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Proposal for Review

Project Title:	Indonesia Kerinci-Seblat Integrated Conservation and Development Project
GEF Focal Area:	Biodiversity
Country Eligibility:	Convention Ratified August 23, 1994
Total Project Costs:	US\$39.0 Million
GEF Financing:	US\$13.5 Million
Government GEF Counterpart Financing:	US\$11.5 Million
Co-financing:	IBRD US\$14.0 Million
Associated Project:	Indonesia Kerinci-Seblat Integrated Conservation and Development Project
GEF Implementing Agency:	World Bank
Local Counterpart Agency:	BAPPENAS
Estimated Starting Date:	March 1996
Project Duration:	6 years
GEF Preparation Costs:	PRIF US\$0.9 Million

INDONESIA: KERINCI-SEBLAT INTEGRATED CONSERVATION AND DEVELOPMENT Project**COUNTRY CONTEXT**

1. **Biodiversity Value.** Indonesia is rich in biodiversity. It contains nearly 10% of the world's closed tropical forests. It also has extensive coral reefs and more marine coastline than any other tropical country. Although the archipelago represents only 1.3% of the earth's land surface, it contains an estimated 25% of the world's fish species, 17% of all bird species, 16% of reptile and amphibian species, 12% of mammal species, 10% of plant species, and unknown numbers of species of invertebrate animals, fungi, and microorganisms. These habitats and species are now threatened by logging, mining and overfishing as well as by agricultural development and other competing land uses.
2. **Economic Importance.** Indonesia's biological resources are economically important both globally and nationally. Many plant species originated in Indonesia, including cloves, black pepper, sugar cane and several tropical fruits. Indonesians use over 6,000 species of plants and animals. Daily they gather or cultivate these species for food, handicrafts, medicines, fuel and building materials. Some 40 million people directly depend on a wide range of forest and non-forest products for subsistence. Natural ecosystems, and the environmental functions they protect, strongly influence Indonesia's agriculture, forestry, livestock and fisheries which together contributed about 19% of GDP in 1992.
3. **Biodiversity Areas.** The biodiversity and natural habitats most at stake for priority in situ conservation are the 49 million ha of terrestrial areas, as well as the 20 million ha of marine and littoral habitats, which GOI has identified for conservation by the year 2000. In addition, there are some 65 million ha designated for production forests, which have an equally important share of the biodiversity and natural habitats, particularly the lowland forests. While certain of these lowland forests would therefore also call for conservation, as a priority, most of these areas require sustainable management. Out of the established conservation areas, there are 31 national parks, covering nearly 8 million ha, one of which is Kerinci Seblat. The Kerinci-Seblat National Park (KSNP) which spans four provinces in Sumatra covers almost 1 million ha. The park and its adjacent forests have been internationally recognized as one of the most important conservation areas in Southeast Asia (IUCN Review of the Protected Areas System in the Indomalayan Realm, 1986).
4. **Biodiversity Action Plan.** This plan, prepared in 1991/2, is the main policy statement by GOI for Indonesia's biodiversity conservation strategy. The Plan provides a framework for biodiversity conservation during the 5-year development plan (Repelita VI) and for the 25 year development plan. The main objectives of the Plan are to i) reduce the loss of terrestrial and marine habitats of primary importance for biodiversity; ii) expand biodiversity data and information to policy makers and the public; and iii) foster the sustainable use of biological resources. The strategy to attain these objectives would be carried out through an integrated process of institutional, policy and legal reform and development coupled with investment through selected projects. The Plan has four components. First, in situ conservation in national parks, reserves and protection forests; second, in situ conservation outside the protected area network in forests, wetlands and agricultural landscapes; third, in situ conservation of marine and coastal resources; and fourth, ex-situ conservation, including gene and seed banks, preservation of crop varieties, and captive breeding programs. An important prerequisite for the Plan's implementation is an increased participation by the public, particularly by communities living in and

adjacent to areas of high biodiversity value. The Plan also provides for local NGOs to play an active role in fostering such participation.

5. **Constraints in Protected Areas Conservation.** There are several institutional and policy constraints facing GOI as it attempts to implement its protected areas conservation strategy. The Directorate General of Forest Protection and Nature Conservation (PHPA) and other institutions with responsibility for biodiversity conservation suffer from an acute lack of trained and dynamic staff, frequent transfer of experienced staff, and a lack of adequate funding. PHPA field offices fall directly under the Ministry of Forestry (MOFr) and coordination between these forestry agencies and the regional governments in the management and enforcement of rules and regulations in and around protected areas is often totally lacking. This situation is exacerbated by the few incentives for local governments and smallholders to protect biodiversity, and the lack of integrated management plans that link management of protected areas with district (Kabupaten) or provincial development plans.

PROJECT OBJECTIVES

6. **Project Concept.** The project would address the first objective of the Biodiversity Action Plan (in situ conservation of natural habitats). While it would primarily focus on the protection of one of the country's largest national parks (Kerinci-Seblat), it would deal with major institutional, policy and development issues whose resolution is vital for the development of an integrated protected area system covering all major terrestrial habitats in Indonesia. It would strengthen PHPA, the main agency responsible for conservation areas. On the developmental side, it would use an integrated conservation and development approach (ICDP) that reconciles park management with the social and economic needs of the local people and within the framework of some of the development goals set for the four provinces bordering the park. This requires a steady decentralization of management authority to local agencies and governments. It would aim at finding better modus operandi for local community participation and the use of NGOs in management decision making concerning park boundary demarcation and land use and bufferzone regulations.

