5 : | 1 Sustainable funding mechanism framework for forest management developed with Govt by project end (UM) | | | |
| Value (quantitative or Qualitative) | 0 | N/A | 1 | 1 |
| Date achieved | 02/02/2006 | 02/11/2006 | 06/30/2011 | 06/30/2011 |
| Comments (incl. % achievement) | Activity closed on 06/30/2011. | | | |
| Indicator 6 : | 90% of community complaints regarding project implementation made through the project complaints handling unit and addressed as per complaints handling protocol. | | | |
| Value (quantitative or Qualitative) | 0 | N/A | 90 | 100 |
| Date achieved | 02/02/2006 | 02/11/2006 | 06/30/2011 | 06/30/2011 |
| Comments (incl. % achievement) | Activity closed on 06/30/2011. | | | |

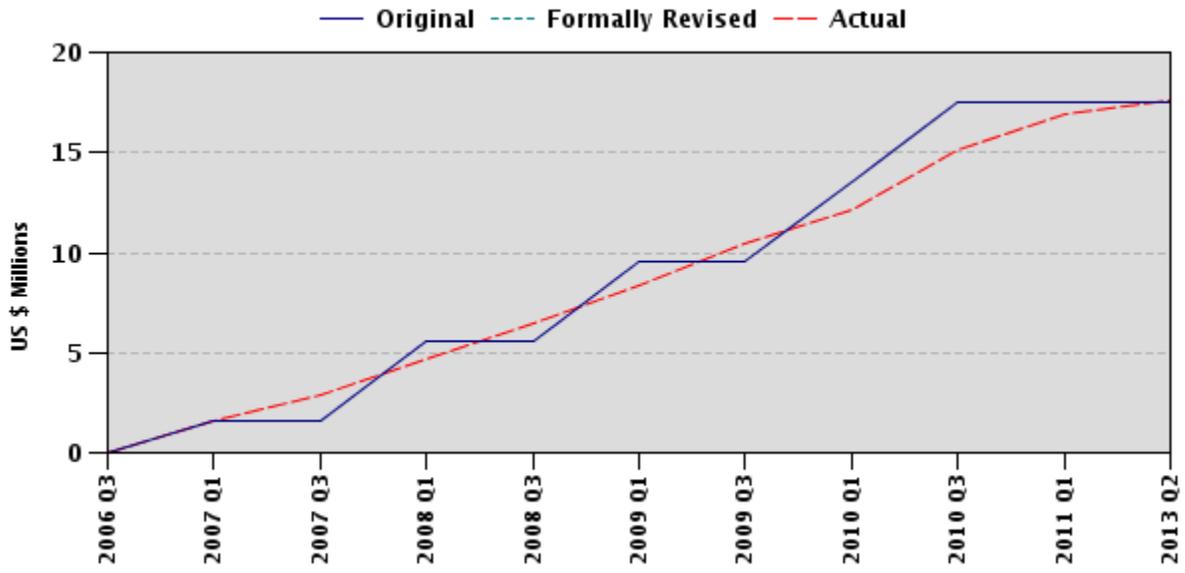
G. Ratings of Project Performance in ISRs

| No. | Date ISR Archived | DO | IP | Actual Disbursements (USD millions) |
|-----|-------------------|-------------------------|-------------------------|-------------------------------------|
| 1 | 06/23/2006 | Satisfactory | Satisfactory | 1.60 |
| 2 | 06/29/2007 | Moderately Satisfactory | Satisfactory | 4.01 |
| 3 | 11/02/2007 | Moderately Satisfactory | Satisfactory | 5.42 |
| 4 | 05/15/2008 | Satisfactory | Satisfactory | 7.00 |
| 5 | 06/30/2009 | Satisfactory | Satisfactory | 10.90 |
| 6 | 06/17/2010 | Satisfactory | Satisfactory | 16.61 |
| 7 | 06/30/2010 | Satisfactory | Satisfactory | 16.61 |
| 8 | 12/11/2010 | Satisfactory | Satisfactory | 17.13 |
| 9 | 12/26/2012 | Satisfactory | Moderately Satisfactory | 17.62 |

H. Restructuring (if any)

| Restructuring Date(s) | Board Approved PDO Change | ISR Ratings at Restructuring | | Amount Disbursed at Restructuring in USD millions | Reason for Restructuring & Key Changes Made |
|-----------------------|---------------------------|------------------------------|----|---|---|
| | | DO | IP | | |
| 03/25/2010 | N | S | S | 15.11 | Reallocation of grant proceeds |
| 06/14/2010 | N | S | S | 16.61 | Extension of the closing date to June 30, 2011. |
| 12/06/2010 | N | S | S | 17.13 | a) Incorporation of revised results framework for grants to both entities that implement the project LIF/TF056197 and FFI/TF056198); and b) Reallocation of more than 10% of the category allocations in the grant agreement with Fauna & Flora International/TF056198. |
| 06/28/2011 | N | S | S | 17.53 | Extension of the closing date to September 30, 2011. |
| 09/30/2011 | N | S | S | 17.53 | Extend the closing date to March 31, 2012 |
| 03/31/2012 | N | S | S | 17.53 | a) Extension of the closing date to December 31, 2012, and b) Reallocation of more than 10% of the financial resources among disbursement categories of the grant agreement with LIF /TF056197. |
| 11/16/2012 | N | S | S | 17.5 | a) Reallocation of proceeds of more than 10% of the category allocations in the grant agreement FFI/TF056198, and b) additional financing of \$88,370 to increase the MDF resources available to LIF. The additional financing was provided to allow completion of the aircraft inspection and repairs before the project closes. |

(2) Disbursement Profile



(3) Project Context, Development Objectives, and Design

1.1 Context at Appraisal

1. *Sector and Project Background.* Indonesia's forests are among the most extensive, diverse and valuable in the world. However, they have been threatened with rapid and increasing rates of destruction over the last two decades, with an estimated 1-2 million hectares being degraded and deforested annually as a result of conversion to other uses – particularly oil palm plantation or logging. Of the latter at least a half and perhaps as much as two-thirds of production have been sourced illegally. The Government of Indonesia (GOI), the Bank and international community became steadily more concerned about this deteriorating situation. GOI accorded steadily higher priority to the suppression of illegal logging, as set out in the Department of Forestry's Strategic Plan 2005-2009. Similar developments were taking place in Aceh, where the Governor was promoting a "green future".

2. At the time of appraisal, the Leuser and Ulu Masen Forest Ecosystems in Southern and Western Aceh comprised the largest remaining contiguous forested area with the richest assemblage of biodiversity left in Southeast Asia (2.25 million ha and 738,000 ha respectively). This included some of the region's most charismatic flora and fauna, including tiger, elephant, rhino and orangutan. These forests also provided significant environmental services, including the prevention of erosion and flooding, carbon sequestration, climate regulation, pest control as well as the supply of clean water for industrial, agricultural and domestic consumption the population centers, such as Banda Aceh and Meulaboh.

3. Against this background of an existing high-level concern for the protection of Aceh's forests arrived the shock of the December 2004 earthquake and tsunami. The damage caused was devastating. In Aceh Jaya regency alone approximately 25,000 people or 35% of the population lost their lives. The international community responded to the disaster by creating the Multi-Donor Fund for Aceh and Nias (MDF) with financing from 12 countries, the European Commission, Bank and ADB reaching almost US\$700 million, to complement the GOI's investment of nearly US\$5 billion. This included a portfolio of activities to replace destroyed infrastructure and mitigate the hardship caused by the disaster. The administration of MDF was vested in the Bank, while the overall responsibility for the recovery effort was vested in the Bureau for Rehabilitation and Reconstruction of Aceh and Nias (BRR). The BRR was provided with special authority for management, coordination and contracting for five years of reconstruction.

4. The reconstruction process was expected to considerably enhance pressures on Leuser and Ulu Masen Forest Ecosystems. With some 125,000 destroyed and 800,000 damaged homes, in addition to damaged and destroyed schools, clinics, administration buildings and infrastructure, it was feared that a surge in the demand for timber would lead to forest loss and illegal logging in these conservation areas. In addition, there was a need to preserve their environmental services and raise awareness of the importance of Aceh's forests to its continued development and prosperity. This was one reason for including spatial planning, demarcation of special areas, and environmental awareness initiatives into the project design. The US\$17.5 million project thus added an important balance and safeguard to the MDF portfolio. Separately, the BRR and other donors financed and promoted timber procurement from known, legal sources in Indonesia and elsewhere.¹ To demonstrate and operationalize its commitment to

¹ An estimated volume 1 million m³ valued at US\$ 250 million.

integrating environmental management concerns into the reconstruction process, the Government of Aceh also reinstated the logging ban within the province. However, it was recognized that national and local provincial forest management agencies did not have sufficient resources or staff, especially in tsunami-affected zones, to manage and protect forest areas effectively.

5. For many years Aceh had also suffered from armed conflict between Indonesia Military Forces and the Free Aceh Movement. The consequent insecurity had often served to protect remote forest areas.² Critical to the reconstruction process was the agreement on the peace accord, which ended the decades-long conflict that had caused nearly 15,000 deaths and tremendous suffering to the people of Aceh. The Memorandum of Understanding sealing the peace agreement was signed on August 15, 2005 and was a strong basis for post-conflict peace-building and gave Aceh a high degree of autonomy. The reintegration of the ex-combatants into local economics created new pressures for forest and natural resource exploitation as well as scope for intimidation and corruption.

6. *Rationale for Bank Involvement.* The Bank has a long history of dialogue with GOI on forestry strategy, policy and funding of forestry projects, which has been extensively reviewed in a report of the Independent Evaluation Group³ and is further summarized in the forest strategy for Indonesia⁴, which was drafted in 2005-6. During this period, the Bank supported analytical and advisory work, structured dialogue processes and partnerships with civil society to build constituency for improvement in forest sector management. In 2006, in collaboration with CIFOR, International Centre for Research in Agro-Forestry (ICRAF), European Union (EU), DFID, ADB, and IFC, the Bank published a sectoral overview of issues and trends, and suggestions for reform and development partner engagement.⁵ The Bank also used a US\$717,000 Global Environment Facility (GEF) grant for forest conservation, in particular for elephant corridors joining the two project areas implemented by the Non-Government Organization (NGO) Fauna and Flora International (FFI).

7. The Integrating Environment and Forest Protection into the Recovery and Future Development of Aceh project (AFEP) was also in line with the Country Assistance Strategy (2003-2007) which emphasized improved overall governance and better forest law enforcement and sustainable forest land management.

1.2 Original Project Development Objectives (PDO) and Key Indicators (as approved)

8. The development objective of the Project is to protect critical environmental resources and services from the Leuser and Ulu Masen forest ecosystems during the post-tsunami reconstruction process. This project will also contribute toward mitigating negative impacts of reconstruction on the forests of Aceh, the mainstreaming environmental concerns into planning processes, and building sustainable capacity and institutions for forest protection. By helping to ensure that ecosystem services

² Aceh's annual timber production during the decade prior to the Tsunami was low, partly due to conflict and difficult transport conditions, averaging about 50,000 m³ per year, during a time when other heavily forested provinces produced millions of cubic meters per annum.

³ World Bank. 2000. *The World Bank Forest Strategy: Striking the Right Balance*. Washington, DC. includes a case study on Indonesia.

⁴ World Bank. 2006. *Sustaining Indonesia's Forests: Strategy for the World Bank, 2006-2009*. Jakarta.

⁵ World Bank. 2006 *Sustaining Economic Growth, Rural Livelihoods and Environmental Benefits: Strategic Options for Forestry Assistance in Indonesia*. Jakarta

provided by the forest are maintained, the project will support Aceh's future social and economic development.

9. There were some differences between the statement of the PDO in the Project Appraisal Document (PAD) and the legal agreement and results framework, which both focused on protecting the environmental services of the Leuser and Ulu Masen forest ecosystems during the post-tsunami reconstruction process. During management review, it was decided to use the broader scope of the PDO in the PAD in this ICR because it better reflects the project design, activities, and key performance indicators (KPIs), which also encompass mainstreaming, sustainability, institutional capacity building and awareness raising objectives related to longer term forest conservation. It is also important to note that the reference to supporting Aceh "future social and economic development" was a reference to the *higher level outcomes* that the project objectives were meant to support, and were not monitorable or attributable project objectives in themselves.

10. The KPIs were listed as follows:

- 95% of natural forest-cover in existing designated conservation and protection forests in the target area retained by the end of the project.
- Forest ecosystem health and integrity maintained.
- Dry season water flow in 4 rivers flowing out of the target area remains at current baseline levels.
- Reports in the media, official statements made by government of Aceh officials and public concern regarding the environment and conservation remains at, or increase, over current baseline level.

11. In addition the PAD listed twelve output indicators (Annex 2, Appendix 1).

1.3 Revised PDO (as approved by original approving authority) and Key Indicators, and reasons/justifications

12. The PDO remained unchanged throughout the project. However, during project implementation it became clear that the KPIs and output indicators needed to be revised to make them more logical, measurable and reflective of the project objectives (Annex 2 of Appendix 2). In addition, the project setting was changing due to the ongoing parallel initiatives by the Government of Aceh. Its 2007 logging moratorium and the BRR's procurement of timber from other sources for reconstruction contributed substantially to achieving the shorter-term project objective of protecting the two ecosystems during the post-tsunami reconstruction, whilst its Aceh Green initiative opened up the opportunity to further leverage the medium-term objectives of mainstreaming environmental concerns into planning and institutional processes.

13. Revisions of the results framework were recommended during both the project mid-term review and MDF mid-term review, which would also support the MDF's initiative to formalize a unified results framework for the entire portfolio. The implementing agencies (IAs) thus developed a revised results framework, which was used since 2007 and formally incorporated into the grant agreements with the 2010 restructuring.

14. The revised KPIs were as follows:

- 95% of forest cover determined by 2006 analysis annually monitored remains by project end.

- Multi-stakeholder management framework for Leuser and Ulu Masen managing forests supported by project end.
- The provincial and 7 district governments adopt spatial plans with environmental and conservation inputs reflected in maps by project end.
- 50% increase in respondents in target areas (Teunom, Ulu Masen) agree that there is a positive correlation between forest cover and hydrological function by end of 2008.
- In targeted⁶ areas (UM: 10 Mukim; LE: 30 Gampong)⁷, at least 95% of forest remains at end of project.

15. As well as revising the KPIs, 26 intermediate outcome or output indicators were identified as more appropriate and readily measurable for monitoring project performance and listed in Annex 1 of the restructuring paper. Nine of the original outcome or output indicators were dropped, while one was retained and two were modified (Annex 1 and 2 of Appendix 2). The complete list of intermediate outcome or output indicators is listed in Appendix 2, while the data sheet only contains a subset of intermediate indicators used in the World Bank reporting during project implementation.

1.4 Main Beneficiaries

16. The main beneficiaries of the project were rural communities in and around the Leuser and Ulu Masen ecosystem, who benefitted from the livelihood improvement program, help with human-wildlife conflicts (HWCs), training and employment opportunities as rangers as well as the strengthening of their planning and protection abilities. In addition the project had benefits for many of the Acehnese population in the medium to long term through downstream benefits of forest protection and security, sustainable water supply for crops and communities; reduced soil erosion, siltation of water courses; sustainable timber and non-timber forest products and the protection of unique biodiversity. In addition, a range of regional, provincial, and local government agencies and their staff benefitted through financing and training to strengthen their environmental and conservation planning and management capacity, which was an essential part of the strategy for delivering sustainable benefits related to forest conservation.

1.5 Original Components (as approved)

17. The project was designed along three components:

Component 1: Effective Protection and Sustainable Management of Leuser and Ulu Masen Forests (US\$9.64 million) aimed to

- *Establish a Multi-stakeholder Governance Framework for Forest and Ecosystem Protection* for each forest ecosystem, which would establish a working relationship between key institutions, such as the BRR, Aceh Governor's Office, Provincial Forestry Agencies (Dinas Kehutanan), the Provincial Environmental Management Agency (Bapedalda), Provincial officials of the Ministry of Forestry (MOF) in the Nature Conservation Agency (BKSDA), and the Gunung Leuser National Park (LNP).

⁶ Targeted areas: are selected by the IA's based on conservation values and threat levels. Primary target areas are those with high conservation and high treat values.

⁷ In the Ulu Masen area, the IA usually works at the Mukim level (usually multiple Gampong or villages), while in the Leuser Ecosystem the IA works at the Gampong/village level.

Furthermore, local constituencies for forest and ecosystem protection had to be built through awareness raising activities on forestry and conservation issues in reconstruction and forest loss impacts on flooding, landslides and water regimes.

- *Strengthen Forest Monitoring and Protection Systems and Procedures* to provide accurate and timely information to decision makers. The activity included building a three-tier monitoring system and the necessary capacity, involving remote satellite and/or radar imagery, airborne monitoring and ground surveys. The results of the monitoring techniques were also processed and shared with the responsible GOI forest management and protection agencies, the MOF's National Forest Monitoring and Assessment effort, the BRR, Civil Society Organizations (CSOs) and other stakeholders.
- *Develop Sustainable Forest and Ecosystem Management Institutions* through (i) facilitating and building participatory processes for protected area identification and planning; (ii) supporting a forest health monitoring program for protected area designation, management and communications; (iii) supporting legal and political process for designating protected areas; and (iv) supporting the establishment of a conservation management institution and sustainable financing for the Ulu Masen forest ecosystem.

Component 2: Integration of Environmental Concerns into Aceh's Reconstruction and Development Planning Process (US\$4.63million) aimed to

- *Strengthen and Integrate Environmental and Conservation Considerations in Spatial Planning* through (i) providing maps, land use and conservation assessments in collaboration with GOI forestry, environmental and planning agencies and (ii) developing and disseminating best environmental practices and sustainable timber information for post tsunami reconstruction.
- *Develop Environmental and Conservation Awareness and Education efforts* through (i) developing and supporting environmental awareness programs, activities and initiatives and (ii) providing facilities and equipment for environmental education and awareness in the Project Coordination Unit, regional field offices, each management area and communities or district capitals.
- *Support Community-based Forest and Ecosystem Rehabilitation for Livelihoods and Environmental Services* through small grants (US\$500-1,000) to the community, groups or cooperatives for (i) the establishment of community managed tree nurseries with technical assistance from ICRAF; (ii) tree planting and maintenance on degraded forest lands; (iii) community-based protection schemes for natural regeneration; and (iv) community enterprises and livelihood initiatives.

Component 3: Effective and Transparent Project Implementation Support (US\$3.26 million) aimed to

- *Strengthen Project Governance, Liaison and Reporting Processes* through supporting (i) a Steering Committee (SC), including the Planning Agency (Bappeda), Bapedalda, Dinas Kehutanan, BKSDA and the authorities of the LNP⁸; (ii) the formation of multi-stakeholder councils at the district level; and (iii) the establishment of a Project Coordination Unit (PCU).
- *Support Internal Planning, Monitoring and Evaluation* with the PCU charged with preparing annual work plans for submission to the SC and partner agencies, maintaining and monitoring anti-corruption

⁸ The LNP authorities are an agency of the central government and are based in Medan, North Sumatra. To the extent that the project was striving to increase forest protection through institutional support, awareness and capacity building among Acehese institutions, the LNP was not a primary target of project interventions. Furthermore, unlike most of the provincial and local agencies, LNP had a dedicated budget from the central government and was mainly not in a tsunami-affected zone.

systems and procedures and establishing a complaints handling unit with reports to the BRR. The two Area Management Units were subject to annual financial audits and Bank supervision missions.

- *Strengthen Financial Management, Procurement and Safeguard Oversight* of the implementing NGOs Fauna and Flora International (FFI) and Leuser International Foundation (LIF).

1.6 Revised Components

18. There was no formal revision of the project components. However, the project's SC felt that sub-component 2.3 for livelihood support needed to be strengthened and expanded. In the very difficult situation post-tsunami the SC felt that all projects, including those with a conservation focus, should include socioeconomic rehabilitation support. Because HWCs were a significant problem in some areas, the project also developed Conservation Response Units (CRUs) to resolve these difficulties in addition to livelihoods development.

1.7 Other significant changes

19. AFEP commenced in mid-2006 and was due to complete on 30 June 2010. Targets set for implementation in the first two years were overambitious given the poor state of government agencies and infrastructure following the tsunami and earthquake. In addition, the changing project environment and the collaboration with Aceh Green initiative generated additional opportunities and commitments, some of which only started after the August 2008 Mid Term Review. The grant period was therefore extended by one year to June 30, 2011.⁹ Mainly in order to complete procurement of the three ultra-light aircraft the project was given three further extensions, first to September 30, 2011¹⁰, then to March 31, 2012¹¹ and ultimately to end December 2012.¹² All other project activities were already closed by June 30, 2011.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design, and Quality at Entry

20. *Key Factors and Issues on the Quality at Entry.* The project was a part of the emergency response to the earthquake and tsunami disaster and a component of the overall program for the Aceh Region reconstruction. Preparation, appraisal and negotiation took place from June 2005 to February 2006 and the project became effective in April 2006.

21. The project design drew heavily on the analyses made by GOI and the Bank and was fully in line with their strategies and plans. It also drew on experience of other initiatives, including the USAID Natural Resources Management Program, the EU-financed Forest Law Enforcement, Governance and Trade Project and Illegal Logging Response Centre, as well as other bilateral work. The design built on experience with community patrols in other locations, as well as collaborations between GOI and NGOs in other sites and national parks (e.g., WWF, TNC, Birdlife, WCS, CI, and others), including GEF-funded, Bank-managed medium-sized projects in Maluku, Sumatra, and North Sumatra and a GEF-

⁹ Level two Restructuring was approved on June 14, 2010 extending AFEP to the June, 30 2011.

¹⁰ Level two Restructuring was approved on the June 28, 2011 extending AFEP to the September 30, 2011.

¹¹ Level two Restructuring was approved on September 30, 2011 extending AFEP to March 31, 2012

¹² Level two Restructuring was approved on March 31, 2012 extending AFEP to the December 31, 2012

funded project in Aceh with FFI. The two IAs also had wide experience and successful models from forest management and conservation projects, including Kerinci Seblat National Park (FFI), Gunung Palung National Park (LIF) and the Leuser Ecosystem Management Project (LIF).

22. Given the level of experience of the IAs and a design based on wide spread knowledge of conservation projects in Indonesia – in addition to the time constraints in the post-tsunami period – there was little analysis of design options. With regional government services badly disrupted and with heavy loss of life, implementation by NGOs was considered necessary and sufficient, given that NGO implementation of conservation initiatives was common across Indonesia.

23. *Assessment of Project Design.* The design was good in providing some flexibility. However, it was over-optimistic in planning to complete the many project activities in a five-year period. It included a wide range of activities without assigning priorities or in many cases target expected achievements. Weak points in project design included (i) the management and coordination framework between the two NGOs, (ii) the effort and approach for dealing with law enforcement issues, and (iii) the inadequately developed Monitoring and Evaluation (M&E) arrangements.

