

PROGRAM PENGURANGAN UTANG MELALUI KEGIATAN DEBT SWAP III FOR NATURE (DNS III)

1. **DEBT CONVERSION** merupakan salah satu mekanisme untuk mengurangi utang-utang yang dimiliki oleh Negara Indonesia ke negara-negara lainnya dengan kegiatan yang disepakati bersama.
2. **DEBT SWAP III FOR NATURE (DNS III)** merupakan salah satu mekanisme penghapusan utang Pemerintah Republik Indonesia pada Pemerintah Republik Federal Jerman yang dilaksanakan melalui *green program*
3. Pada tanggal 8 Nopember 2004, Pemerintah Indonesia dan Pemerintah Republik Federal (PRF) Jerman telah menanda tangani dokumen perjanjian "**DEBT SWAP II FOR EDUCATION**" (dilaksanakan oleh Departemen Pendidikan Nasional). Bersamaan dengan acara tersebut, juga ditanda tangani addendum terhadap consolidation agreement yaitu perjanjian utang piutang antara pemerintah Indonesia dengan PRF Jerman. Addendum tersebut membuka peluang untuk melaksanakan program Debt Swap ketiga yang berhubungan dengan **lingkungan hidup (sumber daya alam)** yang disebut **DEBT SWAP III FOR NATURE**.
4. Program Lingkungan Hidup DEBT SWAP III direncanakan pada tahun 2006, meliputi:
 - Pelestarian Alam (Green Program) : Departemen Kehutanan
 - Penanggulangan Pencemaran (Brown Program) : MeNeg LH
5. Berdasarkan perjanjian yang telah disepakati, nilai pinjaman yang akan dikonversi dengan program lingkungan hidup adalah sekitar 25 juta Euro. Dengan demikian pemerintah akan menyediakan dana 50 % dari nilai utang tersebut yaitu 12,5 juta Euro dengan rincian:
 - Departemen kehutanan : (6,25 juta Euro)
 - Meneg LH : (6,25 juta Euro).
6. Proposal Departemen Kehutanan untuk DNS III berupa program pengembangan taman nasional berjudul "**Strengthening the Develoment of National Parks in the Fragile Ecosystem**" di tiga taman nasional (**TN Gunung Leuser, TN Kerinci Seblat dan TN Bukit Barisan Selatan**), yang juga telah ditetapkan sebagai **The Tropical Rainforest Heritage of Sumatera (TRHS)** pada tahun 2004.
7. Saat ini sehubungan dengan meningkatnya tekanan pengelolaan pada kawasan tersebut, dalam pertemuan Komisi Warisan Dunia tahun 2006 telah direkomendasikan agar pemerintah Indonesia meningkatkan pengelolaan TRHS tersebut. Salah satu tindak lanjut adalah menyusun Emergency Action Plan untuk mendukung pendanaan dari pihak terkait.