7. **Project Location and Park Description.** The KSNP is the largest conservation area in Sumatra, straddling the four provinces of West Sumatra, Jambi, Bengkulu, and South Sumatra. With an area of nearly 1 million ha (one third the size of Belgium), the park is one of the largest conservation areas in South East Asia. The park and its environs encompass a spectrum of habitats from species-rich lowland forests through hill forests and unique highland wetland systems to montane forests and subalpine habitats on Sumatra's highest mountain. The park is remarkable for its species richness with more than 4000 plants (1/60 of the world total), 180 birds (1/50 of all birds), including at least 14 of the 20 Sumatran mainland endemics, and 144 mammals (73% of the Sumatran mammal fauna and 1/30 of the world total, including 5 island endemics). Many of the habitats and species protected within the park and its immediate forest buffer zone are poorly represented or absent from other conservation areas in Sumatra or elsewhere in Asia. This area harbors some of the last viable populations of endangered mammals such as the endemic Sumatran hare Nesolagus netscheri, Sumatran rhinoceros Dicerorhinus sumatrensis, Sumatran tiger Panthera tigris sumatrensis, clouded leopard Neofelis nebulosa, Malay tapir Tapirus indicus and Asian elephants Elephas maximus. Many of the large predators and forest herbivores require large areas of lowland forests and other natural habitats to protect their home ranges and ensure access to vital mineral-licks. The high biodiversity value of the park and surrounding forests is a result of both

the area's large size and wide range of habitats and is dependent on the long-term protection of an adequate continuum of habitats from lowland forests to subalpine montane systems. The integrity of the park and its high biodiversity values are threatened by encroachment for shifting cultivation and cinnamon plantations, fragmentation and logging in the lowland forests.

8. **Specific Project Objectives.** The overall objective of the project is to secure the biodiversity of KSNP and stop further habitat fragmentation by improving park protection and management, including the involvement of local communities, and by promoting sustainable management and the maintenance of permanent forest cover in the remaining bufferzone concession areas. The project will develop a model for ICDP which can be applied to other parks in the Indonesia protected area system (and elsewhere in Asia) to reconcile conservation and regional and district development. The ICDP would follow an integrated two pronged approach to help stabilize the park boundary and protect biodiversity within the park and adjacent areas, as well as to enhance the livelihoods of poor households living around the KSNP by providing them with alternative livelihood opportunities consistent with park conservation objectives. The project design proposes to meet this objective by institutional strengthening in the areas of integrated planning, coordinated implementation and regular monitoring and enforcement at provincial and local levels; building institutional capacity through increased staffing and in-service training; and improving livelihoods through improved resource management and services delivery.

PROJECT DESCRIPTION

9. To support the above project objectives, the ICDP would include the following components:

Project Components.

- *Park Management* The park management component will facilitate boundary and land use rationalization, demarcation and gazetting. This component will also strengthen park protection and management through participatory planning and institutional development, preparation and implementation of a park management plan, and the promotion of collaborative linkages with communities in the bufferzone and local governments in surrounding districts. It will also support species inventory, ecological monitoring, socio-economic and other research necessary for park and bufferzone planning and management.
- *Rural Development* The rural development component will help villagers adjoining the park: obtain secure access to the natural resources they utilize in the bufferzones (provided that such use is on a sustainable basis), rationalize land use within the park, and plan and implement improved livelihood opportunities or social benefits that relieve pressure on the park. The component will be facilitated by local NGO catalyzers, and will target 134 villages in ten priority clusters where park habitats and biodiversity is most threatened. In addition, where villages adjoin forest concessions, the component will also promote community forestry management.
- *Concession Management* The concession management component will help MOFr manage and stabilize the remaining lowland forest areas bordering the park. MOFr will

review and reallocate forest land to appropriate land use and management regimes as needed in the seventeen concessions bordering the park through the KPHP process. The KPHP is a new program instituted by MOFr as a planning mechanism to redefine concession boundaries based on land use and biophysical considerations. As part of this process, areas of high biodiversity or watershed conservation values would be identified so that they can be left as protected forest areas within the concession or returned to the park. The project will provide technical assistance through training, ecological assessment surveys, monitoring and independent audits of forestry conservation practices. Project personnel will work with the forestry agency and local communities to promote improved land use, including community forestry, consistent with biodiversity conservation and maintenance of permanent forest cover.

Project Support Activities.