- *Management and Coordination.* AFEP was designed as one project. However, separate grant agreements were necessary due to presence of two IAs. In addition, the institutional mandate of each IA was to work in a specific forest area. Both factors provided a legal and administrative justification for separate, duplicative management, information and reporting systems, which limited the unification of activities during implementation and cross learning. This would have been highly desirable however, especially since the two IAs had different experience, history, mandate and skills (Annex 10). The design included a PCU to overcome these difficulties, yet its authority and position was never clearly defined and the staffing was not senior enough to impose coordination. Moreover, both IAs had sufficient reason to want to showcase activities and accomplishments with GOI and Government of Aceh (GOA) officials, as well as with donors. Therefore, there was no strong institutional mandate to subsume outreach and reporting under a commonly managed unit. Regular coordination and communication fell to the respective project managers and rose and fell with their level of energy and interest relative to the day-to-day challenges in the field. The fact that the IAs were spatially separated – FFI in Banda Aceh and LIF in Medan – and the desire of the donors to keep expenditure on project overheads to a minimum were additional constraints. One possible solution could have been to attach the PCU to the SC to operate as a Secretariat as well as fulfilling its coordination role, rather than floating between the two IAs.
- *Approach to Law Enforcement Issues.* Improving law enforcement agencies, by providing monitoring information, data and real time notification of illegal encroachment or shipments was considered an important part of the design. An early proposal to provide direct financing for transport and field allowances for police was not supported, partly as a matter of Bank policy and partly as a matter of approach: interdiction at the field level would be relatively ineffective compared to intervention at the policy, planning and constituency level. Therefore the project was designed to provide training, information and community-based patrols, but not operational support for specific law enforcement actions in the field. Even with this constraint, the project had opportunities to develop relationships with enforcement agencies, provide training, and develop information sharing protocols and design activities that would maximize the project's ability to influence the enforcement agencies' priorities and operational targets. However, these opportunities were not fully realized. Although occasional meetings with law enforcement agencies were cordial and informative, the project never sufficiently followed up these opportunities with operational plans, partnerships, and protocols. This seems partly

due to the design, partly to enforcement units insisting on logistical support and per diems that the project could not pay, and partly a weakness in implementation, given the many project responsibilities and priorities and competing demands from a range of government partners. There was also not strong demand for this engagement coming from the GOI counterparts and SC.

- *Monitoring and Evaluation (M&E) Arrangements.* M&E design was weak partly because the project was designed and implemented quickly in response to what was considered an emergency situation. Revisions were proposed to the results framework early in the inception of project implementation. The KPIs and output indicators were revised to make them more logical, measurable and reflective of the project objectives based on recommendations of both the MDTF and project mid-term review. The main emphasis of the M&E framework was on environmental monitoring, particularly forest cover, with no provision for surveys on the impact of the project on communities. There was also an absence of clear baseline data and a system to monitor the detailed indicators, with the latter only being fully in place in late 2008. The IAs had limited capacity to collect, analyze and report on the performance indicators, partly due to the inability to set up a functional PCU and partly due to difficulties in field-level processing of performance indicators.

24. *Government Commitment:* Government commitment both by GOI and by the Governor of Aceh and the Regional Assembly was generally strong and highly supportive of the project and its conservancy objectives. The implementation period also saw the emergence of a wide range of local, social networks and institutions: the re-emergence of Mukims as an important local governance unit, the formation of self-help groups for implementation of various activities from clean-up to livelihoods, and the opening of a range of government processes to citizen voices and inputs, including spatial planning and delivery of community assistance. Multi-stakeholder processes for spatial planning and livelihoods activities were also developed and supported at the local level through the Mukims, religious networks, schools and educational programs. This wide range of local initiatives and opportunities formed the basis for solid multi-stakeholder consultative processes, thus there was not a need to sponsor new, project-specific multi stakeholder councils, in the manner foreseen at appraisal.

25. *Risks:* At appraisal the project was classed as high risk due to the difficult operating environment in post conflict Aceh, the chronic problem of corruption and the approach of using NGOs as IAs in forest protection. The process of boundary demarcation and gazettement of land was also viewed as open to corruption and likely to result in local conflict. Reduction in the support from the Government of Aceh and changes in GOI policy to allow resumption of logging were also seen as risks. Other risks identified included the threat that project planning and implementation would not be fast enough to keep up with the siting and building of new communities and infrastructure; that conflict might continue in some project areas; and that vested interests might hamper the project.

26. To mitigate these risks the project design included strengthening of the governance structure, advocacy for conservation, provision of data, publicity and transparency and mobilization of CSOs, religious and traditional groupings and networks. To mitigate the risk from vested interests and corruption, the project did not involve any direct enforcement or policing activities and its financial and management procedures included strengthened controls. In addition, the design encouraged external monitoring of project activities by CSOs and their representation on the procurement committee, open publicity and full information on project activities and the establishment of a complaints handling office.

27. The mitigation measures included in the project design generally have proven successful during the implementation period. However at grant closure, the provincial forest spatial plan still had to be ratified and there is as yet no clear indication of the strategy to be adopted for conservation and development in Aceh in the future. The efficacy of the mitigation measures is therefore uncertain in the longer term.

28. *Quality Assurance Group (QAG) Quality at Entry.* The QAG conducted a learning review of Recipient Executed Trust Funds in late 2007. The review concluded that the “project is exemplary in many respects: (i) it is a model of participatory planning and implementation, involving local communities, NGOs, and the government; (ii) it took advantage of a narrow window of opportunity; where long-term conflict had abated, the Bank was able to build on sector dialogue that had been maintained during a period when the Bank withheld investment in the forestry sector, and where a nontraditional lending vehicle was available that permitted exceptionally rapid preparation; (iii) it adopted an innovative execution approach to take advantage of the presence of two experienced NGOs as implementing partners, which was particularly appropriate given that local government was itself severely hit by the disasters and had a history of corruption; and (iv) the Bank’s involvement resulted in important improvements in project design and implementation arrangements.” The Panel noted only one major concern. “With multiple donors, in addition to Government and Bank requirements, the cumulative reporting requirements appear disproportionate for a small project executed by small NGOs.” Further conclusions are discussed in Section 5.1 (Bank Performance).

2.2 Implementation

29. *Positive Factors.* The project was exceptionally fortunate in having the support from the Governor of Aceh after the first set of elections in late 2006. Following the signing of the Peace Accords, his election and support for conservation had a major beneficial impact on implementation. This included his initiative in June 2007 of imposing a 15-year logging moratorium and in December 2008 announcing the Aceh Green development strategy aimed at sustainable management of natural resources, especially forests. The logging ban was particularly useful since the total prohibition meant that all extraction was illegal and any logs or sawn-wood discovered during forest monitoring could not be represented as legal timber.

30. The establishment of the Aceh Green secretariat attached to the Governor’s office and his appointment of a forestry redesign team (TIPERESKA) to look at province wide spatial planning and forest preservation provided ideal opportunities for the project to collaborate and achieve its own development objectives. However, providing specific support and expertise to a fast moving provincial initiative meant reassigning staff and resources to a new set of agencies, and perhaps de-emphasizing other work with agencies at local government level through traditional processes. This included changes to work plans and budgets and institutional rethinking at midstream. FFI rose to the challenge, whereas LIF was less able to do so due to work planning constraints, institutional rigidity, and possibly frequent management changes (which occurred in both IAs).

31. Other aspects of successful collaboration with Aceh Green included the recruitment of ex-combatants as forest rangers. Originally 2000 were supposed to be used for forest monitoring and patrolling, but eventually a much smaller number was ultimately taken on. A further joint initiative was planning for additional financing for forest protection in Ulu Masen and the Leuser Ecosystem through

the development of Reduced Emissions from Deforestation and Degradation (REDD) projects¹³. For example, FFI provided technical support in designing a multi-stakeholder Project Management Unit (PMU) for Ulu Masen, which has been drafted within a Governor's Decrees and is under review by the Legal Bureau. The development of a REDD project in both ecosystems progressed well, with a signed deal in Ulu Masen between the GOA and the Bank of America/Merrill Lynch while the investor in the Leuser Ecosystem withdrew due to the impacts of international financial crisis.

32. *Negative Factors.* Generally implementation proceeded relatively smoothly and supervision ratings were consistently satisfactory. Despite this overall positive situation there was a weakness in collaboration and standardization of approaches between the two IAs – helped by the lack of an effective PCU. The lack of harmonized approaches in forest monitoring, law enforcement, livelihood development, environmental and education weakened the overall project impact and compromised the necessary close contact with the government agencies. For example, under environmental education, each IA produced its own text books and environmental materials for use in schools. Though the materials were targeting different levels of schools, complementarities could have been better exploited in developing a coherent curriculum.

33. Towards the end of the project, coordination between the two IAs became somewhat stronger. Both IAs cooperated to achieve the import of the three ultralight aircraft. Until the last couple of months of implementation the planes could not be imported due to bureaucratic difficulties including the insistence that the aircraft were liable to import tax. These difficulties were finally resolved and in November 2012 were being prepared for test flights. Their late arrival meant that they could not be used for the aerial monitoring proposed at appraisal, which would have been part of a three-tiered monitoring program, consisting of remote sensing through satellite imagery, community monitoring patrols, and low level air monitoring. In the absence of these planes the project proposals for construction of hangers and preparation of landing strips were dropped and the project monitored forest-cover change from satellite imagery with follow-up over-flights of “hotspots” detected from satellite images, using hired commercial aviation services. Combined with ground-based monitoring, which exceeded expectations in terms of engaging communities and building capacity this approach proved to be highly effective. The project was thus able to achieve all expected results related to providing data and information about deforestation and illegal logging, even without the ultralight aircraft.

34. *Other Aspects of Implementation.* With the termination of the civil conflict and the signing of the Peace Accords in 2005, many people returned to their homes in and around the forest margins. This influx generated problems but also opportunities for the project to show success. In trying to increase livelihood support, as requested by the SC, it became clear that HWCs were a major problem. Introduction of CRUs to mitigate these problems were welcomed by these remote communities and have proved to be valuable in gaining their support and collaboration. Three CRUs were established in partnership with BKSDA, the Local Forest Service Agency (*Dinas Perkebunan dan Kehutanan*) and local communities. Funding for these was switched from other components, such as the construction and operation of a conservation awareness center which was dropped and savings on the aerial monitoring.

¹³ Reduced Emissions from Deforestation and Degradation (REDD) is a global effort to create a system of financial incentives for developing countries to reduce emissions from forest lands. Individuals, communities, projects and countries that reduce emissions from forests will be rewarded through financial transfers to support better governance. The GOI is currently determining how REDD will operate in Indonesia, under the leadership of a National REDD Agency currently being established under authority of the President.

35. Implementation was influenced by the significant differences between the two forest areas. The Leuser Ecosystem had benefited from 15 years of EU support – community outreach, patrolling and zoning. The area was mapped and had a National Park at its core. Since the Leuser Ecosystem already had special status, LIF focused on managing and protecting the ecosystem and did not engage in new, untried initiatives. In contrast Ulu Masen was a new concept, that had no clear protected areas demarcated and this gave greater flexibility to FFI in implementation.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

36. *M&E Design.* As has already been discussed in Section 2.1, M&E design in the PAD was minimal, partly because most of the design was devoted to an environmental monitoring approach. The lack of clear baselines and internal performance monitoring measures left considerable discretion to FFI and LIF. The emphasis was on monitoring of forest cover, either by remote sensing – particularly annual acquisition of satellite imagery – or by ground patrols. As described in Section 1.3, in 2007 the Bank and borrower agreed during project supervision to a set of revised indicators that were considered more suitable for monitoring and assessing the project objectives, capturing changes in the implementation environment, and better measuring physical implementation performance (these revisions were monitored since 2007 and included in a grant amendment in 2010).

37. *M&E Implementation.* The M&E information collected by each IA during project implementation was adequate for reporting on physical progress as well as on the degree of success in conserving forest area to project management, Government, Bank and other stakeholders. Provision of M&E information relating to the whole project was constrained by the weak state of project coordination and collaboration between the two IAs. Despite these difficulties, annual reports were produced from the start of the project and quarterly reports from 2008 onwards.

38. Surveys were undertaken to provide all the necessary baseline data for the project indicators and even went beyond, collecting information on biodiversity and wildlife population. Data on the project indicators was regularly collected though some initial confusion was created by the late introduction of the new M&E system. Given the shift in strategic focus towards strengthened livelihood support, an evaluation of the project impact on living standards of communities would have been helpful.

39. *M&E Utilization.* The data collected was used to produce information material on the project for a broad audience, including politicians and government agencies as well as CSOs, schools and religious and community groups. The project successfully enhanced public support for the project and increased awareness of forest conservation priorities, risks and benefits by drawing on project data for more than 300 press articles (as opposed to a target of 48) in local and national media as well as for the development and publication of a *fiqh* that documented the Islamic teaching on the environment. Furthermore, M&E results showed that the students were very enthusiastic to learn about the natural environment, but that schools lacked the necessary staff, equipment and tools. The project thus decided to provide additional training for more than 30 teachers.

40. M&E data also helped strengthen project outcomes. For example, FFI-AFEP established a community-based intel-information system between 2008 and 2009, which reported 190 forest offences in Ulu Masen to the police and Dishutbun. In response, more than 80 law enforcement operations were

conducted, which resulted in the arrest of 145 people and the confiscation of illegal timber, vehicles and chainsaws as well as the closure of three illegal sawmills. This proved to be an effective way to generate follow-up to illegal logging reports, which were usually ignored.

41. *Methodological “Soundness”, Data Quality, and M&E Sustainability.* The M&E system was adequate for monitoring the project’s physical progress in implementation. Satellite remote sensing gave an overall measure of the project’s success in preventing loss of forest area. Data quality and timeliness would have been better had there been a fully functional PCU to oversee and collate information from FFI and LIF.

2.4 Safeguard and Fiduciary Compliance

42. *Safeguards Compliance.* The project triggered Bank safeguard policies on Environmental Assessment (OP/BP4.01), Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.12), Involuntary Resettlement (OP/BP4.12), Indigenous Peoples (OP 4.20), and Cultural Property (OP4.11).¹⁴ In practice, the *potential* issues related to the latter three policies that were identified at appraisal did not materialize during implementation. The project complied with the Bank safeguard policies and was rated satisfactory in its safeguards performance throughout implementation. One case was reported in the Leuser ecosystem of two villages relocated due to flooding. The relocations were organized by the village themselves and initiated by the district head. Although these relocations were not related to the project, as a courtesy the project did provide some technical advice on the new sites and rehabilitation of the old ones.

43. *Fiduciary/Other Compliance.* Stringent measures were taken to conform to Bank Financial Management (FM) rules in regard to anti-corruption strategy, fraud mitigation and forgery risks. Overall financial management was adequate. Each implementing agency was audited five times during project implementation with all audits being unqualified. However, there were a number of FM issues, particularly early on in implementation, resulting in a temporary downgrading of the FM performance. These were generally due to lack of staff experience with Bank procedures, internal control issues, or absence of trained finance officers rather than because of a lack of quality of the financial system. The recommendations of the Bank were generally taken up swiftly, resulting in improvements in FM performance especially for FFI. Yet, outstanding advances and some FM weaknesses were only resolved by LIF late in the project.

44. Overall procurement was adequately managed by the two IAs. Procurement plans were generally available and monitored (with initial delays in the updating), dedicated procurement staff was assigned for the most part and adequate control systems were in place. However, the importation of the ultralight aircraft through LIF (which constituted only 2% of the total cost) was delayed considerably resulting in three extensions of the project, as it was not clear for some time whether the aircraft purchased for aerial forest monitoring would be exempt from import duties. The problem was ultimately resolved through a collaborative effort by the Ministry of Finance, Ministry of Transport, Aceh Governor’s office and the implementing NGOs. Timeliness of submission of quarterly and annual reports remained an issue throughout the project.

¹⁴ As well as the previous OPN 11.03 Management of Cultural Property in Bank-Financed Projects of September 1986 which was replaced by OP4.11 Physical Cultural Resources dated July 2006

2.5 Post-completion Operation/Next Phase

45. Both IAs have prepared detailed and comprehensive Sustainability Plans (Annexes 11 and 12) describing arrangements for the transition of each key AFEP activity to other appropriate, cooperating partner agencies. These arrangements include identifying the designated partner agency, funding sources, and follow-up required by the partner agency. In general the provisions for transition of key AFEP activities to appropriate agencies/bodies following grant closure are sufficient to ensure that responsibilities will be taken up, managed and followed through. There are some concerns that the new provincial administration elected in April 2012 may be less committed to forest conservation goals than the previous government. This could affect continuation of some of the activities that have been handed over to the Government under the Sustainability Plans.

46. Continuation of work on awareness of environmental or conservation benefits; flora and fauna surveys; forest monitoring; and forest law enforcement to ensure the integrity of the two forest ecosystems will depend on continued support from the two IAs. Both have secured future funding after grant closure, LIF from Exxon for forest monitoring, livelihood support and conservation in southern Aceh and FFI from EU and possibly also REDD+, where a range of possible external grant funds may become available, particularly from Norway. For example, the highly successful community ranger teams in Ulu Masen are now continued under the World Bank's CPDA Community Ranger Program with funding from the EU.

47. Due to the delay in the importation, the ultra-light aircraft were only delivered to Aceh at the end of the project life. The additional financing approved in November 2012 enabled the necessary maintenance work to be carried out. The Government of Aceh will then be in charge of maintenance and operation of the aircraft and intends to use them for the forest monitoring program. The project was able to offset the absence of the ultralight aircraft by combining forest-cover change monitoring from satellite imagery with follow-up over-flights of "hotspots" and patrols on the ground. This approach proved to be highly effective, both in terms of results and costs. New technologies, such as drones, now exist that are even more effective than ultralight aircraft in systematically monitoring forest cover.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

48. *Relevance of Objectives.* The short-term development objective of protecting Aceh's forest ecosystems during the post-tsunami reconstruction period was extremely relevant, given the need to address (i) the problems of damage and loss of life to government agencies and infrastructure and (ii) the threat of forest destruction caused by both the return of ex-combatants to their forest homes and the sharp increase in timber demand for rebuilding. To ensure that the forest ecosystems would be maintained even after the pressures of the post-tsunami reconstruction period had lifted, the medium-term objectives of mainstreaming environmental concerns into planning process and building sustainable capacity and institutions for forest protection were equally critical. The relevance of the overall development objective of protecting critical environmental resources and services in the Ulu Masen and Leuser Ecosystems has been recently confirmed by flash floods in Jambo Aye (South Aceh) and other sites, which have caused significant damage and have been attributed to deforestation.

49. The importance of protecting Indonesia's forests and the ecosystems services they provided for Aceh, reflected in the AFEP PDO, has also featured strongly in the Bank's engagement with the Indonesian Government over the last decade. The Country Assistance Strategy for the 2003-2007 period emphasized improved overall governance and better forest law enforcement and sustainable forest land management, while the subsequent Country Partnership Strategy (2009-2012)¹⁵ included Environmental Stability and Disaster Mitigation as one of its five core areas for priority.

50. *Relevance of Design.* The project design addressed the complex issues of protecting and improving management of Aceh's forest ecosystems from a number of perspectives, engaging a wide range of stakeholders.

- The *first component – Forest Protection and Ecosystem Management* – was relevant in addressing the need for (i) improved spatial land use planning to identify and ensure conservation of high-value forest ecosystems that provide environmental services to downstream communities; and (ii) support to forest ecosystem protection and covering a range of different perspectives and implementers.
- The *second component – Integration of Environmental Concerns into Aceh's Reconstruction Effort* – was relevant in that it recognized that there would be a large demand for timber for reconstruction and strengthening forest protection would ensure that this demand did not result in destruction of Aceh's forest ecosystems and the environmental services they provide. Donors assisted in reducing pressure on Aceh's forests by sourcing timber for reconstruction from other countries (e.g. Canada, New Zealand and Chile) and regions of Indonesia (e.g. Kalimantan and Papua).
- The *third component – Liaison, Governance and Reporting* – aimed at a concerted effort on the part of all relevant stakeholders, including forestry, environment, law enforcement, education, local government and NGOs, to strengthen protection and conservation of Aceh's forest ecosystems.

51. *Relevance of Implementation.* The Governor's development strategy for Aceh with its strong emphasis on natural resource conservation gave an excellent basis for implementation. The project was able to collaborate with Aceh Green and other agencies in supporting the provincial programs – such as TIPERESKA – while at the same time pursuing its own closely related objectives. With this highly favorable background the two IAs were generally able to capitalize on the exceptional opportunities for collaboration with provincial agencies.

52. Despite this generally highly positive situation some aspects of design continued to constrain project performance. These included (i) a less than complete involvement of some government agencies, particularly the Local Forest Service Agency (*Dinas Perkebunan dan Kehutanan*), since they had no executive function in the project and only benefited from training and information sharing¹⁶; (ii) a similar lack of inclusion for the law enforcement agencies, which received no funding but only training and information sharing; and (iii) an ineffective PCU which resulted in inadequate coordination, a reduced sense of ownership by stakeholders, and less than optimum outreach and dissemination of project information and materials.

¹⁵ Report No. 44854-IND. Investing in Indonesia's Institutions. Country Partnership Strategy FY 09-12. Jakarta July 22, 2008.

¹⁶ One AFEP supervision mission noted that DKP staff were unaware of key activities being conducted by AFEP in project districts and had a different opinion on what were the priority activities to be supported by AFEP.

53. Some project items were dropped during implementation. Plans for the creation of two Multi-Stakeholder Councils – one for each forest area – were not implemented, because it was preferred to work through already existing local multi-stakeholder councils and institutions such as Mukims, rather than trying to establish new, project-specific ones. Almost all of the construction works were dropped during implementation, including the hangers and air-strips because of the non-arrival of the ultralight aircraft, and the Conservation Centre and other buildings (except one office building in Banda Aceh) to expand the field program in livelihood development and other aspects, in response to stakeholder demand and the instructions of the SC.

3.2 Achievement of Project Development Objectives

54. The project achieved its short-term development objective of protecting Aceh's forest ecosystems during the post-tsunami reconstruction period. The project also achieved its medium-term objectives of mainstreaming environmental concerns into planning process and building sustainable capacity and institutions for forest protection. The three project components with their designed and implemented activities were well justified as they individually and collectively contributed towards meeting the PDO. The combination of improved management and protection of the Leuser and Ulu Masen ecosystems with a comprehensive monitoring framework contributed to maintaining the forest cover and associated ecosystem services, not only in the immediate aftermath of the tsunami but also in the medium term. In addition, the environmental education efforts and integration of environmental concerns into spatial planning at the community, district and provincial level significantly enhanced awareness and build institutional capacity to sustain the project's achievements. The project also responded flexibly to the changing context by adjusting project activities to capitalize on new Government initiatives, such as the Aceh Green and TIPERESKA programs, which supported the achievement of the PDO.