8. Program Proposal *Strengthening the Development of National Parks in the Fragile Ecosystem* pada ketiga Taman Nasional tersebut mencakup: dukungan pemberantasan illegal logging, proses penyelesaian perambahan, pengendalian kebakaran hutan dan peredaran satwa liar, pemantapan kawasan, pengembangan kapasitas dan sarana prasarana pengelolaan, peningkatan kesadaran dan pengembangan pemanfaatan lestari sumberdaya alam
9. Berdasarkan perjanjian yang telah disepakati antara Pemerintah Republik Indonesia dan Pemerintah Republik Federal Jerman, nilai pinjaman yang akan dikonversi dengan program tersebut adalah sekitar 12,5 juta Euro. Dengan demikian pemerintah akan menyediakan dana 50 % dari nilai utang tersebut yaitu 6,25 juta Euro selama 5 (lima) tahun (2007 s/d 2011)
10. Perjanjian kerjasama antara lain meliputi:
 - Pendanaan kegiatan berasal dari pemerintah Republik Indonesia setara dengan 6,25 juta Euro (50 % dari nilai utang yang akan dihapus) akan dialokasikan dalam DIPA tahunan pada masing-masing Balai Taman Nasional selama lima tahun (2007 s/d 2011)
 - Audit kegiatan akan dilaksanakan oleh Independen Auditor yang mempunyai reputasi internasional serta disepakati kedua belah pihak
 - Berdasarkan laporan audit, apabila pelaksanaan kegiatan seluruhnya dianggap sesuai, maka pemerintah Jerman akan menghapus utang pemerintah Indonesia sebanyak 12,5 juta Euro (dua kali nilai dana yang telah disediakan oleh Pemerintah Indonesia)
11. Perjanjian kerjasama telah ditandatangani pada hari Rabu tanggal 2 Mei 2007 di Departemen Keuangan oleh :
 - Pemerintah Republik Indonesia diwakili oleh : Bpk Rahmat Waluyanto, Dirjen Pengelolaan Utang Departemen Keuangan sebagai peminjam dan M. Arman Mallolongan, Direktur Jenderal PHKA Departemen Kehutanan sebagai executing agency
 - Pemerintah Republik Federal Jerman diwakili oleh : Mr. Wolfgang Kroh, Members of Board Mananging Directors of KfW dan Mr. Manfred Kiefer, Director of KfW Office Jakarta

NOTE:

| | |
|-----------|------------------------------------|
| - DNS I | Departemen Pendidikan Nasional |
| - DNS II | Departemen Pendidikan Nasional |
| - DNS III | Kementrian Negara Lingkungan Hidup |
| | Departemen Kehutanan |
| - DNS IV | Departemen Pendidikan Nasional |

**Annex to the Separate Arrangement Agreement between KfW and Ministry
of Finance/ Ministry of Forestry**

**GERMAN–INDONESIAN DEBT SWAP III for GREEN PROGRAM PROPOSAL
" *STRENGTHENING THE DEVELOPMENT OF NATIONAL PARKS IN FRAGILE
ECOSYSTEM*"**

**MINISTRY OF FORESTRY
DIRECTORATE GENERAL OF FOREST PROTECTION AND NATURE
CONSERVATION**

**Jakarta, March 2007
STRENGTHENING THE DEVELOPMENT OF NATIONAL PARKS
IN THE FRAGILE ECOSYSTEM**

1. Project Background

Since 2004 during the World Heritage Commission (WHC) meeting in China, new World Heritage Sites have been listed as Tropical Rainforest Heritage of Sumatra (TRHS).

TRHS consist of 3 Indonesian National Parks located on Bukit Barisan Mountain Range that runs from Aceh in the north-west to Bandar Lampung in the south-west, which together they represent whole or part of the three most significant remnant "island" of the once vast Sumatra forest.

The inscription of the three Parks (Tropical Rainforest Heritage of Sumatra) on the World Heritage List on the basis of natural criteria (ii), (iii) and (iv):

- a. The most important block of forest on the island of Sumatra for the conservation of the biodiversity of both low land and montane forest.
- b. The site contains superlative natural phenomena and areas of exceptional beauty;
- c. Areas of very diverse habitat and exceptional biodiversity. Collectively, the tree sites include more than 50% of the total plant diversity of Sumatra. In addition, the parks is also habitat of threatened animal species including Sumatran tiger (*Panthera tigris sumatrae*), Sumatran rhino (*Dicerorhinus sumatraensis*), Sumatran elephant (*Elephas maximus sumatranus*), and Sumatran orang utan (*Pongo abelii*).

In February 2006, the IUCN-UNESCO monitoring mission found that all three National parks components of the serial World Heritage continue to face serious threats linked to agricultural encroachments, illegal logging, road construction, poaching and ineffective management which deteriorated the universal value and integrity of the living resources and ecosystems. Based on this finding, the IUCN-UNESCO monitoring mission recommend the Tropical Rainforest Heritage of Sumatra to be listed in World Heritage in Danger.