- *Policy and Planning* The project will improve the regulatory guidelines for inter-provincial spatial planning and regional planning practices. This technical support will provide policy and planning advice both at the national and provincial levels. It will ensure that the regulatory system for planning incorporates integration of biodiversity conservation to facilitate ICDP implementation. In addition, this activity will (i) support inter-regional spatial planning for the 4 provinces; and (ii) strengthen the regional and spatial planning capacity of provincial and Kabupaten planning agencies covering the park.
- *Conservation Awareness* This activity will play a key role within park management and rural development activities by disseminating information to people in boundary villages, government agencies and the community at large on the value of the park for biodiversity, watershed protection, and local development. It will assist in the survey of current awareness levels and attitude, and design multi-media programs aimed at specific target groups, building on local practices and traditions wherever possible.
- *Training and Extension* Specific training activities have been identified for each component that are necessary for capacity building and successful project implementation. The project will assist in designing and conducting a training needs assessment of all involved stakeholders, the implementation of relevant theoretical and practical training programs, contracting of training services, and supervision and monitoring of training impacts. The project will also assess the extension capability of agencies' field personnel and help to produce extension materials.
- *Monitoring & Evaluation* Participating management and planning agencies will undertake M&E programs in order to collect information about biodiversity indicators, human/development impacts, and the effectiveness of conservation/sustainable use programs. This information will be used to adjust and strengthen planning and enforcement processes during the project period. This activity will support technical assistance, GIS equipment, data collection and analysis, and M&E training.

10. A detailed project preparation report has been prepared for Government, utilizing funds authorized under a Pilot Phase Pre-Investment Facility (PRIF) Advance. This document may be requested by contacting the Bank Public Information Center (PIC) or by contacting the Bank Task Manager, Mr. Ben van de Poll (ext. 458-2549).

PROJECT BENEFITS

11. The proposed ICDP project offers the chance to halt the loss of unique biodiverse habitats and rare and endemic species native to Kerinci-Seblat, and to conserve for the use of current and future generations these rich biological resources. With the project focus on conservation, improved agricultural systems and forest management practices, it will also play an important role in improving watershed protection for the four surrounding provinces. The project would directly benefit poor households and communities living in park boundary villages by giving them more control over the long-term management of their resource base and provide them with better income-generating opportunities. The proposed institutional strengthening (e.g. concession management and integration of spatial/regional planning with park management) provides an innovative pilot model, which if successful, could be replicated to other conservation areas in Indonesia.

RATIONALE FOR GEF FUNDING

12. The proposed project is fully consistent with the Convention on Biological Diversity and guidance from the Conference of the Parties. It has been identified as a national priority in the Biodiversity Action Plan, and proposed activities will: strengthen conservation, management and sustainable use of ecosystems and habitats (including threatened lowland and hill forests as well as montane habitats); demonstrate innovative measures (linking conservation and district development) to conserve biodiversity; and involve local people in park and natural resource management. KSNP and its surrounding forests have been recognized as an area of both global and national biodiversity significance and can be regarded as one of the last opportunities in Southeast Asia to conserve a diverse and complex mammal predator-prey system. Forestry management to integrate conservation values into forestry practice and maintain permanent forest cover in the Kerinci forest buffer zone will not only effectively increase the conservation estate by maintaining natural habitat beyond park boundaries, but could provide a model for sustainable forestry throughout Indonesia.

13. The proposed Kerinci-Seblat ICDP project is a logical progression of the Bank's past support for conservation and environmental and social impact issues. These include efforts at supporting park planning and management (para.18) and the on-going Biodiversity Collections project (para. 16) which will improve GOI's capacity in biodiversity inventory and monitoring. The proposed project is fully integrated into the Bank's future natural resource and conservation program which will be implemented over the next three to five years. This program of assistance will focus on watershed management and conservation, integrated management and

conservation of national parks (both terrestrial and marine), and coral reef rehabilitation and management. The proposed Kerinci-Seblat ICDP project is viewed by GOI as the demonstration model for future national park interventions elsewhere in the country, if implementation experience proves successful.

SUSTAINABILITY AND PARTICIPATION

14. KSNP will require a long-term sustained program of investment and institutional development to achieve its overall goal of conserving biodiversity through integrated bufferzone development. The proposed project would contribute to long-term sustainability through its emphasis on capacity-building and community involvement in project design and implementation. In addition, recurrent costs associated with proposed project activities will be financed by GOI during the project period, reflecting the national commitment to effective operation of KSNP and ICDP activities. To ensure financial sustainability beyond the project period, GOI wishes to explore what options would be available for future recurrent cost/investment financing and development assistance for both the park and bufferzones, including the feasibility and requirements for establishing an endowed Trust Fund. Consequently, during years 2-3 of project implementation, a special study will be commissioned to assess options and make recommendations for future action.

15. Community and stakeholder consultation activities have played a major role in project preparation and design. Beginning in 1992, preparation teams have engaged in rapid rural appraisal exercises in boundary villages with the objective of creating village profiles, understanding land use patterns and people-park interactions, and eliciting stakeholder feedback on ICDP design. Such consultation and participatory activities will continue to play an important role during further project processing (for example, a workshop to review the final preparation and RIA document is scheduled with local stakeholders on March 27/28, to be followed by a similar workshop in Jakarta (March 31) with the appropriate central ministries and provincial representatives) and implementation. Wherever possible, project activities will build on local knowledge and practices that are compatible with biodiversity conservation and sustainable use of resources in and around KSNP. Annex 1 provides a summary table of the major consultation activities that have taken place during the preparation phase.