55. *Protecting Aceh's Forest Ecosystems During the Post-Tsunami Reconstruction Period.* The project successfully contributed to protecting Aceh's forests from large-scale degradation and encroachment between 2006 and 2012. Forest Cover Assessment data shows that the rate of forest cover loss was no more than 1% per annum (less than half of the island-wide average) in spite of heavy timber demand for reconstruction after the 2004 tsunami and the return of ex-combatants to their villages and farms near the forest, following the 2005 Peace Accord. The project was able to achieve all expected results related to providing data and information about deforestation and illegal logging, by combining results from different levels of monitoring and using rented over-flights in place of ultralight aircraft planned in the design.

56. Furthermore, AFEP exceeded expectations in terms of engaging communities and building capacity to monitor and enforce issues related to illegal logging, poaching and forest encroachment. While this had a longer-term sustainability purpose, it was also important in the short-term to both prevent forest loss driven by reconstruction needs and to reduce such pressures. The community ranger program and Conservation Response Units were particularly successful in achieving conservation aims, community engagement and livelihoods support. The response units helped to reduce community conflict with wildlife (e.g., elephants) that posed a danger to crops and property, so were much appreciated by the communities. The ranger program provided direct employment to key target groups thus increasing livelihoods and reducing pressure on forests by integrating poachers or loggers into a community valued activity. Both IAs were also able to leverage additional resources for these activities.

57. However, it should be emphasized that part of the success in protecting Aceh's forests was due to the efforts by other donors to source wood from outside of Aceh. In addition, the former Governor imposed a 15-year logging moratorium in 2007, which facilitated the detection of illegally sourced timber. The logging moratorium together with other conservationist policies, in particular the TIPERESKA and Aceh Green initiatives, also changed attitudes toward forest conservation and demonstrated GOA's commitment to protecting the province's forest resources. This political environment facilitated AFEP implementation and makes it difficult to ascribe how much is due to project actions and how much to actions outside the project – in particular the logging ban.

58. *Mainstreaming Environmental Concerns into the Planning Process.* The project successfully mainstreamed environmental concerns into land use and other planning processes through the development of spatial plans at both the provincial and district level. For example, FFI supported the Aceh Green/TIPERESKA spatial plan that was accepted by the Ministry of Forestry and commended for its quality and is currently being discussed by parliament. Similarly, spatial plans have been developed for seven districts and adopted by five. This involvement in land use spatial planning will reduce land use and resource conflicts and negative environmental impacts on forest-dependent wildlife and communities near or downstream of the two ecosystems. If implemented, they will also provide a major benefit for future conservation and management of the two ecosystems.

59. The project also managed to mobilize village and Mukim level interest in the importance of conservation and was able to play an effective role in forest resource planning and protection. AFEP has successfully build local capacity and empowered communities in and around forest areas through (i) efforts to address forest use and environmental matters affecting the community, through a cooperative, multi-sectoral approach (formal and informal); (ii) development and registration of community-based regulations (*Qanun Desa*) to govern forest use and other environmental issues; (iii) assistance in developing alternative livelihood activities (agriculture, aquaculture, etc.) to reduced community dependence on forest resources; and (iv) environmental education programs delivered through schools and religious institutions.

60. *Building Sustainable Capacity and Institutions for Forest Protection.* The project has also had considerable success in building capacity and institutions for forest protection through training programs and involvement in forest field activity. The outputs relative to this objective are generally satisfactory (Annex 2) and will largely be continued as outlined in the sustainability plans of LIF and FFI (Annex 11 and 12). For example, the LIF trained staff from the Local Forest Service Agency (*Dinas Perkebunan dan Kehutanan*) on their method to measure monitor deforestation and forest cover change with remote sensing information, which will continue the work together with the Management Board of the Gunung Leuser Ecosystem (BPKEL)¹⁷ and the Aceh Geospatial Center. Similarly, FFI has made arrangements for continuing the work of the CRUs and Community Ranger Program through the Local Forest Service Agency, BKSDA, the Community Ranger Institution and Aceh Green Secretariat.

61. However it is as yet too soon to see the impact of these training and support activities on performance of the various agencies. Since the two IAs were managing the project, government agencies

¹⁷ BPKEL was a semi-autonomous government authority that was established by the Governor of Aceh in late 2006. BPKEL was responsible for the overall management of the Leuser Ecosystem, including support for law enforcement, wildlife management, forest protection, and resolution of conflicts. Several senior staff of LIF left the institution for BPKEL, leading to significant institutional memory turnover. BPKEL was disbanded in 2012 under the Governor elected in April.

– in particular Local Forest Service Agency (*Dinas Perkebunan dan Kehutanan*), Provincial Forest Police (POLHUT) and Provincial Police Service (POLDA) – had no executive role or budget. Therefore, involvement in project activities depended more on personal interest than any agency directive. Such linkages were often highly successful but worked only while the individual was there. The same is true for the informal cooperative working arrangements that were often set up instead of the multi-stakeholder forums envisaged at appraisal. Such relationships were often more successful in achieving collaboration between stakeholders than trying to set up a new mechanism, yet were often highly dependent on individuals and are thus difficult to sustain over time.

3.3 Efficiency

62. Only very general benefit valuation information was included in the PAD. No financial or economic analysis was made at appraisal nor has any been attempted at ICR. However, a study commissioned and published by Aceh Green in 2010¹⁸ compared benefits from conservation of Aceh's forests with those from deforestation. A great range of ecosystem services was considered in the analysis, ranging from water supply to flood prevention, fisheries, agriculture, hydropower, biodiversity and carbon sequestration. The study assumed that deforestation continued to occur at 1.3% annually in the “deforestation scenario” compared to a cessation of all extractive activities in the “conservation scenario”. Assuming a discount rate of 3.5% over a 30 year analysis period the “conservation scenario” yielded higher total economic benefits (US\$13.4 billion) compared to US\$12 billion for the “deforestation case” yielding a net present value of US\$1.4 billion. The benefits associated with a reduction to less than 1% have not been estimated, but would be smaller.

63. It is also important to note that given the significant disruption of Government services after the December 2004 tsunami, choosing two experienced conservation NGOs to implement the project was the most appropriate design option. Both IAs had many years of experience in community-based conservation of Sumatra's natural resources and local presence in Aceh even during the last 10 years of civil conflict. They were well-known and respected within Aceh for their work and commitment, which was further reinforced after the tsunami, since both organizations responded rapidly with disaster relief. This experience facilitated implementation of project initiatives – both NGOs had commenced many of these activities prior to AFEP. In addition, their community-based conservation focus achieved the triple win of better enforcement, greater ownership and higher awareness. Implementation would have been improved through the existence of a functioning PCU, but given the circumstance the chosen implementation arrangement was most suitable.

3.4 Justification of Overall Outcome Rating: Satisfactory

64. The project has been successful in protecting critical forests ecosystems in Aceh from the pressures posed by post-tsunami reconstruction needs as well as other causes of degradation, encroachment, and unsustainable resource exploitation. Nearly 97 percent of the original forest cover in the project area has been retained, and there is now a stronger framework for ensuring their long-term protection. This includes improved spatial and management planning, increased awareness, better

¹⁸ An Economic Valuation of Aceh's Forests – The Road to Sustainable Development by Pieter van Beukering, Kenneth Grogan, Sofie Louise Hansfort and Daniel Seager (Vrije Universiteit, Amsterdam), published by Aceh Green, January 2010 ISBN: 978-602-95730-2-2.-

trained and equipped forest guards, greater empowerment of communities in and around forest areas, development of alternative livelihoods, and more sustainable funding for forest conservation.

65. AFEP also supported and flexibly responded to GOA initiatives many of which helped AFEP implementation and contributed to its achievements. For example: Peace Accords; Aceh Green Initiatives, 15-year Logging Moratorium; TIPERESKA; restructuring of the forestry sector and forest land use; engaging and training large numbers of forest rangers (including former combatants, illegal loggers and wildlife poachers), and providing land, tools and technical assistance to rural residents to engage in sustainable agriculture, instead of unsustainable logging, poaching, etc.

66. AFEP was able to implement such an impressive number of activities, despite operating in a highly challenging environment. The main factors that constrained project implementation included (i) the disruption of government services caused by the tsunami; (ii) the extensive area covered by the project (2.5 to 3 million ha); (iii) the remoteness and variety of conditions in the project area as well as the movements and livelihood needs of communities affected by the tsunami; (iv) the number and variety of the project's component activities; and (v) frequent changes in team leaders at both implementing NGOs and the World Bank. Nonetheless, AFEP achieved or over-achieved four out of five key PDO indicators.¹⁹

67. In light of the high relevance of the PDO and design, a satisfactory efficacy, and a satisfactory efficiency, the overall outcome is rated Satisfactory.

3.5 Overarching Themes, Other Outcomes and Impacts:

(a) Poverty Impacts, Gender Aspects, and Social Development

68. The project did not have a definite poverty focus. However it did have an impact in helping the return of people to farming and tree crop areas near forests after the peace accords. Also the livelihood support activities financed by the project and the work of the CRUs would have helped to increase living standards and incomes in the communities living in or around the forest. Such activities were originally included mainly to encourage enthusiasm for the project conservation objective and collaboration in forest guarding and rehabilitation activities, particularly since there were many other livelihood and job training programs being implemented under other project interventions. However, demand from local governments and communities indicated that this was a key to local participation. Following the Mid-Term Review (MTR) more emphasis was given to livelihood support as a means of improving the economic and living standards of these remote communities. No surveys were made of the impact on rural incomes. Regarding gender aspects, the design referenced efforts to include women's representation in consultations and multi-stakeholder bodies, as well as plans to mainstream gender into livelihood activities and small grants. There was not much evidence of continuing investigation of gender issues or analysis of the potential differential impact of the project activities on women and men.

69. In terms of social development, the Community Ranger Program launched by FFI in February 2009 played a critical in reintegrating of former combatants. The program did not only foster strong community support for forest protection, but also by created sustainable employment opportunities for

¹⁹ Achievement of one indicator (adoption of spatial plans) has been achieved at the provincial level and at the district level with 5 out of 7 district spatial plans adopted; the remaining two are still in draft.

those committing forest offences, especially ex-combatants. The program has been highly successful and will be continued under the World Bank's CPDA Community Ranger Program with funding from the EU.

(b) Institutional Change/Strengthening

70. AFEP aimed to strengthen provincial institutional capacity and local community structures to manage and conserve forest ecosystems. These interventions were successful in bringing about a new, stronger sense of cooperation between Government and others (NGOs, Community Organizations, etc.) to support conservation and sustainable management of Aceh's natural resources. Communities in and around forest areas were empowered through a number of "bottom-up" project activities; which contributed to successful implementation. Local community forest rangers were empowered to deal with HWCs and to monitor and enforce issues related to illegal logging and forest encroachment. Multi-stakeholder forums were supported to address forest use and environmental issues affecting communities – developing community-based rules (*Qanun Desa*) for forest and natural resources use and for dealing with environmental issues. As a result rural communities are better informed, knowledgeable and able to ask questions, which increase both transparency as well as performance of government agencies.

(c) Other Unintended Outcomes and Impacts (positive and negative)

None

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops:

NA

4. Assessment of Risk to Development Outcome: Moderate

71. Both IAs have prepared detailed and comprehensive Sustainability Plans and have already secured funding for their implementation. The NGOs are thus able to ensure that key AFEP activities will be taken up, managed and followed through by the appropriate agencies and bodies. This continuation of the project activities will be critical, since Aceh's forests continue to face substantial pressures unrelated to reconstruction itself. Protecting the forests and their resources and services will require continuing vigilance and support, and the integrity of protected forest areas cannot be taken for granted. However, the project made a clear contribution to minimizing short-term deforestation and degradation, reducing pressure on the forests from local communities, and strengthening the conditions for longer-term sustainability.

72. While there have always been some uncertainties as well as competition between institutions regarding their responsibilities and mandate over conservation activities in Aceh, there are signs that the provincial administration elected in April 2012 may be less committed to forest conservation goals than the previous government. The new Governor has not yet publicized his development strategy for the province. After the project closure, there could be efforts to cancel or shorten the 15-year logging moratorium, grant new logging concessions, weaken Provincial Spatial Plans, or reduce the size or change the status of some protected areas. Although the planned project outputs did not include the moratorium or final spatial plans, and these threats might not materialize, sustainability of the overall

project outcome could be at higher risk, despite mitigating factors such as greater public awareness, engagement of NGOs and CSOs, and empowerment and participation of local communities in forest conservation.

73. The overall risk to development outcome is therefore rated as moderate.

5. Assessment of Bank and Borrower Performance

(4) Bank Performance

(a) Bank Performance in Ensuring Quality at Entry: Satisfactory

74. The QAG learning review findings on quality at entry were highly positive. Participation of local communities in project planning and implementation and the exceptional technical and sectoral grounding of the project were all considered exemplary. The QAG praised taking the opportunity offered in developing this innovative project in a short space of time and noted that the Bank's involvement had resulted in significant improvements in design and implementation proposals. Initially the project concept was on environmental protection and stronger policing, which was modified to give greater emphasis to community involvement in conservation and environmental education. Consequently, only support for training and information collected by the project's forest monitoring activities was provided to POLHUT/POLDA. With hindsight, other innovative ways of increasing resources for policing could have been considered, but a project financed through grants to NGOs would not be an effective mechanism for this sort of support.

75. Project design was good in being comprehensive and attempting to address the wide range of causes and risks of forest degradation and deforestation in Aceh. In view of the wide scope and number of activities proposed to be completed over a four-year implementation period, the project was over-ambitious. While the listing of activities was quite detailed – and in fact many of these were actually delivered – in other respects the design lacked definition and may have benefited from a higher level strategic focus. For example, the relationship of the PCU to the two IAs was not clearly spelled out, which ultimately resulted in the inability to set up a functioning PCU. This led in turn to poorer coordination than expected between the activities implemented by the two IAs and a less coordinated dialogue with the other partners, particular the SC, National Development Planning Board (Bappenas), the Local Forest Service Agency (*Dinas Perkebunan dan Kehutanan*) and the other stakeholders. The original M&E design also had some weaknesses, which required some modifications to the indicators at an early stage of implementation. This was primarily due to lack of clear connection between the output level indicators and the intermediary and PDO level objectives.

76. Despite the weaknesses described above, the sound overall project design, innovative qualities, and strong preparation process justifies the Satisfactory rating for Bank performance in ensuring quality of entry.

(b) Quality of Supervision: Moderately Satisfactory

77. The Bank provided supervision missions and project implementation support generally twice per year and in addition on a continuing basis by the fiduciary officers from the country office. It was effective in re-defining the M&E indicators in 2007 and readjusting the project's scope to the changing

socioeconomic and political context. Supervision and Bank management were also flexible in giving the project four extensions, thus allowing for the completion of all project activities and the resolution of the ultralight importation issue. The MDF were supportive in providing adequate supervision funds and allowing flexibility for difficult periods (MTR, etc.). In addition, the MDF approved two separate instances of Reallocation of funds across project categories, one for each IA, which required MDF Steering Committee approval based on MOF recommendation.

78. Supervision was less successful in solving the PCU difficulty and achieving cohesion between the IAs. It also noted the problems in financial management, but did not provide timely correction, thus allowing the problem to become more serious. Since 2009 continuity of Bank staffing of supervision was poor with frequent changes in task team leader, leading to delays in revising allocations across budget categories for both FFI and LIF and thus disbursement, as well as processing of restructuring.

79. The Bank supervision of the project is thus rated as moderately satisfactory given the fact that the supervision was adequate throughout the life of the project, but failed to resolve some issues that contributed to moderate shortcomings in implementation performance and in turn to minor shortcomings in outcomes.

(c) Justification of Rating for Overall Bank Performance: Moderately Satisfactory

80. Based on an S rating in ensuring quality at entry, and MS rating for supervision, overall Bank performance is rated as Moderately Satisfactory.

5.2 Borrower Performance

(a) Government Performance: Satisfactory

81. The Regional Government (GOA), which was the key government actor in AFEP,²⁰ generally showed good commitment to the project and supported the two IAs. There was a good collaboration and complementarity between AFEP and several GOA initiatives, which helped project implementation and contributed to its achievements. These included the Peace Accords, Aceh Green Initiatives, 15-year Logging Moratorium, TIPERESKA, the restructuring of the forestry sector and forest land use, the engagement and training of a large numbers of forest rangers (including former combatants, illegal loggers and wildlife poachers), and the provision of land, tools and technical assistance to rural residents to engage in sustainable agriculture, instead of unsustainable logging, poaching, etc. Despite this mainly very positive performance, there have been instances of relaxation of GOA's vigilance – as for example in the case of the Tripa oil palm plantation. Future project sustainability will depend heavily on continued priority being given to conservation, as during implementation.

82. The SC, which consisted of representatives of the BRR and Provincial Government technical agencies including Bappeda, Bapedalda and Forestry, played an important role in shifting the project's focus toward community livelihood improvement. Given the hardship faced by many rural communities after the tsunami, the SC strongly felt that a greater emphasis needed to be placed on livelihood creation

²⁰ It is important to note that the institutional arrangement of funding two NGOs directly was unique. However, the initial grant agreement was signed by BRR, as a representative of the national government. When BRR closed, the Ministry of Finance took over that responsibility, as GOA could not sign any amendments to the Grant Agreement.

and enhancement activities than originally planned under sub-component 2.3. In addition, HWCs were a principal threat to many rural livelihoods (e.g., a herd of elephant could destroy an entire farm's crops in a single night), which were not included in the PAD. By introducing these important changes, the SC effectively responded to the changing socio-economic landscape in Aceh. However, the SC could have played a more active role in ensuring both the establishment of an effective PCU and resolution of the ultralight importation issue to enhance project performance.

83. Given the strong support from both GOA and SC for the project with only minor shortcomings, Government performance is rated as satisfactory.

(b) Implementing Agency or Agencies Performance: Satisfactory

84. Despite being faced by several constraints, the two NGOs managed to implement an impressive number of activities – particularly during the latter years of the project achieving or over-achieving on 4 out of 5 KPIs as well as on most intermediate indicators. The IAs were particularly effective in raising awareness and building local capacity and empowering communities, whilst improving the protection and management of Aceh's forests and effectively working with a range of stakeholders, including numerous government agencies. The project management largely responded effectively to the recommendations of the Bank and even managed to resolve the long-standing issue around the importation of the ultralight aircraft for forest monitoring. There were some differences in management style between the two IAs – LIF being somewhat more conservative in its approach. Consequently, FFI was better placed to exploit opportunities for change by shifting strategic emphasis towards livelihood activities and HWC mitigation by collaborating effectively with new conservationist GOA initiatives.

85. The main factors that constrained performance of the two IAs were largely due to the challenging project context and included (i) the disruption of government services caused by the tsunami; (ii) the extensive area covered by the project (2.5 to 3 million ha); (iii) the remoteness and variety of conditions in the project area as well as the movements and livelihood needs of communities affected by the tsunami; and (iv) the number and variety of the project's component activities. Frequent changes in team leaders and staff at the IAs and Bank as well as early difficulties in following the financial procedures specified by the Bank MDF delayed implementation. Furthermore, the QAG noted that the two IAs were not helped by the situation of having multiple donors. This entailed cumulative reporting requirements in addition to Government and Bank requirements, which were disproportionate for such a small project. The success and attractiveness of AFEP led to multiple donor visits in addition to regular supervision, averaging one visit per month which proved a burden for the IAs.

86. The main shortcoming in the IAs performance was the failure to establish an effective and functioning PCU. Similar to the case of the envisaged multi-stakeholder forums, informal relationship building and development of cooperative working arrangements was seen as more appropriate and successful in achieving collaboration between the NGOs than formalized structures. Rather than formally amending the grant agreements, these adaptations to the institutional arrangements were made by modifying the mandate, composition, and TORs of the IAs. In effect, the same mandate and roles were carried out by the IAs, after the formal PCU became ineffective. This limited coordination and integration of project activities across the two landscapes (Ulu Masen and Leuser), but did not hamper overall achievement of the project objectives.

87. Despite short-comings in coordination and operating in an extremely challenging project environment, the IAs managed to effectively implement AFEP and achieve its objectives. Their performance is thus rated as satisfactory.

(c) Justification of Rating for Overall Borrower Performance: Satisfactory

88. Based on the Satisfactory ratings for both government and IA performance, the overall performance of the recipient is rated as Satisfactory.

6. Lessons Learned

89. *Flexibility and Responsiveness as Part of the Design.* AFEP featured different modes for working with different constituencies, providing a range of interventions that helped particular groups with key needs. These ranged from the provision of small grants to community monitoring teams and CRUs. The choice of NGOs as IAs enhanced flexibility further, since it is easy for them to make contacts with all relevant government agencies as well as communities, CSOs, schools and religious groups. This flexibility combined with opportunism enabled the project to engage with emerging GOA priorities, such as TIPERESKA and Green Aceh, leveraging resources toward sustainability that were not originally envisioned. The project could thus accomplish much more by joining and strengthening these initiatives.

90. *Forest Monitoring and Reporting.* The forest monitoring program started out somewhat mechanical, focusing on regular reports to key agencies, but evolved into an interactive enterprise involving communities, local governments, police and others. It clearly illustrated that reporting needs to go beyond simple monitoring to include engaging governmental units in understanding and taking up the information for further action. Government action is essential on some fronts, especially for law enforcement and prosecution. In addition, demonstrating how conservation and protection activities directly benefit communities is more effective than rhetoric alone. In particular, project-supported efforts on HWCs with CRUs and community-based monitoring helped to instill values and skills in the community and built valuable support.

91. *Environmental and Conservation Awareness and Education.* Given the complex and dynamic context of post-disaster Aceh, a wide range of conservation and environmental awareness activities and communication products and methods was critical for maintaining a message and brand. Seconding staff into the administrative and political structure and supporting the Governor's key environmental initiatives was effective at integrating project aims into the policy and decision process. In addition, working directly with teachers and schools was a good entry point and expanded the reach of the project beyond what it could do with its own resources. Experiential learning among school children through clubs and activities can contribute to conservation awareness and help bring awareness into the family, thus reaching beyond the class and school. However, the branding needs of individual NGOs (creating awareness among potential donors) may result in some inefficiencies.

