

## FINAL PROJECT COMPLETION REPORT

### I. BASIC DATA

**Organization Name:** Conservation International

**Project Title:** Economic Analysis of Tesso Nilo Forest Concessions

**Project Dates:** May 2002 – August 2002

**Date of Report:** January 31, 2003

### II. OPENING REMARKS

***Provide any opening remarks that may assist in the review of this report.***

This project was developed in response to a request from World Wildlife Fund (US and Indonesia) for technical support in their efforts in the Tesso Nilo forest complex. CI designed and commissioned a feasibility study of the context for a negotiated deal for the Tesso Nilo timber concessions. The objective was to assess the potential for “conservation concessions”, or deal options, to facilitate the designation of Tesso Nilo as some form of protected area. CI’s intention is that this study serve as a useful input to WWF’s further strategic planning for the region. The analyses provided should assist in WWF’s evaluation of the range of options possible in moving forward in the very complex scenario that is Tesso Nilo.

### III. ACHIEVEMENT OF PROJECT PURPOSE

***Describe the success of the project in terms of achieving its intended impact objective and performance indicators.***

The project fully achieved its performance indicator to assess the potential for conservation concessions/deal options to facilitate designation of Tesso Nilo under protection. The intended impact was to provide a useful input for WWF strategy formulation for intervention in Tesso Nilo, and this was achieved by providing information and analyses showing parameters for certain options that proved prohibitively expensive. CI recommended to WWF that they develop a broader, more complete and detailed strategy for implementation, beyond the focus of simply securing the area. Additionally CI recommended that WWF consider further biodiversity surveys in the region, but specifically with participation of the Indonesia Institute of Sciences to generate both increased biological information and credibility of the research. Finally, CI recommended WWF submit an independent proposal to the CI Global Conservation Fund, for more detailed feasibility study for a smaller area, such as the Inhutani IV concession. CI has offered further technical assistance to help review any proposal.

The assessment indicated that the protection of Tesso Nilo forests, currently under timber concessions, would entail considerable opportunity costs for the concessionaire companies as well as local employment (legal and illegal livelihoods). Protection also will impose losses on suppliers of goods and services to that labor force, reduce government revenue, and reduce intermediate input flows in the forestry sector supply chain. The magnitude of these opportunity costs implies strongly entrenched interests and resistance among powerful stakeholders. CI’s consultant, Greenomics, strongly recommended that within Indonesia’s current political decentralization milieu, and with highly concerned stakeholders, any process towards Tesso Nilo protection needs to be consultative, participatory, transparent, and accountable, and that participation of the relevant governments, with authority over land use designations and responsibilities to their constituents, is critical.

The findings of the economic and financial analysis of the Tesso Nilo forest serve as a benchmark for the opportunity costs of conservation related to displaced timber activities. The results provide rules-of-thumb for deriving the opportunity costs involved for a specific conservation intervention. Further technical analytical adjustments would have to be developed and evaluated on a case by case for specific conservation strategy scenarios.

Other key findings include that some level of government support exists at both the district, Riau provincial and national levels. However the challenge lies in the decision-making processes, and the extent to which these can be influenced through legal procedures vis a vis political maneuvering. Central government and community concerns would include issues surrounding compensation for forgone exploitation, and the mitigation of human-elephant conflict.

Greenomics recommends as next steps that WWF withdraw from direct negotiations with concession companies and increase their focus on government decisions and procedures. To this end, Greenomics recommends that WWF assemble a team to study the feasibility of establishing protection given the constraints and complexity of the region, and of the process. If this seems feasible, then WWF could initiate the establishment of a team consisting of relevant stakeholders to recommend concrete measures to the Ministry of Forestry, district and provincial government and other key parties.

***Were there any unexpected impacts (positive or negative)?***

An unexpected positive impact is the interest generated in the methodologies used in the economic analyses. Several other agencies (including BirdLife Indonesia and Ministry of Forestry departments) were interested to see any publication emerging from this project. Greenomics expressed an interest in publishing, should CI choose to do so.

<b>IV. PROJECT OUTPUTS</b>
----------------------------

***Describe the success of the project in terms of delivering the intended outputs.***

CI developed the Terms of Reference and hired Indonesian economics consulting firm Greenomics to conduct the study. Greenomics conducted a several week site visit, had numerous meetings and interviews with WWF, Ministry of Forestry officials, provincial and district government and village heads. CI and Greenomics concluded the project with discussions with WWF in Jakarta to discuss findings and deliver recommendations (as mentioned above.). WWF requested that CI take on a “deal” component as part of strategy, unfortunately CI had to refuse on the basis of its own existing priorities and obligations, and current lack of capacity on the ground in Tesso Nilo.

In a very short amount of time, Greenomics produced an analysis of very high quality. The conclusions of the analysis provided clear indications as to the direction that successful intervention in the Tesso Nilo situation must take. Therefore the project was entirely successful in delivering the intended outputs.

***Were any outputs unrealized? If so, how has this affected the overall impact of the project?***

All outputs were realized.

<b>V. SAFEGUARD POLICY ASSESSMENTS</b>
--

***Provide a summary of the implementation of any required action toward the environmental and social safeguard policies within the project.***

Not applicable.

## VI. LESSONS LEARNED FROM THE PROJECT

***Describe any lessons learned during the various phases of the project. Consider lessons both for future projects, as well as for CEPF's future performance.***

The most important lesson learned was that adequate time must be allowed for the review of proposals and administrative processing of proposals and contracts.

***Project Design Process: (aspects of the project design that contributed to its success/failure)***

This project was intended to help partner organization WWF. We solicited their input on the proposal, and agreed on its contents. From our perspective, the very detailed and specific TOR we developed led to high quality analysis and a valuable report. However, WWF's apparent disappointment with the results suggests that in the future we should both clarify expected outputs, and solicit more detailed partner input on the research strategy to be employed by the analysts.

***Project Execution: (aspects of the project execution that contributed to its success/failure)***

Constant communication and data exchange between project leaders and the consulting analysts contributed to a thorough and rigorous analysis that fully met our expectations, completed in an impressively timely fashion.

A key factor in project success was the consultants' flexibility and creativity. They were able to produce quality analysis in a timely fashion despite hurdles in data collection and ambiguities with respect to WWF intentions for Tesso Nilo. The consultants faced considerable delays in obtaining information from WWF, making their ability to conduct the work expeditiously all the more impressive. Moreover, data received from WWF proved to be inconsistent with data reported in official Ministry of Forestry documentation. This is not surprising, given the quality of data available, and the difficulty of accessing independent source data. However, even the delimitation of the portions of Tesso Nilo proposed for protection by WWF was not consistent across sources. Therefore, the implementation of any specific protected area development strategy would require considerable further and focused in-depth work, with extremely clear objectives from the outset. For this reason, though confident in the analysis, the consultants cautioned that any deal must be accompanied by focused technical adjustments to the analysis, tailored to the specific spatial arrangement devised for protection in Tesso Nilo.

## VII. ADDITIONAL COMMENTS AND RECOMMENDATIONS

In any future project that requires rigorous socio-economic research and analysis by consultants in Indonesia, Greenomics is highly recommended.

**For more information about this project, please contact:**

Susie Ellis  
Conservation International  
1919 M Street, NW Suite 600  
Washington, DC 20036  
Tel: 202-912-1000  
Fax: 202-912-1046  
E-mail: [s.ellis@conservation.org](mailto:s.ellis@conservation.org)  
[www.conservation.org](http://www.conservation.org)