LESSONS LEARNED FROM PREVIOUS EXPERIENCE

16. GEF has supported two biodiversity conservation initiatives in Indonesia: the Biodiversity Collections Project (US\$7.2 million) and the Conservation Strategies for Rhinos in Southeast Asia Project (US\$ 2.0 million). A PRIF (US\$ 1.56 million) was approved to finance preparation of the Biodiversity Collections Project, Kerinci-Seblat ICDP, and a Conservation Awareness Program. Project implementation under the Biodiversity Collections Project is proceeding well, with technical advisors recruited and workshop and key planning/consultation activities well

underway. The Southeast Asia Rhinos Project will develop organized and trained rhino protection units in KSNP to assist in anti-poaching and community outreach programs.

17. Bank support to parks and protected areas has grown rapidly over the last five years. The Bank's IBRD/IDA portfolio of biodiversity related activities has included some 27 projects with a total loan/credit value of US\$ 287 million equivalent between FY92-95. In addition, the Bank (as GEF implementing agency) has worked closely with local project sponsors on 31 biodiversity programs, for which the GEF Participants have allocated \$244 million between FY92-95. In an independent evaluation of the GEF pilot phase (11/93), the assessment of some 30 UNDP/WB biodiversity projects showed that: (i) too little consideration had been given to local people, their expertise and priorities; (ii) NGO involvement was found to be inadequate, and (iii) long-term financing of such projects was sometimes doubtful. Similar observations are found in the 1991 OED analysis of forestry and conservation lending, which also concluded that: (a) realistic incentives are needed for conservation activities, and (b) conservation and buffer-zone management components should be based on a clear prioritization of areas and a realistic plan for related rural development activities targeted to nearby populations.

18. In Indonesia, the Bank has supported investment in management and infrastructure development in 15 national parks through the Forestry Institutions and Conservation Projects I & II. These Projects have revealed PHPA institutional weaknesses which KSNP will also have to face, namely, frequent movement of senior staff, moratorium of recruiting guard staff with low educational qualities, lack of incentives for technicians and guards to perform their assigned tasks, and overemphasis on blue prints and planning rather than learning by trying and doing. More generally, experience with the Bank's Indonesia portfolio has highlighted difficulties associated with: (a) inter-agency coordination; and (b) timely appointment of consultants and their effective interaction with government staff. In addition to these important lessons, the proposed project will build on some very positive experiences learned from ICRAF activities focussing on alternatives to slash and burn agriculture, and from WWF and WARSI (local NGOs) involvement in community participation and village development in Kerinci-Seblat. Project design has built on the lessons learned from conservation project experience in Indonesia and elsewhere.

TECHNICAL REVIEW PROCESS

19. An earlier version of the proposed project, comprising three components (Biodiversity Collections, KSNP ICDP, and Conservation Awareness) was endorsed by GEF Participants and admitted to the Pilot Phase Third Tranche work program in May 1992. Due to diverging preparation timetables, the three components were subsequently separated into distinct projects in order to avoid delaying approval of components ready for implementation. Following completion of the detailed project preparation report (para. 10), the revised Kerinci-Seblat ICDP proposal was reviewed in March 1995 by a Technical Review Panel, which included two technical reviewers from the STAP roster of biodiversity specialists.

20. In their comments, the technical reviewers strongly supported the project, and confirmed that Kerinci-Seblat National Park is a site with globally significant biodiversity facing severe threats and needing immediate action. Their reviews commented positively on the project's many strengths and innovations, such as its sensitive assessment and priority treatment of sociological issues facing the park, its involvement of local actors (communities, provincial governments, NGOs, universities), the rural development component and formal Community Conservation Agreements, and the inter-provincial regional development plan led by the Inter-Provincial Coordination Committee. Project documentation was commended for its honest discussion of the many challenges facing project managers and its emphasis on the need to focus on cooperative local and regional solutions. The technical reviewers recommended that particular attention be given to: promoting traditional, sustainable resource management practices, identifying alternative, non-destructive income sources for **all** strata of village society, putting in place local sources of long-term funding for park and buffer zone activities, and clarifying implementation plans and timetables, with particular reference to training. The project concept and documentation have been revised to incorporate these comments. A summary of the technical reviewers' comments and how they have been addressed in the revised project documentation is attached as Annex 2.

PROJECT COSTS AND FINANCING

21. Total project costs have been estimated at US\$39 million (see Annex 3), including a foreign exchange component of about US\$ 8 million (21% of project costs). Park management activities account for about 35% of total project costs, rural development/buffer zone activities for about 43%, timber concession management activities for about 13%, and monitoring and evaluation activities for about 9%. The proposed GEF grant of US\$ 13.5 million equivalent (net of taxes) would finance elements of the project that contribute wholly or largely to achievement of global biodiversity objectives (56% of foreign costs and 35% of local costs). The proposed Bank loan of US\$ 14 million, net of taxes, would finance 35% of foreign costs and about 44% of local costs. The balance of project costs, US\$11.5 million equivalent, including taxes and all recurrent costs during the project period, would be financed by GOI. It is estimated that the "baseline" project scenario (without global benefits) would have cost about US\$15.0 million (see para.12), and that the incremental costs of achieving biodiversity conservation and sustainable use goals in the KSNP and its buffer zones are estimated at about \$24.0 million, which would be financed out of the GEF grant and IBRD loan.