92. *Community Based Efforts and Livelihoods.* Conservation work especially in a post-disaster environment has to take into account the need for jobs and livelihoods. Local and provincial government officials consistently demanded more resources for livelihood benefits from the project. Though slow to begin, the project did finally recognize this as a political imperative as well as an opportunity for integrated activity with other partners or livelihood delivery systems. Through good plans and

partnerships, an environmental project can leverage resources for its stakeholder communities, including vulnerable groups like the poor or women. There is also scope for developing wider business development efforts and marketing linkages, but the implementing NGOs have to also recognize their core mission and comparative advantage if stretched too far in this direction.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(5) Borrower/implementing agencies

93. In line with the ICR, the IAs – FFI and LIF – indicated that a range of activities contributed to the project achieving its objective despite a challenging and evolving project context (see Annex 7). Local awareness building, forest patrol groups, monitoring and reporting arrangements, livelihood investments, and alternative sourcing of timber were all considered to contribute to lowering the deforestation rate in the targeted areas substantially below rates in other parts of Sumatra or in Indonesia as a whole over the same period. Conflict resolution mechanisms were also seen to be highly effective in defusing tension and community backlash over HWCs that were weakening community support for forest and biodiversity conservation. The project was also commended for its flexibility to take advantage of the new and significant pro-environment GOA initiatives that created a more conducive atmosphere for project implementation.

94. Despite limited coordination between the two IAs and many hurdles encountered by LIF (both anticipated and unanticipated), the project did a good job in carrying out the project, adapting to evolving conditions, finding creative solutions, and identifying ways to enhance project relevance and outcomes. The government did not play a central role in project implementation, but was supportive when called upon, and either took initiative or lent its backing to some key policies such as the logging ban, HWC strategies, and development of forest management frameworks and multi-stakeholder forums. Frequent turnover of staff and leadership in the World Bank’s project team led to inconsistent supervision, delayed actions, or slow responsiveness at times. But overall the Bank office and its staff were committed to the project objectives and provided constructive, flexible support essential to the project’s success.

(c) Cofinanciers

95. The MDF also stressed that the complexity and challenges of the post-tsunami context in which the AFEP project operated were extreme. They commended the two IAs, under the Bank’s supervision, for their ability to adjust to this evolving context making use of the opportunities to support an evolving environmental agenda in the province and achieving notable results in several areas. For example, the innovative Community Rangers program pioneered by FFI was seen as a model of best practice that has been continued after the project closed with support from the European Union and the local government of Aceh. The MDF noted two areas of areas of weakness in the project, as noted in the ICR, namely the poorly developed M&E framework and system and the fact that a functioning project coordination unit (PCU) was never fully functional as envisioned in the project’s design.

(2) ©Other partners and stakeholders (e.g. NGOs/private sector/civil society)

ANNEXES

Annex 1. Project Costs and Financing

(a) Project Cost by Component (in US\$ million equivalent)

| Components | Appraisal Estimate (US\$ million) | Actual /Latest Estimate (US\$ million) | Percentage of Appraisal |
|--|--------------------------------------|---|-------------------------|
| 1. Effective Protection and Sustainable Management of Leuser and Ulu Masen Forests | 9.64 | 9.73 | 100.9% |
| 2. Integration of Environmental Concerns into Aceh's Reconstruction and Development Planning Process | 4.63 | 4.63 | 100.0% |
| 3. Effective and Transparent Project Implementation Support | 3.26 | 3.26 | 100.0% |
| Total Project Costs | 17.53 | 17.62 | 100.5% |

(b) Financing

| Source of Funds | Type of Financing | Appraisal Estimate (US\$ million) | Actual/Latest Estimate (US\$ million) | Percentage of Appraisal |
|------------------------|-------------------|--------------------------------------|--|----------------------------|
| Multi-Donor Trust fund | | 17.53 | 17.62 | 100.5% |
| Total Financing | | 17.53 | 17.62 | 100.5% |

Note: On Nov 16, 2012 the Bank approved a restructuring to make final adjustments to the allocation of proceeds between disbursement categories, as well as additional financing of \$88,370 to increase the MDF resources available to the Leuser International Foundation (LIF). The additional financing was provided to allow completion of the aircraft inspection and repairs before the project closes.

Annex 2. Outputs by Component

This table refers to all 26 intermediate indicators introduced with the October 2010 restructuring and referred to in Schedule 4 of Annex 1. The implementing agencies have been reporting against this revised results framework since 2002 until June 30, 2011 when all activities apart from the procurement of ultralights closed. The majority of the intermediate output and outcome indicators have been achieved and often overachieved considerably. The only indicators where the targets have not been achieved refer to the following:

- Intermediate output indicator 4 *95% of 1000 forest guards contracted by Dinas Kehutanan receive training and equipment support by end of project, as specified in agreement with Dinas Kehutanan.* The project fell short of the training target (622 vs. target of 950), since the volume of training originally planned could not be fully implemented due to disagreement over the level of compensation to be offered to trainees.
- Intermediate output indicator 8 *Support extended to formation of regional multi-stakeholder bodies/consultation structures for forest/conservation management at district or lower level as recommended by Strategic Forestry Plan for Aceh.* The project did not set up any formal regional multi-stakeholder bodies/consultation structures. Informal relationship building and development of cooperative working arrangements was seen as more appropriate and successful in achieving collaboration between the various stakeholders than formalized structures.
- Intermediate output indicator 18 *50 nurseries established and operational as small businesses in target areas by project end.* The project only fell slight short of the nursery target (47 vs. 50), producing more than 760,000 high-quality seedlings.
- Intermediate output indicator 22 *PCU fully staffed (minimum 2 persons) and functional during project.* The project failed to set up a functioning PCU for the life of the project, which only existed briefly in 2008 and 2009. Coordination between the two NGOs continued informally. Rather than formally amending the grant agreements, these adaptations to the institutional arrangements were made by seeking the Association's acceptance of modifications to the mandate, composition, and TORs of the implementing agencies, as provided for in the grant agreements. In effect, the same mandate and roles were carried out by the NGOs, after the formal PCU became ineffective. This limited coordination and integration of project activities across the two landscapes (Ulu Masen and Leuser).

| Component | Output/Outcome indicator | Target | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Total | Ratio |
|---|--|-----------|------|------|------|------|------|------|------|-------|-------|
| 1 Leuser & Ulu Masen Forest monitoring, protection systems & procedures are strengthened & | 1 Community participation in joint monitoring activities in target areas at a level (LE: 30 Gampong, UM: 10 Mukim) at intensity & frequency agreed with communities ²¹ | ULU MASEN | 10 | | 3 | 4 | 4 | 4 | 4 | 19 | 190% |
| | | LEUSER | 30 | | 6 | 12 | 9 | 47 | 0 | 74 | 247% |
| | 2 Logistical support & facilities: airstrips, airplanes, field stations, equipment as in quantities & timeline specified in project procurement plan. | 4 | | 0 | 0 | 0 | 0 | 2 | 3 | 5 | 125% |

²¹ The quantitative values refer to the number of joint patrols conducted at the Gampong/village and Mukim/group of village level for Leuser and Ulu Masen respectively.

| Component | Output/Outcome indicator | Target | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Total | Ratio | | |
|-------------|--|---|--|-----------|------|------|------|------|------|-------|-------|------|------|
| implemented | 3 | 15 trainees from conservation agency staff, receive advanced training in forest crime prevention & detection, in each of 2007, 2008, & 2009, with target that 25% female employees receive training ²² | 45 | | 14 | 0 | 32 | 9 | 6 | 61 | 136% | | |
| | Sustainable forest & ecosystem management institutions developed & operational | 4 | 95% of initial 1000 forest guards contracted by Dinas Kehutanan receive training & equipment support by end of project, as specified in agreement with Dinas Kehutanan. | 950 | | 47 | 102 | 427 | 31 | 15 | 622 | 65% | |
| | | 5 | 2 protocols for Human-Wildlife Conflict management developed & proposed in consultation with GOI agencies by June 2008. | 2 | | | 2 | | | | 2 | 100% | |
| | | 6 | Field-level monitoring of target areas at least once every 2 months; | 24 | | 6 | 6 | 6 | 6 | 1 | | 25 | 104% |
| | | | 100% of UM & LE monitored using remote sensing every year. ²³ | 4 | 1 | 1 | 1 | 1 | 1 | | | 5 | 125% |
| | | 7 | 6 sub-district zonation/ conservation plans developed, completed & delivered to local governments through participatory process by project end. | 6 | | | 7 | 2 | | | | 9 | 150% |
| | | 8 | Support and strengthen 3 existing or newly created multi-stakeholder bodies/consultation structures for forest/conservation management. ²⁴ | 3 | | | | | | | | | 0% |
| | | 9 | 10 Mukim (UM) 30 Gampong (LE) local level agreements & legislation regarding forest management & conservation in their areas by project end. ²⁵ | ULU MASEN | 10 | | | | 11 | 3 | | 14 | 140% |
| | | | | LEUSER | 30 | | | 10 | 17 | | 25 | 52 | 173% |
| | 10 | 4 Proposals/Requests for external funding completed & delivered by project end. | 4 | | 2 | 4 | 4 | 10 | 2 | | 22 | 550% | |
| Component | OUTPUT | | | | | | | | | | | | |
| 2 | Environmental & conservation considerations integrated into spatial/development planning | 11 | Draft Spatial planning reports (1 provincial, 7 district) delivered to local & provincial governments by project end with environmental & conservation inputs reflected in maps. | REGIONAL | 1 | | 1 | | 1 | | | 2 | 200% |
| | | | | DISTRICT | 7 | | 6 | 1 | | | | 7 | 100% |
| | 12 | 12 press articles/yr in local &/or national media (print &/or electronic) on environmental management & forest protection issues attributable to AFEP. | 48 | | 75 | 64 | 112 | 60 | | | 311 | 648% | |

²² It was rather difficult to find women candidates who wanted to be trained for long patrols in the forest with a mostly male ranger force. This was not culturally appropriate, which is why these figures were not reported.

²³ Remote sensing of forest cover was conducted during the life of the project. Since all activities apart from the procurement of the ultralights closed on June 30, 2011 no data is available for 2011 and 2012.

²⁴ As noted in the main body of the text, existing local stakeholder bodies were used instead of setting up new ones. The language of this particular indicator was troublesome throughout the life of the project.

²⁵ The implementing agencies were able to work with more Mukims and Gampongs than originally planned.

| Component | | Output/Outcome indicator | Target | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Total | Ratio | |
|---|--|---|---|------|-------|------|-------|-------|------|------|-------|-------|------|
| Environmental & conservation awareness & education efforts developed | 13 | Small grants with total value of \$40,000 provided to NGOs with appropriate TORs with technical reports documenting delivery of sub-grant goals. (in US\$'000) | 40 | 2.4 | 12.7 | 39.6 | 250.6 | 23.2 | | | 328.5 | 821% | |
| | 14 | Quarterly project bulletins delivered to forest conservation agencies, targeted district governments & schools with 2 weeks of publication. | 12 | 6 | 12 | 11 | 10 | 2 | | | 41 | 342% | |
| | 15 | 500 schools teachers trained (including 50 trainers) & provided with environmental & conservation curriculum materials | 500 | | 372 | 372 | 155 | 108 | | | 1,007 | 201% | |
| | 16 | 1200 eco club members in 12 target districts by end of 2009. | 1,200 | | 1,974 | 528 | 7,258 | | | | 9,760 | 813% | |
| Community-based forest & ecosystems rehabilitation for livelihoods & environmental services implemented | 17 | Completion of a conservation education & awareness facility in Banda Aceh) by end 2008. | 1 | | | 1 | | | | | 1 | 100% | |
| | 18 | 50 nurseries established & operational as small businesses in target areas by project end. | 50 | | 5 | 29 | 13 | | | | 47 | 94% | |
| | 19 | 5,000 ha replanted / restored with level of community involvement & choice of plantings as agreed with communities by end of 2009. | 5,000 | | 370 | 680 | 1,249 | 2,939 | | | 5,238 | 105% | |
| | 20 | Livelihood enhancement activities designed & launched in 5 districts & areas identified in advance (e.g. areas with forest threats from local activities). | 5 | | 1 | 2 | 3 | | | | 6 | 120% | |
| | 21 | 1 sustainable funding mechanism framework for forest management developed with govt. by project end (UM) | 1 | | | | | | 1 | | 1 | 100% | |
| Component | OUTPUT | | | | | | | | | | | | |
| 3 | Project governance liaison & reporting processes strengthened | 22 | PCU fully staffed (minimum 2 persons) & functional during project. | 2 | | | 2 | 2 | 1 | | | 1 | 50% |
| | | 23 | Quarterly results monitoring reports submitted to key stakeholder agencies within 4 weeks of end of each quarter. | 19 | | 4 | 4 | 4 | 4 | 4 | 3 | 20 | 105% |
| | | 24 | Information to MDF/World Bank provided upon request. | 25 | | 5 | 5 | 5 | 5 | 5 | | 25 | 100% |
| | Internal planning, monitoring & evaluation functioning | 25 | Annual work plans submitted to Partner Agency by mid-December 2007, 2008, 2009, 2010. | 4 | | 1 | 1 | 1 | 1 | 1 | | 5 | 125% |
| | | 26 | 100% of annual financial audits have positive outcomes. | 4 | | 1 | 1 | 1 | 1 | | | 4 | 100% |
| | Financial management, procurement, & safeguards oversight strengthened | 27 | Annual reports submitted to Steering Committee & WB by 31 st January of each project year. | 5 | | 1 | 1 | 1 | 1 | 1 | | 5 | 100% |
| 28 | | 90% of community complaints regarding project implementation made through the project complaints handling unit & addressed as per complaints handling protocol. | 90% | | | | 100% | 100% | 100% | | 1 | 100% | |

Source: Quarterly and Annual Reports AFEP 2006 to 2012

Appendix 1. Output Indicators presented in the PAD

Regarding Component 1:

- Legal record of strengthened conservation status of two ecosystems at end of project. (*dropped*)
- Government institutions responsible for forest protection collaborate through formal established mechanisms. (*dropped*)
- Multi-stakeholder institution for management of Ulu Masen ecosystem legally established by end of project. (*dropped*)
- Finance generation initiatives meet at least 30% of conservation management needs in project target area. (*dropped*)

Regarding Component 2:

- Environmental Impact Assessments to government standards undertaken for 50% of reconstruction interventions in project target area. (*dropped*)
- 90% of reconstruction organizations using timber for reconstruction adopt and apply guidelines for best environmental practice. (*dropped*)
- 95% ecosystem and protected areas boundaries adopted in spatial and development plans. (*dropped*)
- 80% of target communities adopt environmentally appropriate reconstruction and development activities (e.g. forest rehabilitation, fire protection, membership of monitoring units). (*dropped*)

Regarding Component 3:

- Annual meetings of Steering Committee carried out. (*dropped*)
- 100% annual financial audits have positive outcomes. (*unchanged*)
- Annual reports submitted on time. (*modified*)
- Community complaints regarding project implementation made through the Project Complaints Handling Unit and the Bureau for Rehabilitation and Reconstruction for Aceh and Nias (BRR) reduce during the implementation of the project. (*modified*)

Appendix 2. Revised Output (Intermediate Outcome) Indicators

Regarding Component 1:

- Community participation in joint monitoring activities in target areas (Leuser 30 Gampong²⁶ and Ulu Masen 10 Mukim²⁷) at a level, intensity and frequency agreed with communities.
- Logistic support and facilities: airstrips, airplanes, field stations, equipment and in quantities and timeline specified in project procurement plan.
- 15 trainees from conservation agency staff receive advanced training in forest crime prevention and detection in each of 2007, 2008 and 2009 with target that 25% of female employees receive training.
- 95% of forest guards contracted by Dinas Kehutanan receive training and equipment support by March 2008 as specified in agreement with Dinas Kehutanan.
- Two protocols for HWC management developed and proposed in consultation with GOI agencies by June 2008.
- Field level monitoring of target areas at least once every 2 months; 100% of Ulu Masen and Leuser monitored using remote sensing every year.
- 6 sub-district zonation/conservation plans developed, completed and delivered to local governments through participatory process by project end.
- Formation of regional multi-stakeholder bodies/consultation structures for forest/conservation management at district or lower level as recommended by Strategic Forestry Plan for Aceh.
- 10 Mukim in Ulu Masen and 30 Gampong in Leuser local level agreements and legislation regarding forest management and conservation in their areas by project end.
- 4 proposals/ requests for external funding of management completed and delivered by end of 2008.

Regarding Component 2:

- Draft special planning reports (1 provincial, 2 districts) delivered to local and provincial governments by end of 2009 with environmental and conservation inputs reflected in maps.
- 12 press articles/year in local and/or national media (print and/or electronic) on environmental management and forest protection issues attributable to the project.
- Sub-grants with total value of US\$40,000 provided to NGOs with appropriate TORs with technical reports documenting delivery of sub-grant goals.
- Monthly project bulletins delivered to forest conservation agencies, targeted district governments and schools within 2 weeks of publication.
- 500 teachers trained and provided with environmental and conservation curriculum materials, 500 school eco-clubs active in 12 target districts by end of 2009.
- Completion of two conservation education awareness facilities (one in Lhoong, 1 in Banda Aceh) by end 2008.
- 50 nurseries established and operational as small businesses in target areas by end 2009.
- 5,000ha replanted/restored with level of community involvement and choice of plantings as agreed with communities by end 2009.
- Livelihood enhancement activities designed and launched in 5 districts and areas identified in advance (e.g., areas with forest threats from local activities)

²⁶ A Gampong is a village.

²⁷ A Mukim is typically constituted of 3-4 Gampongs or villages.

Regarding Component 3:

- PCU fully staffed (minimum 4 persons) and functional by end September 2007.
- Quarterly results monitoring reports submitted to key stakeholder agencies within 3 weeks of end of each quarter.
- Reports to BRR via the Recovery of Aceh and Nias Database submitted regularly as required.
- Annual workplans submitted to partner agency by mid-December 2007, 2008 and 2009.
- 100% of annual financial audits have positive outcomes.
- Annual reports submitted to Steering Committee and WB by 15th January of each project year.
- 90% of community complaints regarding project implementation made through the Project Complaints Handling Unit and the BRR addressed as per complaints handling protocol.

Annex 3. Economic and Financial Analysis (including assumptions in the analysis)

No economic and financial analysis was prepared for the PAD given that this project was primarily a forest conservation project. For the same reason no economic and financial analysis was prepared for the ICR.

Annex 4. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

| Names | Title | Unit | Responsibility/ Specialty |
|-------------------------------|---|-------|---|
| Lending | | | |
| Mr. Andrew D. Steer | Country Director (2005) | EACIF | Country Director (2005) |
| Mr. Anthony J. Whitten | Consultant | EASIS | Consultant |
| Mr. Budi Permana | Procurement Analyst | EASR1 | Procurement Analyst |
| Mr. Gusti Ngurah Wijaya Kusum | Financial Management Analyst | EASFM | Financial Management Analyst |
| Mr. Jeffrey S. Gutman | Acting Vice President (2005) | EAPVP | Acting Vice President (2005) |
| Mr. Josef Lloyd Leitmann | Program Manager | LCRRF | Program Manager |
| Mr. Mario Boccucci | Forest Governance Advisor | EASIS | Forest Governance Advisor |
| Mr. Purwanto | Consultant | EASIS | Consultant |
| Mr. Timothy H. Brown | Sr. Natural Resources Management Specialist | EASIS | Sr. Natural Resources Management Specialist |
| Ms. Dayu Nirma Amurwanti | Financial Management Analyst | EASFM | Financial Management Analyst |
| Ms. Dea Widyastuty | Operations Analyst | EASIS | Operations Analyst |
| Ms. Judith Schleicher | Consultant | EASIS | Consultant |
| Ms. Magda Lovei | Sector Manager (2005) | EASIS | Sector Manager (2005) |
| Ms. Maria Teresa Serra | Sector Director (2005) | EASIS | Sector Director (2005) |
| Ms. Sukma Violetta | Consultant | EASIS | Consultant |
| Ms. Sulistiowati | Consultant | EASIS | Consultant |
| Supervision | | | |
| Mr. Andrew Daniel Sembel | Environmental Safeguards Specialist | EASIS | Environmental Safeguards Specialist |
| Mr. Giuseppe Topa | Lead Specialist | EASER | Lead Specialist |
| Mr. Harry Hasan Masyrafah | Operations Analyst | EASIS | Operations Analyst |
| Mr. Jay Blakeney | Consultant | EASER | Forester |

| | | | |
|-----------------------------|---|------------|-------------------------------------|
| Mr. John Weatherhogg | Consultant | EASER | ICR Specialist |
| Mr. Josef Lloyd Leitmann | Program Manager | LCRRF | Program Manager |
| Mr. Kwaw Andam | Agriculture Economist | MNSAR | Agriculture Economist |
| Ms. Mariangeles Sabella | Senior Counsel | LEGES | Senior Counsel |
| Mr. Mario Boccucci | Forest Governance Advisor | Consultant | Forest Governance Advisor |
| Mr. Mikko Antti Ollikainen | Adaptation Officer GEF | AFSEC | Adaptation Officer GEF |
| Mr. Nalin M. Kishor | Sr. Natural Resources Econ | AES | Sr. Natural Resources Econ |
| Mr. Rizal H. Rivai | Senior Procurement Specialist | EASR1 | Senior Procurement Specialist |
| Mr. Timothy H. Brown | Sr. Natural Resources Management Specialist | EASIS | TTL |
| Mr. Unggul Suprayitno | Sr. Financial Management Specialist | EASFM | Sr. Financial Management Specialist |
| Mr. Virza S. Sasmitawidjaja | Consultant Safeguards | EASIS | Consultant Safeguards |
| Ms. Christina I. Donna | FM Specialist | EASFM | FM Specialist |
| Ms. Dusty Geumala Yatim | Operations Analyst | EASIS | Operations Analyst |
| Ms. Stefanie Sieber | Environmental Economist | EASER | Environmental Economist |

(b) Staff Time and Cost (from SAP)
(The system pulls data available for all fields)

| Stage of Project Cycle | Staff Time and Cost (Bank Budget Only) | |
|------------------------|--|-------------------|
| | Staff time & Consultants (in US\$) | Travels (in US\$) |
| Lending | | |
| FY05 | n/a | n/a |
| FY06 | 12,111.33 | 27,043.91 |
| TOTAL: | 12,111.33 | 27,043.91 |
| Supervision/ICR | | |
| FY07 | 88,982.08 | 8,111.73 |
| FY08 | 46,902.99 | 2,451.35 |
| FY09 | 54,078.07 | 24,650.13 |
| FY10 | 65,976.57 | 22,905.25 |
| FY11 | 70,373.40 | 22,168.24 |
| FY12 | 14,630.24 | 13.65 |
| FY13 | 59,999.53 | 8,681.48 |
| TOTAL | 400,942.88 | 88,981.83 |

Annex 5. Beneficiary Survey Results (if any)

NA

Annex 6. Stakeholder Workshop Report and Results (if any)

NA

Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR

Since there are two implementing agencies – Leuser International Foundation (LIF) and Fauna and Flora International (FFI) – two separate borrower ICRs were prepared that are summarized below for each IA.