During the thirtieth session of WHC meeting (Lithuania, 8-16 July 2006), as stated in the decision; WHC has recommended the Tropical Rainforest Heritage of Sumatra to be listed in World Heritage in Danger if the threats keep increase. The Indonesian Government was urged to take serious action in addressing the trend of value and integrity loss of the properties. This proposed project touched highly important aspect in supporting the management of the national parks as world heritage properties.

2. Project Sites

The project will be carried out in The Tropical Rainforest Heritage of Sumatra (TRHS) consisting of three national parks (Kerinci Seblat National Park, Gunung Leuser National Park, and Bukit Barisan Selatan National Park) inscribed on the World Heritage List at the 28th session of the World Heritage Committee.

The announcement of Gunung Leuser National Park (GLNP) was based on the declaration of Ministry of Agriculture dated 6 March 1980, which was strengthened by the decree of Director General of Forestry No.719/DJ/VI/80 dated 7 March 1980. According to the announcement, GLNP comprised an area of 794,675 Ha and was Indonesia's first five national parks. The announcement was renewed in 1984 by the decree of Director General of Forest Protection and Nature Conservation (PHKA) which stated comprises a total area of 862,975 Ha in 4 Kabupatens (District), namely South Aceh, Aceh Tenggara, Langkat and Karo, in two Provinces: Aceh Nangroe Darussalam (N.A.D) and North Sumatra.

Kerinci Seblat National Park (KSNP) is the second largest national park in Indonesia. The park was established based on the Decree of Minister of Forestry No.901/Kpts-II/1999 dated 14 October 1999 with total area of 1,375,349,87 Ha. With the inclusion of 14,160 Ha of Sipurak Hook forest in 2004, the area of the park is increased to be 1,389,509,87 Ha. Administratively, the park is located in 4 Provinces (Jambi, West Sumatra, Bengkulu, South Sumatra) and 9 Districts (Kerinci, Merangin, Bungo, Sawahlunto Sijunjung, Solok, Souht Pesisir, North Bengkulu, Rejang Lebong and Musi Rawas).

Bukit Barisan Selatan National Park (BBSNP) was first established as national park under the Decree of Minister of Agriculture No.736/Mentan/X/1982 dated 14 October 1982. The existence of the national park was strengthened by the Decree of the Minister of Forestry No.281/Kpts-II/1992 dated 26 Februari 1992. The total area of BBSNP is 356,800 Ha

situated in two Provinces namely Lampung (Tanggamus and West Lampung Districts) and Bengkulu (South Bengkulu Districts).

In the national level, the Secretary of the Directorate General of Forest Protection and Nature Conservation will support and coordinate the project implementation.

3. Project objectives

3.1 Development objective

To strengthen the development of the National Parks listed in the World Heritage Site as Tropical Rainforest Heritage Sumatra (Gunung Leuser NP, Kerinci Seblat NP, and Bukit Barisan Selatan NP).

3.2 Specific objectives

- 3.2.1 To reduce the destruction threats to the property and value of population of Endangered species or other biological resources in major ecosystem in three Parks
- 3.2.2 To improve the development and empowerment of Park Management to conserve the World Heritage property

4 Justifications

4.1 Problems to be addressed

As mention in problem tree, the current status of living resources and ecosystem in three National Parks (Gunung Leuser NP, Kerinci Seblat NP and Bukit Barisan Selatan NP) as the Tropical Rainforest Heritage of Sumatra (TRHS) has face increasingly threatened by extensive agricultural encroachment, illegal logging, poaching, road construction, institutional and governance issues.