INCREMENTAL COSTS

22. Under the **baseline scenario** (ie, without the proposed ICDP approach), it is estimated that GOI would have spent between US\$5-6 million on Kerinci-Seblat **park management** activities during the project period (these figures are based on actual expenditure trends over the past 10 years). With respect to likely **rural development** expenditures, significant sums of

money are programmed for rural infrastructure for villages in KSNP buffer zones over the next 5-6 years under various government programs, but these expenditures and development activities as currently implemented give no attention to biodiversity conservation or sustainable use objectives; given the importance of the buffer zones for watershed management functions, it is assumed for baseline purposes that the GOI would have initiated the process of reorienting such development programs during the proposed project period, by investing about US\$7-8 million towards such a goal. Currently, supervision of **timber concession management** by GOI is seriously lacking, and it is assumed for baseline purposes that GOI would have begun to address this weakness by investing in field programs and personnel to begin to bring the situation under better control; likely investments during the project period without the proposed project for concession management related activities are estimated at about \$1.5 million. In the absence of the proposed project, limited **monitoring and evaluation** activities would have been undertaken in the project area (US\$0.5-1 million).

23. In the absence of the proposed project and the GEF grant catalyst, it is likely that park encroachment (human and road development) would lead to further major biodiversity loss and habitat fragmentation in the park and park buffer-zones (particularly the bordering concessions). Continued degradation and poor management in the park and buffer-zones would result ultimately in the loss of these ecosystems' watershed, habitat, and biodiversity conservation functions. It is believed that the most effective way to prevent such ecosystem dysfunction and biodiversity loss is through regionally-based programs, fully supported by local stakeholders, such as will be tested under the proposed ICDP project. The **incremental cost financing** provided by the GEF grant and IBRD loan will make possible activities and programs that would not have been possible under the baseline scenario, including: (a) strengthened park management and enforcement (US\$8 million); (b) intensified use of NGOs, and specialized efforts to resolve human conflicts and minimize encroachment (US\$9.5 million); (c) ecological assessment surveys and training for the new and improved timber concession inspection service (US\$3.5 million); and (d) expanded monitoring and evaluation oriented to documenting trends related to biodiversity indicators (US\$3.0 million).

ISSUES AND ACTIONS

24. The project has extensive environmental, land use and socio-economic development implications. The project has addressed these implications by including a number of policy, administrative and fiscal measures in the project design. Understandings on these points will be captured in specific project covenants in the legal agreement between GOI and the Bank. The major environmental impacts on the park, including recommendations for mitigating these impacts, are described in a Regional Impact Assessment (RIA) report prepared for BAPPENAS in December 1994. The major threats to biodiversity within the park identified by the RIA are from four sources: roads, mining, loss of lowland forest habitat, and human encroachment. The proposed project would implement specific activities that support RIA recommendations as outlined below.

25. **Park Boundaries and Biodiversity.** The park as originally proposed in 1982 consisted of nearly 1.4 million ha. Subsequent revisions reduced the park to its present size of nearly 1 million ha at the cost of species rich lowland and hill forests. The excised areas are now allocated to some 17 timber concessions bordering the Park. These areas are classified as production, and protection forests. While these decisions are difficult to reverse, the conservation objective needs to be a central consideration in decisions determining revised park boundaries. The project proposes to redefine the boundaries between the park and the concessions on the basis of the KPHP program (para 9). The project intends to retrieve significant portions of these lowland and hill forests from the concessions through a series of project actions (through the KPHP method and other survey tools to delineate areas of high biodiversity value and classify these areas on its merits as protected forest areas). These project actions will be reinforced through a number of proposed (dated) covenants. As an initial step to controlling logging on fragile and biodiversity rich lands, the GOI plans to conduct rapid ecological assessment surveys on two to four priority concession blocks adjacent to KSNP prior to negotiations with a view to tabling specific recommendations for boundary adjustment by the end of 1995.

26. Apart from concessions, KSNP is also surrounded by estate crop areas, mining areas and transmigration settlements. The park boundary demarcation process is nearly completed and most boundaries adjoining settlements have been demarcated. The non-demarcated boundary areas remaining are within forest concessions (mainly in Jambi to the east of the park) where there are no settlements. There are over 400 villages in the nine Kabupaten which share common boundaries with the park. The population of the sub-districts closest to the park is approximately 1.75 million. In some villages, communities are not happy with the boundary demarcation, as some of their agricultural land has fallen within the park. The project will focus on these villages and provide funds for "boundary rationalization" so that modifications can be made to the boundary, and communities can "buy-in" to the ICDP. No villages have been resettled through this demarcation process. The new GOI (MOF and Local Government) policy is to avoid involuntary resettlement by creating enclaves, and demarcating the boundary to exclude human settlements.

27. **Encroachment and Resettlement.** The GOI has agreed that there will be no involuntary resettlement during the first three years of project implementation. During this initial three year period the Project will identify key areas for biodiversity conservation park zoning and identify criteria for resettlement if any. The project will generally seek to find all possible alternatives to involuntary resettlement through the use of zonation and land use improvement. If there is any required involuntary resettlement, this would only proceed on the basis of resettlement action plans meeting Bank policy requirements (OD 4.30), including restoration of income, budgets, timetables and full public consultation. However, even under the worst scenario, the total population affected by any possible future involuntary resettlement is likely to be small (eg., less than 300 families).