(a) Leuser International Foundation (LIF) ICR

A. IMPLEMENTATION: Performance and Achievements

Sub-component 1.1 Establish Multi-stakeholder Governance Framework for Forest & Ecosystem Protection: LIF worked with Bappeda, Dinas DISHUTBUN, Aceh Green from province, similarly departments from 12 districts within Leuser Ecosystem and NGOs to establish MSF. Three day workshop in 2010 March brought more than 150 persons on one platform to share their aspirations and expectation about the forum. This was followed by few provincial level meetings and few meetings at district level meetings with key agencies. LIF worked intensively with 25 villages for formulating village level rules (Qanun Desa) for natural resource management. MSF has been constituted in these villages for implementation of the village regulations and consultations connected with forests and natural resource management.

Self-assessment notes: MSF is the key activity vital for ensuring participation of all stakeholders. Leuser ecosystem is spread in 13 districts and has forest cover up to 70% the forest types include hutan lindung, National park, conservation areas, other land use types. The provincial government, the district governments, village have formal ownership over the land and responsible for protection and management. Participation of provincial government, district governments through various departments, village level institutions, civil society organizations, National park authorities, conservation agency (BKSDA) is key. Formal MSF mechanisms could not be established for managing the ecosystem; similarly district level forums are still in informal stage. Only at village level formal MSF could be established. MSF could not become functional and operational for want of delegation of powers. Project design did not incorporate this aspect. There were conceptual problems about the MSF including the constitution and roles which remained till the end of the project. During the project period there were two significant government initiatives had great bearing on formulating MSF. Based on the provisions of special law on autonomy to Aceh UU 11 of 2006, government of Aceh constituted special team for re-organize the forest sector and administration. The team started working in 2007 and submitted its report in 2008 December. AFEP-LIF supported the team technical with data while FFI supported the team administratively and financially. AFEP was expecting major policy changes in the way forestry sector would be managed hence there was considerable delay in creating MSF at various levels as envisaged in the project. Similarly with Governor letter no 52/2006 special management body was created exclusively for the management of Leuser Ecosystem. Governor has authorized this body with all powers to coordinate and supervise all activities pertaining to Leuser Ecosystem, which also made it difficult for AFEP to create another management body for supervising and managing Leuser Ecosystem.

Three tier monitoring mechanism: LIF procured satellite imageries of the project area from year 2006 to 2010 and analyzed data for land use and land cover change. The analysis and reports which included the coordinates of the changed areas were submitted to provincial and district governments for further action. Forest cover at the start of the project was 2,369,110 ha in 2006. Based on the satellite pictures, forest project area retained 2,264,687 ha in 2010. There was loss of 104,423 ha which amounts to 4.41%

of the baseline data of 2006, which is well within the limits of key performance indicator of 5%. The deforestation reports presented to the Steering Committee members and supplied formally to departments at provincial and district level governments. LIF was supposed to procure two ultra-light aircrafts for monitoring the forests for patrolling the vulnerable areas and provide information to law enforcement agencies. LIF procured two aircrafts in 2007 because of the long procedures connected with import and operating airplane the two remained in warehouse in Singapore and could not be used. Government of Aceh has agreed to receive assets of AFEP including air planes and operate them in future for conservation. In absence of dedicated air planes LIF tried to cover the forest area using over flights using private aircrafts for surveying the areas and subsequently the maps were used for spatial planning. Monitoring of illegal activities within KEL and adjoining areas were done using ground staff as exclusive teams. Mobile patrol Unit (MPU- 2006-2008)/Mobile Conservation Unit (MCU 2009-2010) patrolled areas adjoining to Leuser Ecosystem and collected information pertaining to illegal activities. The teams collected secret information pertaining to illegal activities, collaborated with local police, Dinas Perkebunan & Kehutanan, local NGO and other law enforcement agencies in detecting and recording the crimes. The illegal activities information was provided to the concerned departments for further law enforcement. The teams covered 12 districts with in Leuser Ecosystem area and reported 3348 illegal logging cases involving 11,597.9 tons of wood. Aceh Tamiang and Subulusalam Districts topped the list with maximum number of cases. As a sustainability strategy in year 2010 LIF worked with 9 of the local NGOs for monitoring the illegal activities. The designated NGOs had been active in monitoring and they will continue to monitor even after the project period is over. The MPU/MCU have reported 2635 cases of encroachments involving total of 56,413.65 ha. Maximum amount of land was lost in A. Tamiang 21,915.8 ha in A. Tamiang, 2997.5 in A. Tenggara and 2259.1 in A. Selatan. Based on these monitoring reports departments could arrest many persons, recover few tonnes of wood. Ground based patrolling inside the ecosystem was carried out in collaboration with community members. LIF recruited 90 community members from various districts in 2006-07 and trained in conservation related aspects. These community monitoring teams (CMT 2006-2008)/ Village monitoring teams (VMT 2009-2010) patrolled the ecosystem and monitored the health of the forests. The patrolling teams consist of staff from LIF and community members patrolled on an average 15 days in a month and recorded illegal activities. During 2006 five teams worked in all for 225 days patrolling 779.15 km with in forests, similarly in 2007 six teams worked for 264 days covered 975.85 km and in 2008 six teams covered 360 km of forests. During 2009- 2010 the focus was changed to villages and adjoining forest areas, LIF-AFEP worked in training village community members in patrolling the forest areas, monitoring illegal activities and reporting human wildlife conflicts, and prepare two draft of human wildlife conflict protocols with BPKEL, BKDA, and other key stakeholders. In 2009 LIF worked with 75 villages spread in 27 kacamatan in 11 districts. During 2010 LIF worked with local 9 NGOs in 10 districts spread in 18 kacamatan and 49 villages. In these villages around 212 members have been trained in patrolling and monitoring. Based on the reports from these villages village potentials have also been prepared.

Self-assessment notes: Three tier monitoring mechanism envisaged in the project was a too ideal system to be implemented. The project monitoring activities were never got integrated with existing department protection plans. The departments at district level and at provincial level almost ignored the monitoring report initiated actions against very few cases. The department found to have no systematic plan of monitoring hence project related monitoring activities could not be integrated. The annual deforestation reports also did not evoke any enthusiasm in departments. Land use change occupies significance because despite logging moratorium Aceh lost 22,264 ha of Hutan Lindung Forest

(protected forests) 18,198 ha of Production Forests, 352 ha of cagar alam (Strictly Conservation areas) 8,575 ha of National Park, 654 ha in sanctuary and 85,465 ha of other category of forests. LIF is able to work with village communities and train them in monitoring and reporting. These teams need coordination and follow up action if the teams report any illegal activities, in the absence of such response from departments the teams are going to lose interest and eventually the teams may become defunct.

Sub-component 1.2. Support Collaborative monitoring project worked in close collaboration with Dinas Kehutanan and BKSDA Aceh to assess the facilities required for respective departments. Dinas kehutanan at provincial level found to be better equipped and did not require any equipment. LIF provided equipment to BKSDA. One four wheel drive, six motor bikes four computers. 40 camera traps provided to BTNGL which will be useful for tiger density estimates. At the beginning of the project (2007) training need assessment was carried out in collaboration with Conservation Training Resource Centre in Bogor. The assessment was based on interviews, focus group discussions and analysis of the job profiles of various cadres both at provincial level and field level. Based on the analysis a 10 day training module was designed. Three training camps organized at Tapaktuan in 2007, Takengon and Jantho in 2008 and 151 forest personnel were trained. The module included topics on forest management, conservation, law enforcement, survey, monitoring and report writing. Based on the feedback received during 10 day training and also dynamic situation emerged because of 2000 Polhut recruited by government of Aceh the training was redesigned. A three day basic navigation training was imported to 449 persons including Polhut and Police, Pamhut and NGOs. Additionally LIF has selected 11 community staffs through an elaborate process trained them intensively for three months in various aspects of forestry and conservation in collaboration with Canadian International Development Assistance. These well trained pools of personnel worked for AFEP and most of them are employed in BPKEL and other conservation agencies.

Government of Aceh constituted TIPERESKA special team for reorganizing the forests of Aceh. LIF was part of the Steering Committee for TIPERESKA and also provided, zonation expert and one technical staff and Geographic Information System (GIS) data for compiling maps and zonation. The team worked from 2007 till end of 2008 and produced document for reorganizing the forests of Aceh. It was sent to Government for approval. LIF worked in collaboration with BTNGL and Wildlife Conservation Society (WCS) surveyed entire Leuser Ecosystem. The entire ecosystem was surveyed by 6 teams each team 6 persons two persons from BTNGL, two from LIF and two community members. Total distance of 3924 km distance was covered in 1075 days. The occupancy survey analysis has provided authentic data presence of tiger, other large mammals including prey base for tiger, existing human disturbances. Important tiger areas have also been identified for future management. LIF also worked in collaboration with conservation agencies BPKEL, BKSDA and other key stakeholders to develop two protocols for mitigation human-elephant and human-tiger In conflict. LIF also collaborated with conservation agencies to mitigate conflicts prominently including support to BKSDA for human-elephant conflict in A.Selatan and A.Timur in 2006 and 2007. LIF supported BKSDA to relocate problematic tigers. In all during 2008 around 7 tigers were captured alive out of which one was rereleased in forests of Leuser, one in Ulu masen and other five in outside province. Tigers were fitted with GPS collars before releasing back in to forests. LIF also worked with village communities trained them in driving away problem elephants back to forests provided fire crackers 15 villages. Innovatively LIF started providing immediate relief to 9 conflict victim's families to avoid retaliatory killings by the villagers. LIF collaborated with BKSDA provided information support and helped in recovering 2

Sumatran Tigers, 8 orangutans and three deer from illegal captivity. Provided > 400 maps and support services to departments, university faculty, academicians and for the project for sustainable management of forests.

Self-assessment notes: The department of forest at provincial level and district level are inherently not connected and well-structured because of the existing politico-administrative reasons. The district forest departments are not under provincial forest department. They are autonomous in structure and function. Similarly BKSDA is under direct supervision from Government of Indonesia and no control by the provincial government. The staffs posted in district forest departments are not exclusively selected for forestry functions and are exclusively trained in forestry. Out of 13 districts in Leuser Ecosystem 12 of the heads of forest department were headed by persons with non-forestry background. Similarly at provincial level the head of the department is from plantation. Because of these structural problems there was no management capacity at the highest level. This leads too many problems in coordination and collaboration. Government of Aceh recruited 2000 Pamhut for protection of forests and implementing logging moratorium, all most all of them required basic training in forestry. Which itself is a mammoth task. Only limited number could be trained. Local NGOs were active in monitoring and were used for joint patrolling but need future funding to continue with monitoring. Local NGOs are not self-sufficient in resources to carry out the functions. System of law enforcement is the weakest. Government of Aceh had declared logging moratorium and intended to stop all illegal logging. The law enforcement agencies could not collaborate with other law enforcement agencies; district level agencies to enforce not a single coordinated meeting could be conducted by the department. The forest monitoring reports from the AFEP were not followed up by the departments. There was constant problem of money for conducting operations.

Sub-component 1.3 Develop Sustainable Forests and Ecosystem Management: Government of Aceh has constituted exclusive management body (BPKEL) for managing Leuser Ecosystem. It has been authorized to coordinate, collaborate with all governmental and Non-Governmental organizations for managing Leuser Ecosystem spread in Aceh. It will also handle future research, policy related issues including Trading Carbon Projects. LIF-AFEP has worked closely with this new management institution to complete the process of zonation plan for Leuser Ecosystem. LIF-AFEP also contributed extensively to the development of strategic plan for Leuser Ecosystem. Independently LIF prepared many proposals for sustainability of the ongoing projects. Four proposals have been approved for funding. Key projects are in A.Selatan National Park area for survey and identification of Rhinoceros distribution (XXXX), Assessment of Rhinoceros population in A. Tenggara.. These projects will be implemented by BTNGL and LIF will support technically. Another major project is TFCA funded Bakongon-Singkil corridor restoration project (\$USD 600,000), Fourth important project is Exxon mobil funded (USD 150,000). Government of Aceh has allocated special budget. . NZ Aid supported watershed protection in Aceh (A Tengah and Bener Meriah) 2.465 Million NZ \$ is being implemented for conservation, protection of watershed in central highlands of A. Tengah and Bener Meriah.

Self-assessment notes: The management of Leuser Ecosystem area as landscape and management effectively could not take place. The time period is too short and existing political system and administrative system is not well placed for transition to management at landscape level. It requires willingness of 13 district governments through the departments, provincial government, central government agencies and all major NGOs to work under umbrella of MSF. This also requires passing of proper Qanun devolving powers to the management authority. In absence of such regulatory frame work

LIF- AFEP continued to work with existing management institution on an ad hoc basis. BPKEL tried to develop REDD related finance mechanisms, because of international financial crisis, the private institution withdrew from the project hence there is delay in REDD projects for Leuser Ecosystem. Because of this time gap there may be need for more finance through smaller projects to sustain the carbon credits in the ecosystem and also help the local communities to protect forests.

Sub-component 2.1. Strengthen and Integrate Environmental and Conservation Considerations in Spatial Planning: LIF worked in close collaboration with provincial and district spatial planning agencies for completing spatial planning for province and district plans. LIF participated in district spatial plan meeting of districts (List names of 7 districts) and provided technical data, GIS support, for completing the spatial plans. Similarly Worked with Bappeda, BPKEL, ACEH Green with technical data and also with expert advice. AFEP supported Aceh Green to complete verification process of HGU/HPHA in Leuser Ecosystem area. With the efforts from AFEP the Leuser Ecosystem has been designated as “Strategic area for conservation of National importance.. Efforts are now to incorporate in provincial plans and also in district plans.

Sub-component 2.2. Develop Environmental and Conservation Awareness and Education Efforts: AFEP-LIF produced Leuser Bulletin monthly to disseminate information about Leuser Ecosystem which covered regular features on Animal, plants unique conservation values of Leuser Ecosystem, teacher training and ecoclub activities. Every month 1500 copies produced and distributed to around 70 institutions which included regular departments, schools, local NGOs district governments and conservationists. The bulletin was also uploaded to website for wider public access. AFEP-LIF participated in provincial and national level important environmental exhibitions. During 2009 President of Indonesia visited AFEP-LIF exhibition stall. LIF-AFEP revised Buku Ajar Leuser updating with latest environmental concepts including climate change, biodiversity loss, conservation inspirations from Al Qur’an and community participation. Teachers and other resource persons from all 12 districts participated revised the book. Educational experts from Aceh helped to incorporate principles of competency levels and made the book legible to be used as local curriculum. As a result of high quality the provincial government and 10 district governments have recommended amended 'Buku Ajar Leuser' as local curriculum. 30 master trainers were trained for imparting training in 2007, during 2008-2010 through a three day training program in all 457 teachers were trained. The trained teachers also act as coordinators for constituting ecoclubs in every school. The ecoclubs are the center for learning more about the book, spread awareness about environment, instill environmental consciousness in students through field activities. AFEP has supported these ecoclubs to the tune of 40,000 USD. District education department and schools are keen in continuing with the book as local curriculum and support ecoclub activities. LIF operated mobile awareness units in collaboration with WCS contacted ---- village community members for spreading awareness about the Leuser. Aceh is very traditional and has strict adherence to Islamic values enunciated in holy books including Al Quran. Taking inspiration from Al-Qur’an teaching AFEP facilitated compiling important teachings for “Kudba” reading along with mandatory Friday community prayers. AFEP conducted workshops at provincial and district level workshop for promoting Islamic principles of conservation. More than 300Ulamas were trained and environment conservation was imparted to audience. AFEP-LIF has constructed Leuser Environmental education center in UNSIYIA campus for providing Leuser related information and spread awareness amongst college students. This center also is equipped with library and training facilities for the spreading environmental awareness and collaborating field activities.

Sub-component 2.3. Support Community based Forest and Ecosystem Rehabilitation for Livelihood and Environmental Services: AFEP-LIF identified critically degraded areas using maps from Dinas Perkebunan dan Kehutanan and through local consultative process. The community's members were trained in nursery techniques to raise commercially viable tree species and rehabilitation was carried out in 1805 ha of area. Collaborating with ICRAF in NOEL Program LIP-AFEP trained 315 farmers in advanced techniques of grafting for producing high quality seedlings for the local use. In districts of Nagan Raya and Aceh Barat Daya 18 community nurseries established involving 115 community members (female members). 1,44,000 high quality seedlings distributed to community members. Through rehabilitation by using agroforestry approach community members were benefitted. AFEP-LIF supported the establishment of micro credit institution (Baitul Qiradh An Nahl) joint with Keloang Gajah Coopretation and also provided 52 million IDR funds for micro enterprises and supported micro credit and self-help groups in districts of Aceh Tenggara, Bener Meriah and A. Timur. 1158 community members are benefitted so far these community members generated assets more than ----- million rupees. AFEP-LIF established Baitul Qirath, system of micro finance based on Islamic principles, for extending microcredit to women groups. Baitul Qiradh is like a mini bank supporting women groups and this expected to attain sustainability in 3-4 years of time.

Component 3. Effective and Transparent Project Implementation Support: Project was implemented under direct supervision from Steering Committee (SC) which is the apex body responsible for providing directions to the IA, supervise the project and monitor the progress, oversee procurement. Every year 2-3 meetings were held to discuss annual plans, review the progress of the project. The Steering Committee also constituted a small secretariat to coordinate activities with IA and also project coordination unit. SC also conducted field monitoring once before the midterm review mission. LIF implemented project under leadership of dedicated project leader supported by three managers: ecosystem manager for all activities under component one and awareness activity; Spatial planning consultant for providing spatial planning advice; Livelihood manager for implementing rehabilitation and livelihood activities; financial and administrative manager for administration and financial management including audit. In the field LIF-AFEP established five regional offices for coordinating with district governments and provide project related information to local community. The five regional offices were head quartered at Kuta cane for central Aceh, Tapaktuan for South western part of Leuser, Langsa for three district in eastern region, Takengan for central highlands and Naganraya for north Aceh. The managers were supported by officers and field staff for carrying out field activities.

Resettlement: There was no displacement as a result of project related activities. In two village Desa Pisang and Desa Pangidam there was an alleged relocation during the project period and special tracer study was conducted to ascertain the facts. It was confirmed through studies that the relocation was because of the floods and it was voluntary in Desa Pangidam similarly in Desa Pisang there was temporary relocation during the conflict time. Villagers tried to shift to nearby town for the isolated field locations. People from Desa Pangidam move to the new location in where located in the consesion area of plantation company. In the long run period, people worry the land status that will be taken over by the plantation company.

Complaints Handling: The complaints were handled by Project Coordination Unit. 7 of complaints were received during the project period. Most of the complaints were found to be of request nature and the complainants were explained accordingly.

Steering Committee and Project Coordination Unit: The project implementation was supervised by Steering Committee at the state level. Members of BRR, provincial government agencies including Bappeda, Bapedalda, forestry FFI and LIF were the members. Governor Aceh is the chairman of the Steering Committee. A project coordination unit was established to coordinate between IA (FFI and LIF), Steering Committee, multi-donor fund and other stakeholders. The Project Coordination Unit was responsible for presenting the annual work plans, reports to the Steering Committee, communication with stakeholders, liaison with government agencies. The project coordination unit is also responsible for implementing world banks safe guard policies and anti-corruption procedures. PCU was responsible for proper and timely implementation of field operations.

Self-assessment notes: The SC is headed by Assistant-2 (Economy) who is one of the senior most bureaucrats in Government who reports to governor Aceh directly. Chairman steering committee Pak Said Mustafa played a key role in trying to bring in synergy between AFEP and various departments and Special coordination bodies in the province. The SC mostly relied on IA for project implementation and tried to provide support for smooth implementation. The steering committee only reacted or commented on the reactions of the members. Steering committee could not provide clear policy guidelines for project. No critical comments and feedback to IA for neither improvement nor emphasis on partners like Dinas Kehutanan for not following up with monitoring reports of the project. Steering committee did not have supporting technical expert or dedicated staff to analyses the IA technical reports and provide feedback for decisions. Project coordination unit was not functional till midterm review only two staff as assistant and M & E expert was employed. PCU remain engaged more with two IA and occasionally in communication with SC chairman. This lead to big knowledge gap for the SC. Only time SC get to know about the project is at the time of half yearly meetings.

Project Coordination Unit: Second most important unit of the project envisioned to work to provide coordination between two implementing NGOs and communicate directly with SC and liaison with other government agencies. Only during 2007-08 for brief period the PCU unit was handled by PCU coordinator. The position remains vacant after the coordinator contract could not be extended. IA could not get appropriate candidate for handling the unit, despite interviewing more than 20 candidates. The unit was ultimately handled by PCU assistant and M&E expert. Effective coordination remained a critical issue partly because of problem of Project leader for the implementing NGOs. FFI had four project leaders while LIF has had three project leaders. This large turnover of project leaders did not provide opportunity for the PCU to establish itself as an effective forum for communication. Hardly there were regular, systematic communication meeting nor any authority enforce coordination. PCU assistant remained confined to compilation of reports and organizing meetings or producing minutes of the meeting. The key function of coordinating between two implementing agencies and bringing the desired synchronization never occurred. M &E expert role is crucial to set objective criteria and indicator to monitor the project and also to monitor individual activities. M&E expert joined project late hence he was not associated with key performance indicators development. He could only compile the information provided by the IA and hardly he could visit few field activities for monitoring. Had the project recruited M&E expert at the beginning of the project and worked independently under SC project would have improved. He could have provided direct feedback to SC and sought guidance for improvement. Placing PCU assistant and M &E expert with IA resulted in poor coordination and poor monitoring of the project.

LIF was responsible for field activities in Leuser Ecosystem area. LIF would engage itself with local multi-stakeholder councils for incorporating local aspirations and make the project implementation most effective. The project is headquartered in Banda Aceh to improve the coordination with government agencies. The implementing agencies would also establish regional offices for better liaison with local governments and monitoring of field activities. The regional offices would also help in disseminate project information to the communities.

The project was to be implemented by Project leader supported by three managers. Ecosystems manager responsible for: remote sensing and data analysis; monitoring and protection; reforestation and rehabilitation; outreach, awareness and community relations and participation. Planning manager responsible for assisting government in planning efforts. Administration and Finance Manager responsible for financial disbursement, reports, personal policies and procedures and procurement. The board of trustees of Leuser International Foundation responsible for financial accountability.

Implementation relationship with GOI agencies: All government department sure key stakeholders in successful implementation of the project activities. The LIF has presidential decree to manage Leuser Ecosystem and support government activities and this formal decree authorized LIF for conducting for field surveys, data collection, resource appraise, development methods, manuals, design and implementation of field projects, capacity building etc... The key GOI agencies involved in the project were BRR for providing initial coordination, setting up the steering committee; MOF for technical guidance and decision regarding conservation areas, MOE for guidance and supervision of environmental assessment for infrastructure; DG spatial planning for integration of National and provincial spatial plans; BTNGL for joint monitoring, support for workshops and support for training events; BKSDA for designing new conservation areas, routine monitoring, joint biodiversity surveys, staff for training; Provincial government for participating in steering committee meetings, coordination with project, approval to spatial plans, endorsement of conservation management institutions, technical support for reforestation and guidance and vetting of environmental impact assessments.