This proposal was elaborated after process of brainstorming with key persons from three National Parks and consultation to get consensus with relevant stakeholder in all level. Based on identification and formulation of that problem analysis, there were found that key problem which associated with the issue of the property continues to be increasingly threatened mainly caused by component such as:

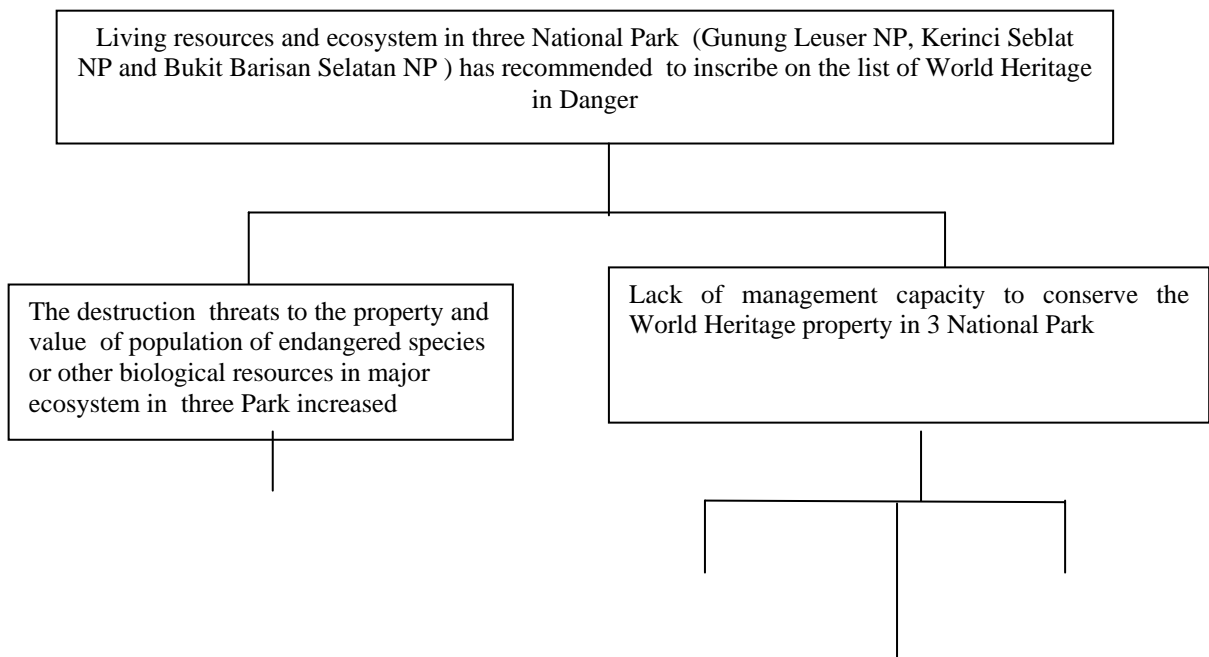
- A. Illegal logging** which remains a serious threat to value and integrity of forest property has been widespread and increased in the Park. Illegal logging in National Park over the past 2 years ranging from large scale operations with sawmills inside the parks to small syndicated
- B. Encroachments** have been occurring in all three national parks over some decades and still on-going throughout and have increased Encroachments range from small isolated household plots to large scale commercial plantation and in numerous cases to large aggregates of smaller scale encroachments. Some encroachments are deep inside the parks.
- C. Poaching** in the National parks is increased and widespread, also involves many different species of wildlife both animal and plants. All three Parks exhibit evidence of major and on going agricultural encroachment. Encroachment for primarily agricultural purposes is probably the single great on-going threat to all the parks of world heritage properties.
- D. Road across the Park.** The threat posed by road in the park because road not only have a direct impact on the pristine conditions of forest but provide the means by which illegal logging and encroachments penetrate the protected area. In this context, all new roads in the world heritage property represent serious threats to the integrity and value of the Park. All the Parks are facing proposals for news road but none more threatened than Kerinci Sebelat National Park which is confronted with stragglng 34 proposals roads through its core zone (zona Inti)