28. **Roads.** There is currently a verbal agreement from GOI that there will be no new road

development through the Park. However, there are indications that provincial governments may still want to proceed with road construction. This potentially could have a major impact on biodiversity through subsequent human encroachment. The project intends to mitigate this potential problem by requiring, as a condition for negotiations, the following actions: (i) that no new roads are constructed until a regional spatial plan covering the Park and bufferzone areas has been completed and agreed upon by the 4 provincial governments; (2) that all biodiversity assessments required for the Park management plans have been completed; and (3) that subsequent road construction would meet the requirements of the Park management plan and have an environmental impact assessment (ANDAL) acceptable to the Bank. It is intended to address these issues through project covenants.

29. **Mining.** The impact of mineral development on the ICDP is currently minimal. No new mining leases should be issued by the Ministry of Mines and Energy within the original 1982 Park boundary till the final KSNP boundary is gazetted. Feasibility studies of the three existing exploration concessions would be allowed, with the understanding that if no viable deposits are found within 5 years, the concessions will be cancelled. If commercial mineral deposits are found, the acceptability of mining activities will be considered on a case-by-case basis through an ANDAL acceptable to the Bank. No open pit extraction or infrastructure would be allowed inside the Park or within 5 Km of the bufferzone. It is intended to have these issues appropriately addressed in project covenants.

RISKS

30. As outlined above, the major risks associated with the project are the threats to KSNP from sources such as road development, human encroachment, and poor logging and concession management practices, thus causing further biodiversity impoverishment and potential park fragmentation. Unless GOI shows clear commitment to controlling these risks, the park's biological diversity will not be maintained over the long-term. The issue of park integrity will be addressed in certain policy agreements and interventions by GOI prior to and during project implementation. Other risks concern the present lack of integrated management plans, coordination between agencies, and enforcement of regulations within the park and the bufferzones. These risks will be addressed by an ICDP project approach which will introduce a greater participatory role of local government officials and local communities, integration of regional and park planning, and the establishment of an interprovincial project secretariat. This will be linked to a strong project environmental and socio-economic monitoring program to provide feedback to project management and allow refinement or corrections in proposed project interventions. Over the coming months, GOI commitment will be closely monitored before proceeding with appraisal and project approval. A direct measure of this commitment in the short term would be for GOI to publicly disclose the RIA and endorse its recommendations, and to officially transmit the report to the Bank.

INSTITUTIONAL FRAMEWORK AND PROJECT IMPLEMENTATION

31. **Institutional Framework.** The three main interventions, i.e. park management, rural development and concession management would each be managed by a project manager responsible for contracting services, implementing activities and preparing reports. The three components will be coordinated by an inter-provincial Steering Committee, supported for day-to-day management by a secretariat made up by planning staff seconded by the four provincial BAPPEDA I, project technical assistance and the Director of KSNP as secretary. In addition, there will be an overall Project Steering Committee chaired by the National Planning Board (BAPPENAS), with members representing the Ministries of Finance, Home Affairs, Agriculture, Forestry, National Land Agency, the four Governors, the Indonesian Institute of Sciences and representatives of national environmental NGOs. This Committee will meet annually to review project performance and deal with policies, laws and regulations, particularly those "perverse" incentives that discourage conservation. Each intervention component will have its own project fund channelling mechanism, with monitoring being attached to both the park management and the rural development component budget.

32. **Implementation Plan.** The project will be implemented over six years. A draft project implementation plan, showing the key events of project implementation, was prepared during pre-appraisal and will be finalized during appraisal. The proposed project monitoring activity will support three major planning and resource management functions: (i) technical and financial progress monitoring; (ii) impact analysis; and (iii) performance evaluation. During appraisal the list of monitoring and performance indicators to be used over the life of the project will be developed but will only be finalized during the first year of implementation once key staff are in place and key TA personnel are mobilized. A mid-term review (MTR) will be carried out in year 3 of project implementation. The MTR will review project effectiveness in meeting ICDP goals and in stabilizing Park boundaries and reducing biodiversity loss. It will also be used for making appropriate technology and institutional adjustments in project design if required.

Summary Information on Consultation During ICDP Preparation 1992-1993

Consultation Activity	Stakeholders Involved	Duration	Output
Rapid Rural Appraisal Exercise in 12 Boundary Villages in 4 provinces by DHV-Kepas preparation consultants	Boundary village Communities: W. Sumatra (3 villages); Jambi (4 villages); Bengkulu (4 villages); S.Sumatra (1 village).	November - December 1992, 1 week per village	Village profiles, land use sketch maps, institutional diagrams, transects, identification of people-part interactions.
Consultation and village profile of 6 KSNP boundary villages by WWF	Boundary village communities in: W. Sumatra (1); S.Sumatra (1); Bengkulu (2); and Jambi (2)	November 1992- February 1993	Identification of adat institutions, and major social and economic issues facing communities in target villages
Consultation meetings with local and National NGOs by NGO facilitator on DHV preparation team	Local NGOs from WARSI network in Jambi, W.Sumatra, S.Sumatra, and Bengkulu; and with representatives of national environmental NGOs	November 1992- March 1993	Consultation meeting in Palembang; consultation meeting in Padang; consultation meeting in Jakarta; 6 NGOs participated in inception report meeting; inter-provincial consultation meeting in Singkarak W.Sumatra; consultation meeting in Jambi; NGO round-table discussion in Jakarta; and background report on NGO role in ICDP.