Leuser ecosystem has maximum forest cover and legally they are designated as Hutan lindung which are under provincial government control, National park is under BBTNGL and other conservation areas are under BKSDA. Because of the importance of these organizations IA would coordinate and collaborate for capacity building of these institutions.

Self-Assessment: For forest protection and sustainable management of forests the key stakeholders were provincial forest department, district forest department, BKSDA, BPKEL, BBTNGL and Aceh Green. AFEP-LIF tried to establish good collaboration with all key stakeholders for project implementation. The key interaction with stakeholders happened through SC meetings for general issues and separate interactions for individual issues. LIF conducted surveys for assessing training needs assessments, collaborated with districting forest departments for conducting pamhut trainings at every district level, conducted joint monitoring of forest areas for projection. LIF collaborated with BBTNGL for island wide large mammal surveys. 6 teams worked for more than a year and walked around 3,924 km to complete survey which was an excellent example of cooperation. Similarly, LIF collaborated with BKSDA for human wildlife conflict mitigation. Supported BKSDA for translocating problematic tigers and elephants, get tigers, orangutan released from private captivity. However, sometimes the project could not fulfill all the expectations of the departments owing to limitations of the World Bank rules not to support law enforcement. Departments always sought money and facilities for law enforcement which

is against world bank lending rules. Because this constrain law enforcement agencies were little bit disappointed with Implementing agencies. The monitoring reports from the project became another contentious issue for the number of cases reported far exceeds the capacity of the department to handle the cases for want of facilities and personnel for law enforcement. LIF had a peculiar problem with newly constituted exclusive body BPKEL especially in coordination. BPKEL was constituted by governors order 52 in 2006 to manage Leuser Ecosystem, coordinate with Governmental agencies and non-governmental agencies with authority to make trade ecosystem services including carbon. Administratively the nature of creation of BPKEL had some procedural issues with DPRA hence could not become a fully recognized and funded institution under governmental financial scheme. Majority of the top functionaries were working for AFEP and with IA Leuser International foundation, before joining BPKEL. Some of the members had experiences while working with LIF and they could never overcome with these bad memories and carried on animosity feeling towards LIF. During the formative years 2007-2008 AFEP- tried to provide direct financial support for establishing BPKEL and provide support for field activities, which was dually rejected. BPKEL was *bête noire* of LIF and all projects associated with LIF including AFEP. However during 2009-2010 BPKEL has moderated its stand against LIF, as a result LIF-AFEP was able to collaborate on key tasks including developing of two HWC protocols development, completing zonation plan for Leuser Ecosystems. BPKEL's recalcitrant approach to refusal of AFEP funding for various activities has resulted in a big loss for Leuser ecosystem. BPKEL tried to rely on raising their own funds for various activities through partnership with private entrepreneurs. Because of international financial crisis the private partnerships could not continue with financial commitments and they were forced to abandon the project and leave Aceh without completing REDD projects. On the other hand FFI could use AFEP activities as preparedness for REDD project and successfully develop first successful REDD pilot project in Indonesia probably by 2012 Ulu Masen will be getting carbon funds. BPKEL could have unutilized AFEP as a big opportunity as preparedness for REDD, its refractory approach lead to lose situation for Leuser ecosystem. Dinas Kehutanan always remained an elusive stakeholder in implementing the project. Joint monitoring of forests and capacity building was the key activity directly related to forest department. Despite many efforts Dinas Kehutanan could not designate one single person for coordinating with project. During 2008-2009 there was ADB funded 'Forestry information project' which was great opportunity to synchronise various activities including Aceh green, TIPERESKA and AFEP activities. Because of lack of proper vision and initiatives from Dinas Kehutanan desired coordination could not be achieved. The ADB funded forestry information project, AFEP, Aceh green initiatives, TIPERESKA and departments its own activities could never be integrated. Similarly Aceh green and TIPERESKA were difficult stakeholders of the project. Aceh green was an innovative initiative of Governor which emerged as key agency for coordinating with government. The Aceh Green functions overlapped with functions of Bappeda particularly with reference to spatial planning. AFEP-LIF was keen in participating Aceh Green initiatives and activities but nature participation remained a big issue. AFEP-LIF had problems in collaborating and communicating with TIPERESKA mainly because of differences in approaches to data sharing and working. TIPERESKA was keen on funding from AFEP, but not man power for building the data base or for analysis. TIPERESKA did not conduct mandatory steering committee meetings for sharing information and analysis. This closed doors approaches followed by Aceh green and TIPERESKA did not encourage LIF to participate fully in these two initiatives. FFI on the other had able to adjust to the particular style of functioning of these organizations to work for REDD projects. LIF and FFI could not have a common strategy and approached in such critical areas of work.

Collaboration between two IA: LIF and FFI two prominent environmental NGOs in Aceh, with clear working areas LIF working in Leuser ecosystem and FFI mostly working in Ulu Masen. LIF and FFI had a very good working relationship for implementing AFEP in their respective working areas. Both LIF and FFI communicate informally and formally through PCU meetings for developing common strategy for various activities. LIF and FFI collaborated well: in preparing annual budgets; preparing presentations for the stakeholders; over flights for zonation activities; collaboration with Aceh green for completing verification of concessions in the two ecosystems; analysis of rate of deforestation in the project area; collaborating with BKSDA in mitigating human wildlife conflict including tiger relocation, developing protocols for HWC mitigation; island wide large mammal survey; conducting analysis workshops for tiger distribution, REDD readiness in Indonesia; RSPO meetings for sustainable oil palm etc. However FFI and LIF remained a distant partners in implementation of few key activities and could not cooperate fully which include: support to TIPERESKA; support to Aceh green, could not work together for forest protection and monitoring strategy. IA could not collaborate for simple activities like environmental education and communication strategy. Almost FFI and LIF could never come to an agreement about MSF concept, forest monitoring, livelihood approach, communication strategies. LIF and FFI could not organize exchange visits for its own staff members not organize workshops for developing common strategies for implementing project activities or exchanging of lessons learnt. The prime reasons because of geographical distances and urgency for FFI to follow a particular management approach for REDD preparedness. LIF was situated in an unobvious position always dealing with BPKEL and other local issues. There was great opportunity for both IA to design training programs for forest department, designing monitoring for supporting logging moratorium, synchronizing project activities with department works. IA agencies worked as two independent projects for two areas Leuser and Ulu Masen ecosystems.

Evaluation of implementing agencies: LIF was responsible for implementing project activities within Leuser Ecosystem area. LIF was able to complete most of the activities and to an extent desired output and outcome at the project level which can be evident from the key performance indicators. During the project period the deforestation rate remained under control and at the end of the project period expected more than 95% of the forest area reported in 2006 maintained. In particular targeted villages retained more than 99% of the forest area. Project could achieve all the project level indicators 100%. The project implementation had a set back as it project leader recruited in the beginning of the project left the project and it took more than one year to get a replacement this lead to a slight setback. However by midterm review period the issues could be settled. There were problems with classification of expenditures and large amounts of unsettled amounts. The internal finance management remained a challenge for better part of the project implementation. The project management was mainly constrained by vastness of the project area and distance locations. Head quarter in Banda Aceh and the field location mostly nearer to Medan, hence project had to maintain two offices. Finance division remained in Medan while the project leader was placed in Banda Aceh this also created administrative coordination and resulted in great delays in decision making. AFEP-LIF could implement activities connected with illegal monitoring of activities. However the department's response to these activities was not to the same intensity for want of funds and personnel. The effective monitoring of the forest area remained a gap.

Supervision by the World Bank: World Bank conducted mandatory supervision missions once in six months for reviewing the progress of the project. Banks interventions cleared many hurdles in the way of implementation of the project, critical inputs during the midterm review provided guidelines and guidance for successful implementation of the project. World Bank missions were always focused on IA

and performance. Steering committee role in follow up action for greater impact could not be emphasized. The forest departments could never feel the responsibility for follow up actions. World Bank also delayed on its part the completion of reclassification issue which resulted in delay in release of payments and project performance. Financial performance of LIF was moderately unsatisfactory for three missions consecutively and World Bank and SC never questioned the performance and asked for improvement of the performance this has given a false impression for LFI to conclude that the performance of LIF is reasonably acceptable. Performance reports about key indicators shared with MDF secretariat. LIF never received any feedback about the achievements. MDF only contacted us back only if the figures did not match. LIF did not get technical analysis from MDF and feedback for improvement.

AFEP-LIF constraints in project implementation and lost opportunities: AFEP-LIF completed most of the project activities achieved project objectives. The impact of the project is slightly less significant because of the emergent because of the following reasons.

BPKEL, special management body created by governor Aceh could not overcome the problems with LIF because of which former constantly tried to hamper the progress. BPKEL considered LIF as unwelcome NGO in Aceh always perceived LIF as competitor for resource. BPKEL forcibly taken over Ketembe research station ousting LIF from the station involving local muscle force. BPKEL tried to put brakes on implementation of the project by not giving permission for activities. LIF prepared new project for NZ aid and applied for permission and BPKEL denied summarily. Ultimately LIF had to seek governors intervention to get the clearance. BPKEL took the responsibility to prepare carbon project for sustainability of the Leuser Ecosystem management, the investments could not come through. BPKEL s refusal use AFEP money for its activities Leuser Ecosystem lost a great opportunity in preparing a proper Carbon project for Leuser Ecosystem. TIPERESKA another important institution only insisted on monitory support and did not appreciate material support and technical advice. Tipereska worked with closed door policy and did not appreciate LIF- AFEP contribution.

(b) Comments of Leuser International Foundation (LIF)

Below is our only comment to ICR. We have no problem with the report.

Sub Component 3. Procurement: During the 18 month extension (June 11 to December 2012), LIF has imported the three units of ultralights. Intensive meetings held which facilitated by the Director of Pinjaman and Hibah, Finance Department in Jakarta at the end of January 2012. This meeting attended by Asisten Keistimewaan Aceh, Direktur Kawasan Khusus dan Tertinggal, Bappenas, Direktorat Kelaikan Udara dan Pengoperasian Pesawat Udara Dept. Perhubungan, Direktorat Perpajakan, Direktorat Bea dan Cukai, Direktorat Transportasi Bappenas, Direktorat Pendanaan Luar Negeri, Bank Dunia, MDF dan Biro Hukum Kementerian Keuangan which solved the problem on the taxes and permits. At the end, the LIF succeed to import the three units ultralight to Indonesia on June 2012. Regarding this successfully action LIF got the “Satisfactory” rate from the World Bank replaced the “Moderately Satisfactory” which LIF got before.

At this moment the three units of ultralight has been placed in the Sultan Iskandar Muda Airport in banda Aceh in good condition and to be ready to be operated.

(c) Fauna & Flora (FFI) ICR

(i) Assessment of the operation's objective, design, implementation, and operational experience

The original AFEP design (mid-2005) was ambitious, but reflected the numerous challenges and complexities facing a post-tsunami and post-civil conflict Aceh. AFEP also enabled an innovative Government of Aceh team to greatly advance its environmental strategy that elevated Aceh to become one of Indonesia's most progressive provinces in this sector. Today, the AFEP design is both valid and highly relevant for Aceh. For Ulu Masen itself, the need for an AFEP type project remains high because, unlike the Leuser Ecosystem, it is not managed by a single agency, and lacks an official boundary and management.

During AFEP implementation, the move towards gaining institutional support and handing project activities over to its local partners strongly indicated the need for an extension of time, which was granted until June 2011 (A further extension was granted until December 2012 to enable the importation and hand over of three ultralight planes to be completed). This suggests that the original project design was overly ambitious, especially for meeting Year 1 and 2 targets, which were immediately after the cessation of civil conflict and during post-tsunami reconstruction, when a transitional government (BRR) was being formed and coordination between relief and development NGOs was poor. In the field, this hindered project implementation, as did the numerous development projects that had short-term strategies and poorly developed and implemented sustainability plans, which occasionally resulted in lump sum cash payments being made to communities, who were then less cooperative with AFEP, which was not offering such incentives to collaborate.

The implementation of AFEP would have been more effective if the PCU had played a prominent liaison and technical role. It was therefore unfortunate that LIF-AFEP took the unilateral decision to shut down the PCU when it fired the PCU Coordinator in 2008, whom FFI felt was performing well, e.g. having set up a robust quarterly reporting system (which the project continued to use until its end). The need for the PCU, both as the face of AFEP and in ensuring close inter-agency coordination, was clearly demonstrated when the project came under heavy criticism in November 2009 whilst seeking a cost-extension. LIF and BPKEL engaged in a poorly thought through local media debate that, predictably, rapidly escalated and drew several local NGOs into the fray. This outcome was very disappointing for FFI, because it had previously discussed and agreed with LIF that such a public confrontation should be avoided as it would not yield positive results. Nevertheless, on this critical joint project issue (the AFEP extension) LIF took a unilateral decision that highly politicized the project; a reason given by Bappenas for not cost-extending AFEP under MDF. Next, a constant constraint on project implementation was the delay in reporting to the World Bank and donor agencies. FFI had to continually remind LIF to complete their sections of the quarterly and annual reports that, nevertheless, were consistently late. In turn, this meant that the FFI sections that were completed on time end up being submitted late. With the recruitment of a full-time PCU Coordinator there was no improvement in LIF's attention to meeting these deadlines.

Over the course of the project, FFI worked with the World Bank (mainly through supervision missions) to ensure that the project maintained a high level of responsiveness to the changing socio-political landscape in Aceh. This was important because within the original project design, the AFEP Steering Committee strongly felt that HWC mitigation (not included in the PAD) needed to be addressed by the Implementing Entities and that a greater emphasis was needed on livelihood creation and livelihood

enhancement activities than originally planned under ‘sub-component 2.3’. FFI-AFEP’s strategic refocusing of a portion of its forest monitoring budget for HWC mitigation (i.e. CRUs) was a major and important change in project design. This conflict issue was a principal threat to many rural livelihoods (e.g. a herd of elephant could destroy an entire farm’s crops in a single night) and could therefore not be ignored by AFEP. Despite this, only FFI-AFEP fully responded by establishing three CRUs in partnership with *BSKDA*, *Dishutbun* and local communities. This became one of AFEP’s single most important contributions to Aceh. Reducing expenditure on the three-tier monitoring system was also sensible because whilst its design was good in theory, its implementation was continually hampered by the project’s difficulty in importing the three ultralight planes for conducting aerial surveys. With hindsight, a combination of remotely sensed data (especially from Landsat) and field level foot patrols would have comprised a more cost-effective forest monitoring system, especially considering that a key constraint to project implementation was not a lack of monitoring data, but a robust law enforcement response to the wealth of information collected.

At the mid-term point, FFI-AFEP modified its original design to support several new and significant pro-environment Government of Aceh (GoA) initiatives that created a more conducive atmosphere for project implementation. The innovative Aceh Green Initiative (a sustainable economic development strategy) was particularly relevant because it led to the creation of an enforced logging moratorium policy that brought an abrupt halt to all commercial logging in Aceh (and which was a shortlisted finalist for the prestigious ‘Future Policy Award’), a forestry redesign team (*TIPERESKA*) that developed a high quality provincial spatial plan (including the first ever boundary for Ulu Masen), the recruitment of 2,000 ex-combatants as forest rangers (*Pamhut*) and the development of REDD projects for Ulu Masen and the Leuser Ecosystem. For AFEP, this was an exciting opportunity for achieving greater project outcomes and, furthermore, as Aceh’s single largest environmental project, AFEP should have fully and positively responded. Thus, FFI-AFEP took a strategic decision to fully support the Aceh Green Initiative and align its work plan accordingly. Despite several attempts by FFI and the World Bank to bring LIF into the partnership, this was only achieved at the end of AFEP, which is unfortunate because a united AFEP collaboration could have had a profound impact.

(ii) Assessment of the **outcome** of the operation against the agreed objectives

The AFEP Project Development Objectives (PDO) reveal that FFI-AFEP met or exceeded 90% of the 39 targets. A summary of the key FFI-AFEP outcomes are provided below.

Sub-component 1.1. Establish multi-stakeholder governance framework for forest and ecosystem protection TIPERESKA was formally established by Governor’s decree on 31st October 2007. Key team members (Coordinator, Secretary and Administrative assistant) were recruited, key consultants for institutional planning and development, and conservation were recruited, with substantial operational support provided by FFI-AFEP. *TIPERESKA* investigated the institutional forest management framework for Aceh and a GoA-Ministry of Forestry Harmonization team was established to develop the Norms, Standards and Procedures for forestry management in Aceh under its special autonomy (LoGA). The outputs of *TIPERESKA* were: i) a modified institutional forest governance framework; ii) a total economic valuation of managing Aceh’s forest estates under different scenarios; iii) a high quality spatial plan; iv) an Aceh-wide rapid assessment (implemented by FFI-AFEP, *BPKEL*, Eye-on-Aceh and *SILVA*) that provided reliable baseline data on illegal logging (which formed the basis for FFI-AFEP’s strategy to tackle illegal logging). AFEP also supported a concession evaluation team that developed a geospatial database through mapping all concession boundaries and compiling metadata on ownership,

licence and possible conflicts with community forests. After AFEP, the Government of Aceh completed the evaluation all of remaining concessions.

Sub-component 1.2. Strengthen forest monitoring and protection systems and procedures

To work effectively with the Ulu Masen communities would have been incredibly difficult if the project had not been proactively trying to support them in mitigating their problems with wildlife. For example, from 2009-2010, the three CRUs responded to 560 incidents of human-elephant conflict around Ulu Masen, benefiting an estimated 2,500 households. In addition to these activities, elephant patrols were used to monitor illegal logging and to send out a warning to would-be loggers that the forests are being watched and guarded. An important function of the three CRU camps was to create an enabling environment for the community rangers and government law enforcement agencies to meet and work together in the field. Indeed, *Dishutbun* built their field office inside the Aceh Jaya CRU camp. The high relevance of the CRUs for Aceh is demonstrated by *BKSDA*'s request for FFI to support their construction in the districts of Bireuen, Aceh Utara and Aceh Selatan. Besides elephants, FFI-AFEP responded to 28 human-tiger conflict incidents and installed 10 warning signs in Aceh Selatan and Aceh Barat to prevent further crocodile attacks, which had already claimed an unquantified number of lives post-tsunami and had become, at the least, an important perceived threat to humans. Finally, to support on-going HWC efforts and ensuring that mitigation responses were swift and appropriate, FFI-AFEP drafted the human-elephant and then human-tiger conflict protocols for subsequent discussions, led by *BPKEL*, amongst governmental and non-governmental organizations (including *LIF-AFEP*). Both protocols are under GoA review.

Forest management in Ulu Masen was conducted through several approaches. In line with the Aceh Green Initiative, there was a pressing need to foster strong community support for forest protection while simultaneously delivering livelihood benefits (through maintaining essential environmental services) and creating sustainable employment opportunities for those committing forest offences, especially ex-combatants. In response, FFI-AFEP developed and launched the Community Ranger Program (February 2009). From the outset, this innovative program aimed to create a strong sense of local ownership over the ranger teams who are from the community and elected by their community. This program has proven to be a massive success for Ulu Masen and the ranger teams' performance has been both outstanding and vital. For example: i) the four teams of 64 rangers conducted 192 forest monitoring patrols in 2010, more than any other conservation agency working in Ulu Masen; ii) in early 2011 the rangers spent three months working every single night (typically between 1am and 3am) in preventing elephants from crop-raiding; iii) the rangers have met with thousands of community members on hundreds of occasions to discuss the causes of conflicts with wildlife and the possible solutions; and, iv) after the March 2011 Pidie floods that killed 12 people and destroyed 200+ households, the rangers were the first relief team to arrive and immediately began coordinating FFI's response efforts. They carried food and clean water in 40kg packs on foot to the two furthest villages (six hours away on foot) that were being overlooked by the other emergency response teams because of their isolation. They also worked with FFI to install clean water supplies in these villages.

The rangers have generated a huge sense of pride amongst their communities and government agency. For example, the Governor requested and paid for the rangers to join a six-month Leuser Ecosystem expedition in 2011, the rangers and the *Bupati* of Aceh Besar hosted over 150 international guests during the Governor's Climate Forum (GCF) field trip that included government delegates from the USA, Brazil, Mexico, Nigeria amongst others. Post-conflict donor programs have also identified the

importance of these rangers in achieving their mission, e.g. the Jantho ranger team was set up through a US\$100,000 Serasi/USAID grant. Post-AFEP, the four ranger teams are now funded through the European Union's 'Aceh Peace Process Support' program, with a US\$2.6million World Bank grant currently being finalized, which will to scale-up the program and create a more secure future for Ulu Masen (with 280 new ranger jobs created and a greatly enhanced forest management capacity).

For Aceh, AFEP monitored annual forest cover and its changes from 2006 to 2010 using Landsat images. The total forest loss was 3.1% from the entire Ulu Masen forest estate or 0.62%/yr, considerably lower than the annual deforestation rate reported for Sumatra (2.33%/yr; 2000-2008²⁸). To tackle illegal logging in Ulu Masen, FFI-AFEP understood that simply submitting illegal logging reports to the government law enforcement agencies would not illicit a response. So, FFI-AFEP proactively engaged with these agencies and local community organizations. Between 2008 and 2009, a community-based intel-information system was established around Ulu Masen reported 190 forest offences to the police and *Dishutbun* who in response conducted 86 law enforcement operations. From these, 251 m³ of illegal timber, 26 vehicles, 17 chainsaws and two industrial saws were seized, and three sawmills closed, all of which were used for illegal logging. Furthermore, 145 people suspected for their involvement in illegal logging were arrested. From 45 cases monitored until a known outcome, most (29 cases) proceeded to court and, of these, approximately half (48.3%) of the defendants received a prison sentence (ranging from 4 months to 4.5 years), with the remainder receiving a verbal warning (41.4%) for a first offence or awaiting a final verdict (10.3%). Cases that did not proceed to court (16 cases) were typically constrained by a lack of evidence.

To support the law enforcement efforts, FFI-AFEP designed and ran an intensive 7-day *Pamhut/polhut* training course (with 21 instructors) that delivered immediate conservation benefits. For example, three days after the Aceh Besar training, the 30 *Pamhut* conducted an anti-illegal logging operation that confiscated 1 chainsaw, 10m³ of timber and 2 vehicles, as well as burning 1 jeep on site that could not be extracted from the location. Similarly, during the Pidie training, the 30 *Pamhut* trainees responded to a forest fire in Tangse subdistrict putting their practical skills to good use. Together with 25 members of the local community, the rangers spent five days in completely extinguishing a fire that burnt 200ha of pine forest, but which would have been much worse without their intervention. Work with *ResKrim* was equally rewarding, e.g. one a day after the FFI-AFEP training, the 16 police trainees conducted a 2-day law enforcement operation in Bener Meriah district (Leuser) that shut down 1 illegal sawmill and confiscated 4 trucks and 1 industrial sawing machine.