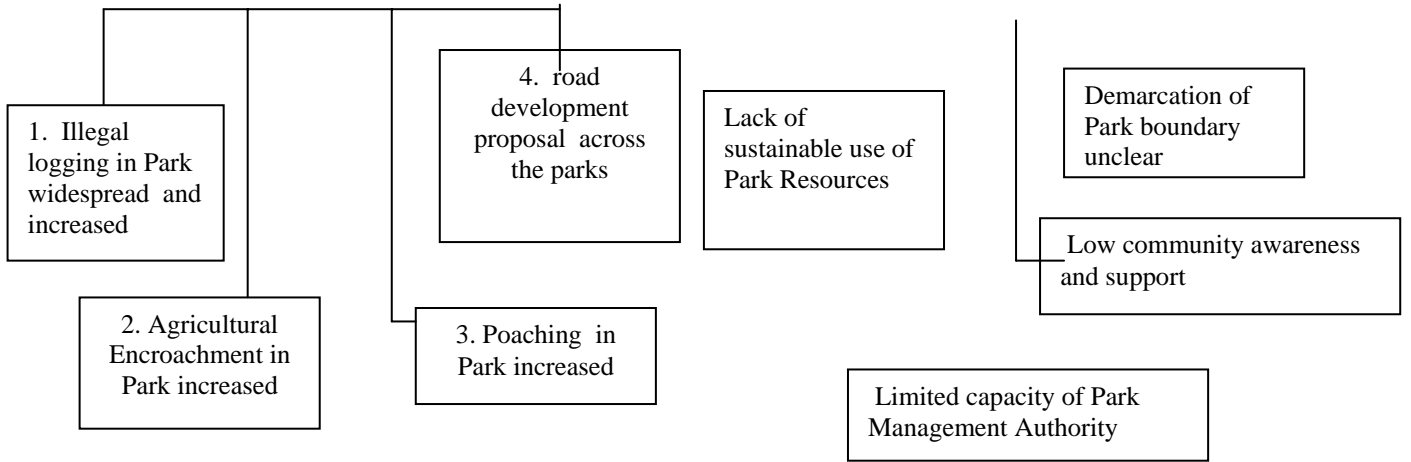
Additionally, incapacity of Park management to conserve the World Heritage property in three National Parks has not been able to address the huge on ground threats to the values and integrity of property. This condition is derived from:

- A. Lack of sustainable use of park resources;** it indicated by lack of benefit sharing of forest ecosystem for life support. It has resulted their low self belonging to the maintenance of the forest such as National Park. All three parks actually have outstanding environmental service potential and ecotourism. However a variety of factors are preventing significant tourist development. These include inadequate strategic planning for tourism; inadequate infrastructure in park etc
- B. Limited capacity of Park Management Authority** is an issue. Management plan as required by Indonesian law exist for all three parks. However it needs to adjust to be more concise and be understood by staffs for briefing and training purposes. Park ranger (mainly *Polisi Hutan* or Forest Police), administrative staffs and technicians are employed at each Park but there is a need for increased training to achieve greater effectiveness in park management. And still lack of accurate wildlife monitoring system that established population pattern and trends to provide sound basis for management and response to the threats.
- C. Demarcation of park boundary unclear.** The relevant issue associated with that mainly among others :
 - Final gazettal of park boundaries of Park remain unfinished (mainly Gunung Leuser National Park and Bukit Barisan Selatan National park)
 - Zoning plan still not adopted (mainly for Kerinci Sebelat National Park)
 - More immediately, it is essential that the zoning Plan approved as a matter of urgency to provide the Park with a strong defensive position.
 - Ineffective inspection and maintenance of *Pal Batas*
- D. Low Community awareness and support.** Involvement and cooperation of local communities including local government in management of the park vary greatly but it is still low. In some cases level of support by local communities and government has declined since management has opposed the opening new roads through park and demonstrated increasing effectiveness in anti poaching and anti logging activities with it. Failure to maintenance relation and communication with local communities in some cases caused handicaps cooperation and collaborative initiatives to build collaborative and participative management.