Consultation Activities During ICDP Preparation 1994-1995

Consultation/Participation Activity	Stakeholders Involved	Duration	Output
Provincial meeting with principal sectoral and planning agencies to discuss ICDP preparation reports and design	Bappeda I, Forestry, Agriculture, Transmigration, Land Agency, Park Management, Local Government, NGOs	July - September 1993	Feedback from stakeholder on preliminary ICDP design; identification of need for further participatory preparation and phased project implementation approach
Japanese Grant Facility (JGF) to WWF for participatory pilot project identification activities in six boundary villages, baseline survey, database and preparation of manuals	WWF working with 6 boundary communities in: Rantau Kermas, Muara Hemat and Renah Kayu Embun villages (Jambi province); and Sukamerindu, Sungai Ipuh, Talang Arah villages (Bengkulu Province).	July 1994 - June 1995	Data set of biophysical and socio-economic information; analysis and profile of people-part interaction; implementation model; field guide; and identification of institutions and training of individuals as community organizers for project implementation.
WARSI assistance in strengthening community participation in proposed KSNP ICDP activities	12 local NGOs in four provinces working with communities in four boundary villages: Sungai Kalu (W.Sumatra), Pesisir Bukit (Jambi); Nepal Licin (S.Sumatra); and Katenong I (Bengkulu).	July 1994 - June 1995	Strengthening of local NGO network to help implement ICDP activities, survey of local institutions and analysis of potential for ICDP involvement; development of participatory information collection techniques; development of media and information packets for boundary communities on proposed ICDP
ZOPP participatory Planning Workshops in Jambi, West Sumatra, Bengkulu and Sungai Penuh	Bappeda I and II from target Kabupaten, Camat, Head of Dinas agencies for forestry, agriculture, tree crops, livestock, tourism, cottage industry, PHPA, Kanwil Kabupaten, concessionaires, adat leaders, village heads, local NGOs and WWF	August - December 1994	Participatory problem identification and analysis; prioritization of target areas and activities for ICDP implementation; identification of implementing agencies and mechanisms for coordinating activities; consensus building between stakeholders holding divergent views.

ANNEX B: SUMMARY OF TECHNICAL REVIEW AND OUTCOMES

INDONESIA: KERINCI-SEBLAT INTEGRATED CONSERVATION AND DEVELOPMENT PROJECT

Observations:

1. Comments provided by the STAP Technical Reviewers strongly supported the project, and confirmed that Kerinci-Seblat National Park is a site with globally significant biodiversity facing severe threats and needing immediate action. The reviews commented positively on the project's many strengths and innovations, such as its sensitive assessment and priority treatment of sociological issues facing the park, its involvement of local actors (communities, provincial governments, NGOs, universities), the rural development component and formal Community Conservation Agreements, and the interprovincial regional development plan led by the Inter-Provincial Coordination Committee. Project documentation was also praised for its honest discussion of the many challenges facing the project (eg., administrative difficulties, concerns of development activities acting as immigration magnets, problems with timber concessions and infrastructure), and its emphasis of the need to focus on cooperative, local and regional solutions. The Regional Impact Assessment report (which identifies management opportunities for mitigating damaging impacts) was considered by the technical reviewers to be a significant improvement in project preparation procedures, as it was fully integrated into the project development process, rather than added on retrospectively after the project design was defined.

Recommendations:

2. Kerinci-Seblat National Park should be proposed as a World Heritage Site, and because of the ICDP approach to its management, it should be considered for Biosphere Reserve status. This could increase its demonstration value. Initial enforcement activities should focus on critical areas rather than the entire park. With time enforcement could spread to the entire park.

3. The descriptions of human settlements in and around the park, their resource uses and claims, and how this fits into the context of the park should be strengthened. There should be an explicit project policy of identifying and promoting sustainable, traditional, local management practices as models. This would clarify where sustainable technologies would come from for components such as "community forestry," and would make explicit that local economies and technologies are understood before alternatives are introduced. Buffer zones should be perceived as areas delivering benefits to local peoples, not as areas buffering the park from encroachment. At the same time, strong efforts should be made not to let the rural development component act as a magnet for new settlers.

4. The project should not assume that the poorest villagers pose the greatest threats to the forest and biodiversity. Rather, the wealthier villagers may hire the poorest to do the work when the former are the motivating force behind forest encroachment. Identifying alternative, non-destructive income sources with wealthy AND poor villagers is thus important. To promote non-destructive resource use,

the best examples of sustainable technologies (agroforestry, forest mgt., etc.) used by ANY member of the circum-park population should be identified. In this respect, disincentives (policies, protection, fines, etc.) for unsustainable resource management are necessary in addition to incentives to protect resources.

5. The conservation awareness component should build on local knowledge of resource management and a commitment of GOI to a new relationship between people and biological resources. It should not consist simply of exhortations to conservation or appreciation of the park. It should acknowledge the opportunity costs to local populations of restricted or forbidden resource use. It should draw upon traditional resource management knowledge in established villages, and assist the transfer of knowledge to newer villages whose inhabitants are less familiar with resource management in the region. Training and extension should build on local knowledge whenever possible, rather than general knowledge from around the world.