FFI-AFEP trained two GoA-led field teams to collect field data for the first ever detailed carbon stock assessment in Aceh. A new and scientifically-defensible methodology was developed against international carbon market standards and then applied in the field through a pilot phase. By August 2010 the two field teams had completed their data collection from 44 quarter-hectare plots, and then enhanced the methodology based on the field evaluations. This Ulu Masen assessment is fundamental for the carbon modelling and accounting procedures that are required for implementing a REDD project and FFI is now using this methodology to inform survey development in its portfolio of global REDD projects.

²⁸ WWF-Indonesia. 2010. Sumatra's Forests, their Wildlife and the Climate. Windows in Time: 1985, 1990, 2000 and 2009. A quantitative assessment of some of Sumatra's natural resources submitted as technical report by invitation to the National Forestry Council (DKN) and Bappenas.

From 2007-2009, the Ulu Masen and Leuser ecosystems were surveyed by AFEP using a robust and standardized method to assess the condition and health of the forests using tigers, their prey and their threats as the key indicators. As an iconic species that resonates with the international donor community, the tiger was also used to raise awareness about the importance of Aceh's forest. From 5551 km of forest trails surveyed, tigers were detected in 70% of the forest, indicative of a good status. These data then informed the World Bank's 'Global Tiger Initiative' and led to the previously data deficient forests being designated the highest priority status (i.e. of global importance for the long-term survival of tigers), thereby giving Aceh immediate international recognition.

Sub-component 1.3. Develop sustainable forest and ecosystem management institutions

FFI-AFEP provided strong support for *TIPERESKA* because it was tasked with designing an enhanced Aceh-wide forest management institutional structure. However, the subsequent development and progression of a REDD project, which aimed to produce a sustainable financing mechanism for Ulu Masen, introduced a more specific institutional need. Thus, working with the Aceh Green Secretariat and the GoA REDD-Task Force, FFI-AFEP provided technical support in designing a multi-stakeholder PMU for Ulu Masen, which has been drafted within a Governor's Decree and is under reviewed by the Legal Bureau. The PMU incorporates the wider forest management needs for Ulu Masen, e.g. the *Mukim* will be able to play a prominent advisory role in project design and implementation, as well as in future management.

The REDD project development has been an important project activity that has achieved many milestones, which include: being the first REDD project to achieve certification under the Climate, Community, and Biodiversity Standards (in February 2008), which verifies that carbon reduction projects meet sustainable development and biodiversity principles and the signing of a sales and marketing agreement between the GoA and the US investment bank Bank of America/Merrill Lynch to buy the resultant voluntary emission reduction credits. This transaction led to the project winning *Environmental Finance and Carbon Finance magazine's* annual award, in 2008. FFI-AFEP has provided significant technical support to the GoA, such as building the capacity of the GoA REDD-Task Force, which preceded the PMU, developing and supervising the carbon stock assessment, and designing an community engagement work plan that is based on the international best practice principles of 'Free Prior and Informed Consent' (FPIC). Finally, Aceh's post-conflict transformation into a model province for sustainable forest management is illustrated through it currently holding the chair of the Governor's Climate Forum²⁹ and being nominated as the Government of Indonesia's REDD pilot province, which is part of the US\$1 billion Letter of Intent signed with the Government of Norway.

Sub-component 2.1. Strengthen and integrate environmental and conservation considerations in spatial planning.

For Ulu Masen, there was a substantial investment in strengthening the traditional mechanisms and institutions, i.e. *Mukim*, to take responsibility in sustainably managing their customary forests, including the provision of alternative agroforestry options (i.e. tree nurseries). FFI-AFEP supported 17 *Mukim* through a planning and implementation process, involving 1020 community members through 34 formal workshops, with follow on support provided by training 130 local facilitators. To enable wide replication, including post-AFEP, a manual for 'Strengthening Traditional Community Institutions through a Participatory *Mukim* Planning Process' was published (1000 copies) and subsequently used for implementing the planning process. A first draft of the 'Analysis of the Legal Basis for *Mukim*

²⁹ <http://www.gcftaskforce.org/contact.html>

Forest' was completed by members of a Working Group, consisting of FFI-AFEP, GoA and *Mukim* representatives, with additional technical support from the Community Forest Learning Centre (Gajah Mada University, Yogyakarta) and is currently being reviewed by the GoA Legal Bureau. Additionally, FFI-AFEP prepared first draft proposal for incorporation of *Mukim* forest into provincial and district spatial plans, district-level policy (*qanun Mukim*) and for discussion with central government.

At the provincial level, the operational support that FFI-AFEP provided to *TIPERESKA* and the Aceh Green Secretariat, including GIS personnel, resulted in a spatial plan that adequately incorporated all environmental concerns. The quality of this plan was praised by the Indonesian Minister of Forestry.

Sub-component 2.2. Develop environmental and conservation awareness and education efforts

A key feature of FFI-AFEP's environmental work was its production of high-quality materials for the SMA education curriculum. From the beginning, FFI-AFEP worked with the Education Department in developing and then trialing these materials in nine SMAs (supported by 16 technical trainers), which trained 3,417 teachers and pupils, and then revising materials with 20 teachers (representing six districts). Monitoring and evaluation results showed that the students were very enthusiastic to learn about the natural environment. However, several limitations identified were that the teachers to students ratio was too low and that the schools did not have the equipment and tools necessary for the outdoor practice sessions. To overcome this, FFI-AFEP conducted additional training for 35 teachers (12 men and 23 women). Wider environmental outcomes were achieved through establishing the Friends of Ulu Masen; an eco-club with 810 members covering six districts that focused on empowering teenagers (an often overlook at-risk group) to conduct environmental campaigns, such as river clean ups and waste recycling.

A significant initiative that received wide appreciation in Aceh was FFI-AFEP's work with religious leaders in developing a faith-based outreach programme that led to the publication a *fiqh* that documented the Islamic teaching on the environment and the duty of Muslims in protecting it. The *Majelis Perwakilan Ulama* (Religious Leaders Representative Committee) distributed 1000 copies of the *fiqh* to Islamic boarding schools (*pesantren*) across Aceh and used this for their Ramadan campaigns in 45 *Mukim*. Other education and awareness publications included the Ulu Masen Bulletin (8 editions and 24,000 copies), a comic book on the detrimental impact of mercury-based gold mining (1000 copies) in response to an increase in illegal mining and a comic book on climate change and global warming (200 copies distributed to 61 *Mukim*) to support the GoA's REDD project. Related to this, FFI-AFEP also supported the REDD-Task Force in discussing community and social aspects of the Ulu Masen REDD project that conducted initial consultation meetings with 83 Ulu Masen *Mukim* leaders, who gave a positive initial response, but said that they required more detailed information on the project, e.g. customary forest recognition and benefit sharing mechanisms.

The innovative forest management and livelihood work delivered by FFI-AFEP attracted wide media attention and generated excellent publicity. Noteworthy highlights include an 8-page front cover story on the CRUs, Community Rangers and REDD in *TIME* magazine (>400,000 readers), a special Ulu Masen feature in *National Geographic-Indonesia*, a *New York Times* article on the Community Rangers' peace-building efforts, hosting BBC wildlife photographer of the year for a *National Geographic-International* article (to be published in December 2011) and hundreds of positive provincial and national news articles (e.g. *The Jakarta Post*, *Tempo* and *Serambi*). To improve media reporting on and interest in environmental issues in Aceh, FFI-AFEP and the Aceh Independent Journalist Alliance

ran a 5-day training course for 25 journalists at the Aceh Jaya CRU camp. The top ten performing journalists then received an FFI-AFEP grant to publish an environmental report.

Sub-component 2.3. Support community based forest and ecosystem rehabilitation for livelihoods and environmental services

To maximize community livelihood benefits from their land, FFI-AFEP implemented a tree nursery programme that established ten nurseries in 9 *Mukim* (or 60 villages), produced 620,000 high-quality seedlings (e.g. cocoa, durian, rubber and coffee), a common limitation for these communities, and in the process rehabilitated 3,350 ha of degraded land through replanting activities. Similarly, an education and livelihood campaign in Mane, Pidie, trained 160 farmers in advanced agroforestry techniques and established four demonstration plots that set out to deliver benefits over the short-term (e.g. through growing tomatoes and chili), medium-term (e.g. coffee and cocoa) and long-term (e.g. mahogany and *meranti* hardwood species). This activity produced 2,860 seedlings. Other livelihood activities included biogas (e.g. training 35 military personnel from all 23 Aceh districts), eco-tourism (e.g. working with a UNDP/Aceh Green consultant on developing forest trekking packages) and agricultural business plan development (with the nine nursery *Mukim*). Many of the FFI-AFEP livelihood activities were supported through its subgrant programme that disbursed USD290,892 to 40 local organisations.

(iii) Evaluation of the **implementing agencies' own performance** during the preparation and implementation of the operation, with special emphasis on lessons learned that may be helpful in the future.

Overall, FFI-AFEP performed well. Initially, the project was slow to implement the range of activities within the PAD, as indicated by a low financial expenditure by the MTR. However, at this point FFI had, for the first time, filled all senior management positions and programme implementation and financial expenditure greatly increased thereafter, bringing the project up to speed. For a large-sized project working in a post-conflict and post-tsunami area, numerous lessons were learned by FFI-AFEP and these are presented below.

Sub-component 1.1. Establish multi-stakeholder governance framework for forest and ecosystem protection

- Supporting staff members within the Aceh Green Secretariat greatly aided FFI-AFEP's prompt response to emerging issues, e.g. REDD and the concession evaluation.
- Working closely with government agencies, e.g. developing and implementing joint work plans and budgets, does not ensure financial sustainability of the activity because these budgets must subsequently be approved by the Aceh Parliament, which does not necessarily understand or support the funding allocation requests.
- Investing more in local NGO capacity-building should have enabled more activities to be outsourced, thereby streamlining project management, reducing the number of FFI-AFEP full-time staff recruited, and increasing the likelihood of activity continuation post-AFEP. However, in general, local NGO capacity was low and opportunities for these NGOs to participate in AFEP, e.g. as part of the *TIPERESKA* core team, tended not to be taken. When these local NGOs did decide to work with the project, e.g. Aceh-wide illegal logging survey, it was successful.

Sub-component 1.2. Strengthen forest monitoring and protection systems and procedures

- Human-wildlife conflict mitigation efforts were essential for delivering dual livelihood and forest/wildlife conservation benefits. These efforts were appreciated by FFI-AFEP's community

partners and acted as an entry point into these communities for discussing wider environmental conservation issues, which would have been difficult to achieve otherwise.

- FFI-AFEP's *Polhut/Pamhut* training was an effective way of yielding greater law enforcement response to tackle illegal logging in Ulu Masen. This training could have delivered greater benefits if it had started earlier in the programme, i.e. before the MTR, to enable wide replication.
- The high willingness of the police and *Dishutbun* to get involved in tackling illegal logging, especially for the police that are otherwise busy in maintaining peace and stability in a post-conflict Aceh, was unexpected and encouraging. Simply sending the reports to the law enforcement agencies does not illicit a response, proactively engaging with them does.
- Greenomics managed to obtain significant media coverage with its sensational report on Aceh being the world's greatest greenhouse gas emitters because of its exorbitant deforestation rates. Based on this, Greenomics was invited to meet senior staff from the donor agencies. These agencies should have been more inquisitive about a report that did not reveal its data source or the methods it used to derive the unusual deforestation rates, rather than increase Greenomics's publicity. Also, AFEP should have been more proactive in publishing a rebuttal. The project had agreed that the GoA would lead a multi-party working group to do this, but when the completed report was not published, AFEP should have instead issued a short technical statement on its results, robust methodology and data sources (making these data available online).

Sub-component 1.3. Develop sustainable forest and ecosystem management institutions

- Whilst the *Dishutbun* provincial *Polhut* section was a willing partner for tackling illegal logging, it was severely constrained financially by having to support the salaries of 2000 *Pamhut* personnel, which meant that the field operations budget was under-resourced.
- Relying on a timely disbursement of government partner budgets to co-support AFEP field activities, is unadvisable because the Aceh Parliament was consistently late in reviewing, approving and submitting annual budgets which in turn delayed fund dispersal by the central government.
- AFEP should have worked closely with the Aceh parliament to raise awareness on the importance of maintaining forest and their ecosystem services for livelihoods and in expediting policy development (e.g. provincial spatial plan and *Mukim*) and approval of Aceh government agency annual budget requests to support post-AFEP activities.
- Despite there being an apparent information gap between AFEP and *TIPERESKA* during the World Bank MTR, FFI-AFEP responded by increasing its communication with *TIPERESKA*, but felt no need to further intervene, especially as FFI-AFEP consultants were directly involved and keeping FFI-AFEP informed on progress.

Sub-component 2.1. Strengthen and integrate environmental and conservation considerations in spatial planning

- Designing and implementing a 'bottom up' *Mukim* planning activity greatly increased community participation and generated a strong sense of local ownership over the process, its implementation and its results. In turn, this set a good precedent for ensuring post-AFEP sustainability, e.g. by greatly strengthening the institutions to manage livelihoods projects, such as tree nurseries.
- Not working closely with *Bappeda* at the district level, meant that the *Mukim* spatial plans for Aceh Jaya did not exactly follow the required format and could not be included within the *Bappeda* plans.
- *Mukim* planning was relevant, but its comprehensive approach meant that it was expensive and slow to implement. An initial plan for implementing this approach in all Ulu Masen *Mukim* was overly ambitious because the pilot sites only reached completion at the end of the project. Consequently,

this delayed the implementation of other livelihood activities in the *Mukim*. Thus, a streamlined version of *Mukim* planning would have focused on the more fundamental needs of demarcating *Mukim* (customary) forest and securing their recognition within the provincial spatial plan.

- *TIPERESKA* proved to be an effective team for developing a high quality provincial spatial plan.

Sub-component 2.2. Develop environmental and conservation awareness and education efforts

- Education and awareness radio shows were an effective medium for reaching a wide target audience in Aceh (e.g. 12 monthly shows x 1500 listeners to Radio Baiturrahman) and in Indonesia (e.g. 1 show x 10,000 listeners to Green Radio), as was the Ulu Masen bulletin that was printed through eight editions with 24,000 copies distributed across Aceh.
- An effective way to communicate environmental issues to rural community partners, who have short-time horizons, is to directly relate it to their daily livelihoods. For example, FFI found that gaining support for forest protection through describing the role of watershed forests and their ecosystem services, which provided clean and predictable water supplies for them, was much easier than focusing on the importance of forests for combating climate change, a more abstract concept.
- Interviewing the Governor candidates, for the 2007 election, on their environmental manifesto and then sharing these with community stakeholders (through a road show) was an effective way of raising and discussing environmental issues with community partners. For the forthcoming election, FFI intends to work with one of the main local newspapers (Serambi) to run an article on the Governor candidates and their response to five questions on environmental policy.
- Improved internal AFEP coordination might have led to the development of Aceh-wide environmental education curriculum for the SMP level (i.e. '*Buku Ajar Leuser*') that would have better complemented FFI-AFEP's SMA province-wide materials.

Sub-component 2.3. Support community based forest and ecosystem rehabilitation for livelihoods and environmental services

- The 9 *Mukim* proved to be both capable and responsible in spending and implementing their livelihood subgrants for tree nurseries, which delivered impressive results towards the number of beneficiaries (with 60 villages being involved).
- Despite communities lacking a clear land tenure status, they were still forthcoming in rehabilitating degraded community lands (with 3,350 ha of degraded forest being replanted).

Sub-component 3.1. Governance, liaison and reporting processes

- The project was frequently criticized by local NGOs because of its perceived poor performance. For FFI-AFEP, most of this criticism was unfounded and related to broader criticisms of AFEP. Thus, FFI-AFEP should have pro-actively published its key results, such as the number of HWC incidents prevented.
- Engaging more frequently with local NGOs should have removed many misunderstanding over AFEP and its performance, e.g. establishing an NGO forum that met biannually to discuss AFEP implementation and identify areas of common interest for collaboration, would have helped.
- A provocative advertisement for the AFEP complaint line ("*Jangan Ngomong di Warung Kopi: Katakan apa yang dirasakan tentang Ulu Masen*")/"Don't just chat in the coffee shop: Say what you feel about Ulu Masen") drew an enthusiastic response with 144 calls over four months. Encouragingly, only 14% of the calls were complaints against the project.
- Finding a qualified PCU Head was difficult and original plans for recruiting a high profile Aceh person (e.g. politician or celebrity) to champion the project did not succeed, despite an extensive

search. The project expected most of the interviewees to have read the Terms of Reference and have, at least, read up a little on AFEP (e.g. which two organizations were implementing the project and where), which was mostly not the case.

Sub-component 3.2. Internal planning, communications and implementation

- An up-to-date AFEP Results Framework, which was only prepared after the mid-term point, was very useful for informing the project and its partners of its good progress.
- The late introduction of a new monitoring and evaluation system by MDF caused confusion within AFEP and led to inaccurate reporting of targets over the project period, especially when the indicators were further modified. This system should have implemented at the beginning of AFEP.

Sub-component 3.3. Financial management and procurement

- Initial FFI performance was ‘Moderately Satisfactory’; a reflection of the rapid expansion in the number of FFI’s activities and staff (from 15 to 70 people) and the increased demands on an accounting and administration system that was under to cope. However, the new Finance Manager, who stayed with AFEP until its end, introduced a robust accounting and administration system, after which ‘Finance’ and ‘Procurement’ ratings both increased to ‘Satisfactory’.
- It is important to develop a clear work plan that explicitly follows government regulations and then obtain government approval for this plan when trying to import ultralight aircraft.

Other lessons learned

- Setting up a flagship forest management and livelihood training centre in a strategic Ulu Masen location and close to Banda Aceh (e.g. Jantho) within the first year of the project would have provided AFEP with immediate visibility, created a dynamic learning centre environment for bringing together different project stakeholders, rural communities and *Dishutbun*, and served as a model site for hosting project partner and donor field visits.
- Relationships between project partners can greatly hinge on the relationship between the two agency heads and when these are poor they can greatly disrupt project implementation.
- The high turnover of senior government staff disrupted the fluid implementation of joint project work plans, especially if they lacked the relevant environmental management knowledge and experience.
- FFI-Aceh changed its Director four times. Whilst a necessary action, it disrupted the continuity of project implementation (especially Component 3) and the delivery of a consistent forest management and livelihood vision and maintaining good relations with government partners.
- The large size of FFI-AFEP required a greater devolution of authority to the senior staff and establishing a Senior Management Team within FFI-AFEP proved an effective body for increasing programme deliveries and integration between its technical divisions.

(iv) Evaluation of the **performance of the Bank**, any cofinanciers, or of other partners during the preparation and implementation of the operation, including the effectiveness of their relationships, with special emphasis on lessons learned.

Overall, FFI maintained good relations with the World Bank and had a highly supportive Task Team. The Team allowed FFI sufficient freedom in preparing and implementing work plans, which was important for responding to the continually changing socio-political environment in Aceh. However, besides the MTR, which offered numerous recommendations, the other supervision missions only

provided a few recommendations for project direction. The World Bank should have been more analytical of project work plans, e.g. AFEP never once received feedback on an annual work plan or a quarterly report. Likewise, discussions over achievement towards the PDO targets focused on them being kept up-to-date rather than their meaning.

A poignant issue was the delay caused by the World Bank in approving and processing FFI-AFEP's procurement category (>10%) reallocation. At this time, the then Task Team Leader was relocated to Haiti to lead on an international emergency response. From here onwards, communication became infrequent and ineffective. The World Bank should have immediately assigned a new Task Team Leader that was either based in Indonesia or, at least, able to respond to emails and follow up on the MDF and Ministry of Finance requests that were necessary for moving the FFI-AFEP proposal forward. Consequently, the process took nine months and because of this lengthy interval, FFI-AFEP was forced to reduce all expenditures to a minimum in order to avoid overspending on its original procurement categories. In turn, FFI-AFEP's core activities, such as the Community Ranger Programme (where FFI-AFEP had worked hard to secure the employment of ex-illegal loggers, ex-wildlife poachers and ex-combatants) and CRUs (where FFI was responding to daily community requests to help protect their livelihoods from crop-raiding elephants) ground to a halt. This generated friction with FFI's field partners, demotivated FFI staff who were unable to work and greatly disrupted FFI's attempts to transfer these then moribund activities to GoA partners, as part of the project's sustainability strategy.

Interactions with the World Bank were largely restricted to supervision missions. Despite this, it was useful for FFI to tap into World Bank expertise, e.g. consulting with Tim Brown (Senior Consultant) on illegal logging issues. In Banda Aceh, interactions with the World Bank were reduced to a minimum once the Aceh-based Environment Program Specialist (Mikko Ollikainen) left. Similarly, with MDF, there was limited interaction, beyond project publicity and providing updates for their monitoring and evaluation indicators. There were no technical discussions. Finally, AFEP was heavily assessed, especially during the mid-term (e.g. EU, MDF social sustainability, MTR). With the large number of donors and large project size, this was understandable. However except for the MTR, all other reviews seemed to perform a perfunctory task because there was no further follow-up once the final report had been produced. Finally, FFI maintained good relations with the USAID-ESP, particularly in learning from their experiences and taking advantage of several of their initiatives, e.g. FORSAKA became a key community partner. FFI-AFEP also made a strong contribution to the World Bank's Global Tiger Initiative, which greatly increased the international profile of the importance of Aceh's forests and wildlife.

(d) Comments of Fauna & Flora (FFI)

Sub-component 3.3. Financial management and procurement

- Initial FFI performance was ‘Moderately Satisfactory’; a reflection of the rapid expansion in the number of FFI’s activities and staff (from 15 to 70 people) and the increased demands on an accounting and administration system that was under to cope. However, the new Finance Manager, who stayed with AFEP until its end, introduced a robust accounting and administration system, after which ‘Finance’ and ‘Procurement’ ratings both increased to ‘Satisfactory’.
- It is important to develop a clear work plan that explicitly follows government regulations and then obtain government approval for this plan when trying to import ultralight aircraft.

Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders

These comments were prepared by the Secretariat of the Multi Donor Fund for Aceh and Nias (MDF) and do not necessarily represent the views of the MDF Steering Committee or donors. The MDF provided a grant of US\$17.53 million for AFEP, one of the MDF's 23 projects for post-disaster recovery in Aceh and Nias.

The Multi Donor Fund for Aceh and Nias (MDF) was established to support the implementation of the Government of Indonesia's (GOI's) rehabilitation and reconstruction program after the December 2004 tsunami and subsequent March 2005 earthquake. At the request of the government, the World Bank serves as the trustee to administer the MDF which is in turn governed by a Steering Committee comprised of donors, GOI, and civil society representatives, with the United Nations and international non-governmental organizations participating as observers. The donors contributing to the MDF are: the European Union, the Netherlands, the United Kingdom, the World Bank, Sweden, Denmark, Norway, Germany, Canada, the Asian Development Bank, the United States of America, Belgium, Finland, New Zealand and Ireland. The MDF pools about US\$655 million in grant resources provided by these 15 donors, an amount equivalent to about 10% of the overall reconstruction efforts. The MDF provided grants for implementation of 23 projects in five outcome areas: recovery of communities, recovery of large infrastructure and transport, strengthening governance and capacity building, supporting sustainable management of the environment, economic development and livelihoods, and providing support to enhance the overall reconstruction process. The AFEP project contributes to the MDF's outcome area of supporting sustainable management of the environment.

The MDF Steering Committee and the Government of Aceh were concerned about protecting Aceh's rich biodiversity and natural resources during the reconstruction. This was reflected in the MDF's Recovery Assistance Policy which explicitly made environmental sustainability one of the key cross-cutting issues to be considered in the selection and implementation of projects receiving MDF funding. In addition, supporting sustainable environmental management was one of the five outcome areas identified for MDF support. The AFEP project was created in response to widespread concerns over the potential impact of the reconstruction process on Aceh's forest resources. As such, the MDF was the only major reconstruction program to devote significant resources specifically for protecting the environment during reconstruction. This project was critically important not only for safeguarding Aceh's environmental resources from the potential negative impacts of the reconstruction, but in addition it has established an important precedent for incorporating environmental concerns into the reconstruction agenda in future post-disaster reconstruction efforts in Indonesia and other similar settings. One important outcome of the AFEP project was the creation of the Ulu Masen conservation area, which covers parts of five districts in Aceh with extensive forest resources. This area had no formal conservation status before the project began. AFEP's support for participatory planning and support to the provincial government to strengthen forest planning and management, in partnership with Fauna and Flora International (FFI), has resulted in recognition of this area's rich biodiversity. The Government of Aceh has recently given the Ulu Masen conservation area status as a strategic area for the delivery of environmental services in the proposed provincial spatial plan, thus furthering the conservation of this area for the benefit of the people of Aceh.

The complexity and challenges of the post-tsunami context in which the AFEP project operated were extreme. In addition to the devastation brought about by the tsunami and the challenges presented by the

huge internationally-supported reconstruction effort that followed, Aceh's post-disaster reconstruction was embedded in a post-conflict context. The needs and situation were constantly changing, and all projects required flexibility in implementation in order to adapt to this fluid implementation context. AFEP's two implementing entities, under the Bank's supervision, rose to these challenges and were able not only adjust to this evolving context but to make use of the opportunities to support an evolving environmental agenda in the province.

The project has achieved notable results in several areas contributing to stronger systems for environmental management in Aceh. The innovative Community Rangers program pioneered in the Ulu Masen ecosystem by FFI which employed former combatants and illegal loggers to patrol the forests for illegal activities and protect farmers' fields from destruction by wild elephants is a model of best practice that has been continued after the project closed with support from the European Union and the local government of Aceh. The project thus contributed to the principle of conflict-sensitive reconstruction more directly than any other interventions.

Two areas of weakness in the project, as noted in the ICR, were the poorly developed M&E framework and system and the fact that a functioning project coordination unit (PCU) was never fully functional as envisioned in the project's design. Robust M&E systems are needed in order to capture project results and to accurately convey project achievements to stakeholders. Weaknesses in the project's M&E framework were identified at midterm but were never adequately addressed, and coupled with weak M&E skills and coordination between the two IAs, this impacted the project's ability to document its achievements optimally. The project faced numerous challenges throughout its lifetime, and one of its greatest strengths was the flexibility of the project design and the commitment and determination of the implementing agencies, FFI, and LIF, in addressing challenges. They were greatly supported by the MDF, the World Bank, and the central and provincial government in addressing these challenges. One example of how stakeholders worked together to address challenges faced by the project was in the importation of the three ultra-light aircraft to be used for forest monitoring. Due to government regulations and procedures related to the importation of the aircraft, the project team faced institutional hurdles that at times seemed insurmountable, especially for environmental NGOs inexperienced in these matters. Ultimately, however, through the combined efforts of a broad group of MDF and project stakeholders, they managed to overcome these obstacles and bring the light aircraft to Aceh for their intended purpose.

The AFEP project was strategically important to the MDF in supporting one of its key cross-cutting concerns and helping to contribute to the quality of the overall reconstruction process in Aceh.

Annex 9. List of Supporting Documents

1. Project Concept Note, August 2005
2. Project Appraisal Document, February 2006
3. Restructuring Packages, March 2010, June 2010, September 2010, December 2010, June 2011, March 2012, November 2012
4. Aide memoire and management letters of all preparation and supervision missions
5. Implementation Status reports # 1-9
6. Annual and quarterly reports of AFEP 2006-2012
7. Annual reports of MDF 2006-2012
8. QAG report, November 2007
9. Mid-term review report, August 2008

Annex 10. Characteristics of the implementing agencies

| | Leuser International Foundation | Fauna and Flora International |
|----------------------------|---|---|
| Background | <ul style="list-style-type: none"> • Institution formed with special status by Presidential decree in the 1990s • Single area focus on Leuser Ecosystem, including National Park and its wider landscape • Long-term institutional support gained from an EU-funded project with expert staff hired from abroad: Staff of “foundation” and “project” never clearly distinguished • Major institutional transition occurred with end of EU support and beginning of MDTF Aceh support: change in board of directors, senior management • Senior staff and institutional memory turnover with creation of BPKEL in 2006. | <ul style="list-style-type: none"> • Institution formed over 100 years ago as international conservation organization, working across many countries and landscapes • Long experience in Indonesia and in Aceh on species and habitat conservation in a range of landscapes • Series of smaller projects, more opportunistic and project oriented institutional approach: a range of staff and expertise spread across a range of activities in Indonesia • FFI had long standing Indonesian staff and expertise, but brought in international expertise in management and reporting roles. |
| At AFEP outset | <ul style="list-style-type: none"> • LIF had more senior management experience and an approach of working with district level officials and emphasis on patrolling and combating illegal logging • Pre-tsunami experience mainly on more inland and upland areas of Leuser Ecosystem | <ul style="list-style-type: none"> • FFI had a more community-oriented approach, engaging people in defining landscapes for protection based on livelihoods needs and local values • Pre-tsunami experience mainly on narrow west coast of Aceh, badly hit by tsunami (FFI delivered relief services to affected areas) |
| Potential synergies | <ul style="list-style-type: none"> • Given their differences in institutional approach, it was thought that the two organizations could usefully learn from one another, particularly in terms of efficient project management, organization of patrols, links to official processes, and bottom up, community driven approaches • Frequent management changes in both institutions – as well as different styles, cultures and mandates – meant that opportunities for deep institutional ties and cross learning were not developed to the extent expected or desired | |

Annex 11. Sustainability Plan for Project Components Implemented by Leuser International Foundation (LIF)

LIF's Sustainability Plan identifies the following 8 priority activities in AFEP sub-components 1.1, 1.2, 1, 3, 2.2, and 2.3 that will remain relevant and should be continued by appropriate agencies. LIF proposes the following transition arrangements, including: responsible partners and activities to be conducted by these partner agencies in order to sustain AFEP initiatives and benefits:

1. Multi Stakeholder Forum

- Responsible Partner: BPKEL, Bappeda, Aceh Green
 - Actions to be Taken by Project: Improve coordination with BPKEL and at the same time discuss the importance of solidarity in building the Leuser Ecosystem (LE). As an institution that has the authority to manage the region (based on the Law on the Governing of Aceh No. 11, Year 2006) there should be an arrangement so that the activities undertaken by agencies in LE can synergize with each other without overlapping. In this case BPKEL should have facilitated the implementation process being undertaken by the implementing agencies to prevent gaps from occurring in the field. At the village level the project has established a multi-stakeholder forum (25 villages) to discuss village qanun (rules). This effort must be maintained, especially in dealing with environmental problems in rural areas directly adjacent to the LE. Through discussion and revival of the local wisdom, it is expected that the policy of the village government will have strong legitimacy among the communities and stakeholders. The same information is also conveyed by the Project to the Aceh DPD members so that they would consider how to improve BPKEL's role and coordination across multi-stakeholders so there is no overlapping of authority, particularly relating to the institutions representing the central government, such as BTNGL, BKSDA, and the Ministry of Forestry. The efforts for synchronization need to be done through meetings of the multi-stakeholder forum.
 - Actions to be Taken by Partners: Perform a listing with map locations of activities and institutions with activities in the LE. The site of activities needs to be regulated to prevent overlapping and empowerment is needed to prevent gaps. Meetings should be held regularly with the involvement of multi-stakeholders to monitor progress of ongoing activities and try to find solutions to gaps by intensive negotiation/discussion through the multi-stakeholder forum. A common perception is needed especially for the realization of Aceh Green in the future.

2. Reusam Gampong (Village Rules & Regulations)

- Responsible Partner: District/municipal governments and BPKEL
- Actions to be Taken by Project: The Reusam Gampong that has been formulated for 25 villages need to be further promoted and socialized to the local/municipal government so that the implementation on the village level will have the support from the district/municipal government. After that the Project will compile Guidelines for the Technical Implementation of the Compilation of Reusam Gampong which will later be used as a reference in the formulation of Reusam Gampong for other villages in the LE.
- Actions to be Taken by Partners: The district/municipal governments and BPKEL will support the presence of the Reusam Gampong which has been formulated (25 villages) through AFEP and monitor and evaluate its implementation on the village level. After that, using the Guidelines for the Technical Implementation of the Compilation of Reusam Gampong, the district/municipal government will facilitate the compilation of Reusam Gampong for other remaining villages.

3. Human-Wildlife Conflict Protocol

- Responsible Partners: BPKEL and BKSDA
- Actions to be Taken by Project: the Project will promote and disseminate the two HWC protocol documents to the central, provincial, and district governments, and the communities and also participate in monitoring and evaluation of its implementation in the field. While awaiting endorsement through a Governor's decree (pergub), the project will assist BPKEL and BKSDA in preparing a Standard Operation Procedure for each specific activity as outlined in the protocol document.
- Actions to be Taken by Partners: BPKEL and BKSDA will directly control when the endorsement can be done. Based on the monitoring and evaluation of the implementation results, the two institutions as partners will take the initiative to revise the protocol document if necessary so as to make it effective and efficient. Furthermore, the conflict information based on observations should be submitted to the relevant sectors (including agriculture, plantations and forestry, and transportation) to formulate a program of activities in conflict-prone locations, especially to anticipate possible conflicts that could cause losses.

4. Forest Monitoring

- Responsible Partner: BPKEL, Dinaskehutanan dan perkebunan, BKSDA, BTNGL, local NGO partners and LIF
- Actions to be Taken by Project: In 2006-2008 AFEP launched the MPU (Mobile Patrol Unit) outside the LE and the CMT (Community Monitoring Team) within the LE. Later in 2009-2010 the Monitoring Conservation Unit (MCU) was launched outside the LE and the Village Monitoring Team (VMT) within the LE. Based on the results produced, the MCU and the VMT are considered more effective in handling illegal logging and encroachment in the LE. MCU and VMT consist of elements from local partner NGOs, Forestry Police and LIF staff. In this case, the Project will compile Guidelines for Monitoring that can be used by Dinas Perkebunan dan Kehutanan.
- Actions to be Taken by Partners: BPKEL, BKSDA, BTNGL and Dinas Perkebunan dan Kehutanan will be the leading institution for the conducting of patrol activities with the participation of the Police and PPNS. Special training and collaboration with a competent institution will be needed for the supply of PPNS staff. IT and communication equipment (database, GPS, sms, compasses, and radio communication) will be needed for the integrated patrol activity to run effectively.

5. Monitoring of Deforestation and Forest Cover Change.

- Responsible Partner: Dinas Perkebunan dan Kehutanan, BPKEL and Aceh Geospatial data centre.
- Actions to be Taken by Project: AFEP made an analysis of forest cover changes in Aceh from 2006 to 2010. AFEP also conducted GIS training for the staff of Bapedalda and Bappeda in Aceh Selatan district. In addition to that, AFEP in collaboration with Aceh Green, BPKEL and Dinas Kehutanan dan Perkebunan made an analysis of the forest condition in Aceh in the post tsunami period. Project staff will provide further assistance to Dinas Perkebunan dan Kehutanan staff to make them more familiar with the method currently in use by the Project. This is important as a basis for analysis in formulating the mitigation of long-term impact caused by reconstruction and development activities in Aceh.
- Actions to be Taken by Partners: BPKEL, AGDC, Dinas Perkebunan dan Kehutanan need to improve the capability of the GIS laboratory at district levels, both in terms of equipment and staff capability. AGDC, Dinas kehutanan dan dishutbun and BPKEL expected to schedule the monitoring of deforestation and forest cover on a regular basis throughout the year.

6. Biodiversity Survey

- Responsible Partner: LCC (Leaser Conservation Centre/LIF-Unsyiah Consortium).
- Actions to be Taken by Project: AFEP has conducted surveys of several wildlife species such as tigers and other mammals. Surveys are also carried out in research stations such as Suaq Belimbing and Ketambe. Data on the results of the surveys and the methods used need to be disseminated to researchers at Syiah Kuala University who will be working for LCC. To achieve this consortium AFEP will facilitate the issuance of a MoU between the LIF and Syiah Kuala University, which will also regulate concerning the Steering Committee and the Management Team of the LCC. Then, the LCC profile and the draft LCC Strategic Plan will also be formulated.
- Actions to be Taken by Partners: Unsyiah should determine a contact person who will be involved in the management of the LCC and will also participate in the discussions on the MoU, the LCC profile and the LCC Strategic Plan. Organizationally, this LCC will be under the Unsyiah Research Institute. Therefore, preparation should be made for the administrative process of the LCC institute by Unsyiah so that the presence of LCC in the Unsyiah environment will receive formal recognition.

7. NOEL Program (Tree nurseries)

- Responsible Partner: Dinas Perkebunan dan Kehutanan, Dinas pertanian dan pemma
- Actions to be Taken by Project: AFEP will recommend the groups which have successfully completed the NOEL Program to the district government of Nagan Raya and Aceh Barat Daya in this case, Dinas Perkebunan dan Kehutanan and Dinas Pertanian dan Tanaman Pangan. The groups that have gained experience in nursery development can be used to provide local seedlings to support agroforestry programs to be developed by the two above-mentioned technical institutions. Furthermore, the groups can also play a role in providing assistance to beginners (farmers' groups) for the development of nurseries for plantation and forest seedlings.
- Actions to be Taken by Partners: The district government of Nagan Raya and Aceh Barat Daya, in this case Dinas Perkebunan dan Kehutanan and Dinas Pertanian Tanaman Pangan must allocate a budget for land rehabilitation through the agroforestry approach program at the target location by involving farmers' groups trained by AFEP as pioneers. Also in the provision of seedlings for this program, a part of the seedlings should be obtained from the farmers' groups under guidance and the rest from nurseries established by farmers trained by AFEP.

8. Environmental Education = Buku Ajar Leuser as Local Content

- Responsible Partner: Dinas Pendidikan dan Kebudayaan at provincial and district level.
- Actions to be Taken by Project: AFEP will recommend schools that have incorporated the Leuser textbooks as a local content to the local government for further guidance through Dinas Pendidikan dan Kebudayaan. Next the list of schools that have not yet done so will be disseminated and the efforts undertaken by AFEP so far. Furthermore, schools that have included the Leuser textbook as local content and whose students are active in eco club activities may be recommended for the "Adiwiyata" School award presented by the Ministry for the Environment.
- Actions to be Taken by Partners: The LE is currently not only an asset to the community and local government, but also a national and international asset. Therefore the mission of Dinas Pendidikan dan Kebudayaan (Education department) to raise public awareness through education is considered a very noble task, especially in order to prepare the younger generation to have a high concern for the preservation of the LE. Therefore, the inclusion of the program into the program of Dinas Pendidikan dan Kebudayaan is a realistic decision and gradually the target to include the Leuser textbook in the local content for all schools in the LE will soon materialize. Active participation from each school is very much needed, especially relating to the winning of

the "Adiwiyata" award. Therefore, Dinas Pendidikan dan Kebudayaan should conduct an intensive coordination with the Ministry for the Environment and at the same time request for the political will of the local government.

Annex 12. Sustainability Plan for Project Components Implemented by Fauna & Flora International (FFI)

FFI's Sustainability Plan identifies the 10 items as priority activities to be continued in the post AFEP period. FFI's Sustainability Plan identifies transition arrangements including: the most suitable local project partners, from both government and communities, and describes the critically important steps to ensure that they assume ownership of core project activities and are able to effectively run them with minimal supervision and support. These transition arrangements to ensure sustainability of each of the 10 priority activities are summarized below, including: "Responsible Partner"; "Actions to be Taken by Project"; and "Actions to be Taken by Partners".

Sustainable institutions

1. Forestry Redesign Team (TIPERESKA)

- Responsible partner: Aceh Green Secretariat.
- Actions to be Taken by Project: The continuation process is being led by the Government of Aceh (GoA), which is fully responsible for implementing the TIPERESKA's recommendations. No further action is necessary.
- Actions to be Taken by Partners: The first step would be to discuss the proposed redesign through a multi-stakeholder provincial meeting and then subsequent district level meetings. After this, the Legal Bureau would need to be involved in enabling a restructuring of the forestry governance system.

2. Provincial-level spatial plan

- Responsible partners: Aceh Green Secretariat, Bappeda and Aceh Parliament
- Actions to be Taken by the Project: At the moment, no further action is required by AFEP as the GoA has full responsibility for handling the plan and its approval by parliament; FFI-AFEP will remain ready to support socialization and implementation of the spatial plan for the five Ulu Masen districts, if this process is completed before the cessation of AFEP.
- Actions to be Taken by Partners: Complete the Aceh parliament review process and develop supporting legislation to enable the enactment of the spatial plan at the provincial and district levels.

3. Multi-stakeholder Project Management Unit (PMU)

- Responsible partner: GoA REDD-Task Force
- Actions to be Taken by Project: Support GoA in completing and then implementing the PMU (February 2011); transfer FFI staff to the PMU (February 2011); and provide ongoing technical support to the PMU (February 2011 onwards).
- Actions to be Taken by Partners: Obtain Legal Bureau approval the PMU decree (February 2011); hold a multi-stakeholder meeting to socialize the PMU and supervise its ongoing implementation (February 2011).

4. Environmental education curriculum

- Responsible partner: Education Department
- Actions to be Taken by Partners: FFI will support the Education Department in hosting a meeting (April 2011) with teachers involved in the pilot phase to discuss the finalization of the curriculum (focusing on its implementation) and develop a work plan and budget for future implementation across Aceh. FFI-AFEP will print additional copies of the curriculum materials (April 2011) for the Education Department to distribute across Aceh.

- Actions to be taken by the partners: Education Department to implement the work plan produced and allocate annual budget for curriculum implementation (October 2011).

Sustainable forest management

1. Conservation Response Units (CRUs)

- Responsible partners: Dishutbun and BKSDA
- Actions to be Taken by Project: Complete capacity building for BKSDA through providing GIS training on spatial mapping and monitoring of HWC patterns (March 2011); work with district-level GoA partners (particularly Dishutbun) in assigning sufficient annual budgets (APBD) for daily CRU management and conflict response that is incorporated within annual work plans (August-September 2011).
- Actions to be Taken by Partners: Discuss the completed human-elephant conflict mitigation protocol with the tiger protocol at a multi-stakeholder meeting to secure their commitment to the process and the CRUs (April 2011); allocate financial resources for continued capacity building (for technical expertise) and daily operation of CRUs (September 2011).

2. Community Ranger Program

- Responsible partners: Community Ranger Institution, Aceh Green Secretariat and Dishutbun.
- Actions to be Taken by Project: Through its role within the PMU, FFI to work with the GoA at the district level to allocate for supporting community ranger activities, similar to the model provided by the government of Aceh Jaya (September-October 2011). FFI will work with the GoA in developing an Ulu Masen management plan that includes clear roles and financial allocations for the community ranger teams (December 2011).
- Actions to be Taken by Partners: A Community Ranger meeting to be called by the Governor of Aceh to discuss the establishment of a Federation and to discuss areas for GoA financial support (May 2011).

3. Forest Law enforcement

- Responsible partners: Police, Dishutbun and BKSDA.
- Actions to be Taken by Project: Hold a joint meeting between provincial police (Polda), provincial Dishutbun-Polhut and BKSDA to develop joint work plans (with FFI operating under Save the Tiger Fund and EU grants) and identify budget sharing opportunities for the associated activities (February 2011); FFI will recommend to the GoA that the AFEP equipment loaned to local NGOs partners to continue monitoring illegal logging is transferred for their full ownership (June 2011).
- Actions to be Taken by Partners: Implement the agreed work plan and allocate sufficient financial and human resources in FY2011-2012 and beyond.

4. Community-based forest management

- Responsible partner: Aceh Green Secretariat and local NGOs.
- Actions to be Taken by Project: FFI-AFEP to recommend to the GoA that assets loaned to the local NGOs for completing this work are fully transferred at the project end (June 2011); FFI-AFEP to support local NGOs in developing funding proposals for continuing their work on sustainable forest management (May-June 2011).
- Actions to be Taken by Partners: Complete development and implementation of the first comprehensive community-based forest management model for Aceh Jaya district (June 2011); develop an implementation strategy for the remaining four Ulu Masen districts (June 2011) and complete this strategy over two years (May 2013).

Sustainable financing mechanism & Transfer of AFEP Assets

1. Ulu Masen avoided deforestation project

- Responsible partner: Aceh Green Secretariat and GoA REDD-Task Force
- Actions to be Taken by Project: Continue to support the GoA REDD-Task Force and implementation of the project work plan that it will develop (February 2011-August 2013); support the GoA in developing a forest and biodiversity Management Plan for Ulu Masen that earmarks carbon credit revenue for specific activities (including those started under AFEP; December 2011). The GoA has proposed to the Aceh parliament that 25% of this revenue is allocated for forest management activities.
- Actions to be Taken by Partners: GoA-REDD Task Force to finalize the project work plan and implementation unit (February 2011) and supervise partner progress in implementing the work plan over two years (February 2011-August 2013); seek approval from the Aceh parliament for the carbon revenue allocation proposal (December 2011).

2. Transfer of AFEP Assets

The project has itemized all of assets purchased by FFI-AFEP. To ensure a smooth and successful implementation of the project sustainably, FFI-AFEP has consulted with local partners on their needs and made recommendations for transfer of assets to appropriate organizations. FFI-AFEP places strong emphasis on transferring project assets to community-based organizations working in Ulu Masen area, because these organizations share a similar conservation and development strategy to FFI's. They lack equipment and they lack the capital to buy equipment. It is predicted that the greatest conservation returns would be yielded from this approach.

MAP