6. More thought should be given to identifying local sources of finance to ensure the long-term funding requirements of the park; for example, rents from timber concessions could be tapped as a possible source. Similarly, Indonesia's large reforestation fund was considered an appropriate source of medium- to long-term funding for the proposed concession management activities (the latter were strongly endorsed by the technical reviewers as essential; GEF funds would not subsidize concession operations). Concerning ecotourism, the tourism potential must be assessed realistically, looking at market saturation and competition. Kerinci would need to be part of other regional attractions in order to make it a popular tourism destination.

7. Specific timetables for the various project activities need to be set out, while maintaining flexibility to accommodate developments during project implementation. In addition, staff training needs (and time tables) need to be defined.

Outcomes of Technical Review:

8. Regarding comments on proposed buffer zone activities, WWF village involvement in Kerinci Seblat over the last few years suggests that buffer zone communities are eager to participate in new sustainable use arrangements based on the "incentives" concept. This local participation will be encouraged through various measures: extra rural development budgets, security of access to natural resources/land use, jobs as park volunteers, and village development grants. Such incentives, coupled with appropriate conservation awareness programs and PHPA enforcement teams, should substantially strengthen the enforcement of park regulations. The proposed phased project implementation approach will allow for a certain amount of on-the-job-learning and design modifications.

9. Community and stakeholder consultation activities were a major part of project preparation and design and will continue to play an important role in implementation. The proposed rural development and conservation awareness interventions will in large part be based on local community traditions (e.g. the hutan adat or community forestry tradition). The lessons learned from five years of local WWF involvement in village and community development activities around the park will continue to be taken in consideration during implementation. Finally, the project will also build on

local knowledge, practices and technologies through participatory processes (such as ZOPP planning and participatory rural appraisal) with the goal of empowering communities to identify problems and potential solutions. In view of the comments raised, these points are now explained more fully in the project brief and technical annexes, and a summary table on consultation activities has been included in the revised project brief.

10. Long-term funding requirements for park and buffer-zone/timber concession activities will be studied during the project and recommendations made for government action well before the end of the project period. As a result of technical comments received, the scope of the proposed study has been broadened from the initial focus on an endowed trust fund to an examination of various funding options.

11. Project success depends on a realistic scheduling of planned activities so that monitoring can fully measure the effectiveness of each of these interventions. The project implementation plan, to be agreed during appraisal with the relevant central and provincial government agencies, will cover both the phasing of physical activities and the timing of specific institutional interventions, including training and incentives. Regarding the adequacy of park staffing, training and motivation, BAPPENAS and PHPA have agreed to additional staff and expanded budgets to achieve project objectives. Training activities will be fully covered in the project timetables and implementation plan.

Kerinci-Seblat ICDP
Component and Expenditure Accounts by Financiers
(US\$)

Annex C

	Totals including Contingencies			
	GOI	GEF	IBRD	Total
1. Park Management				
Mgt Planning & Park Zoning	30,060	120,239	-	150,299
Equipments	110,435	302,993	-	413,428
Vehicles	842,645	-	-	842,645
Technical Assistance	360,715	3,389,837	-	3,750,552
Training	53,270	479,434	-	532,704
Extension Activities	33,271	636,980	-	670,251
Civil Works	1,231,466	1,231,466	-	2,462,932
Boundary Activities	155,842	623,367	-	779,209
Biodiversity Research	105,000	1,180,174	-	1,285,174
Recurrent Costs	2,582,173	-	-	2,582,173
Total	5,504,877	7,964,490	-	13,469,367
2. Rural Development				
Park/Village Coordination Meeting	72,255	131,818	108,383	312,456
Village Devt. Activities ^{\a}	1,692,813	334,782	5,401,112	7,428,707
Technical Assistance				-
Technical Assistance ^{\b}	511,142	1,830,701	3,269,496	
Support Staff	46,116	-	501,861	
Equipment & Vehicles	239,059	-	9,854	
Miscellaneous Costs	-	-	942,979	
Training	31,728	142,775	142,775	
Recurrent Costs	1,387,230	-	-	1,387,230
Total	3,980,343	2,440,076	10,376,460	16,796,879
3. Concession Management				
Field Activities & Equipment ^{\c}	99,103	256,909	1,339,815	1,695,827
Technical Assistance	226,252	-	2,211,881	2,438,133
Office Equipment	26,428	-	39,642	66,070
Recurrent Costs	806,070	-	-	806,070
Total	1,157,853	256,909	3,591,338	5,006,100
4. Monitoring & Evaluation Activities				
Equipment	77,968	116,952	-	194,920
Mapping	262,113	393,169	-	655,282
Vehicles	27,373	-	-	27,373
Technical Assistance	104,845	1,131,198	-	1,236,043
Data Collection	88,200	991,288	-	1,079,488
Training	26,287	236,581	-	262,868
Recurrent Costs	104,083	-	-	104,083
Total	690,869	2,869,188	-	3,560,057
Total Project Costs	11,333,942	13,530,663	13,967,798	38,832,403

Footnotes:

^{\a} These are areas along the park boundaries which require special management to prevent further encroachment.

^{\b} GEF would be financing the support of local NGOs and LCOs.

^{\c} Training for inspection services and surveys for community forestry.