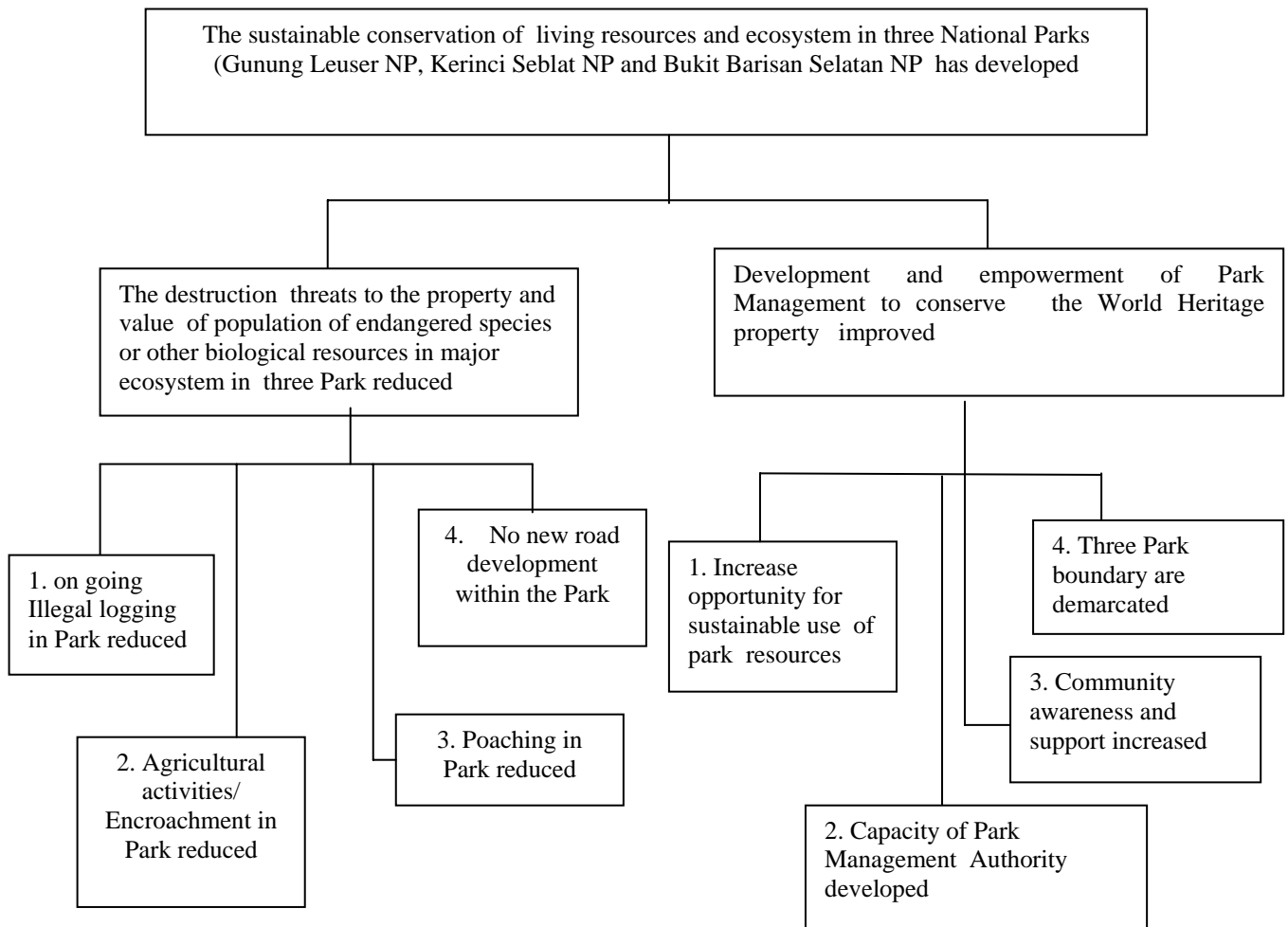
The figure below illustrates the main problem that will be addressed by the proposed project:

Problem Tree





Objective Tree



4.2 Intended Situation after Project Completion

Upon completion of the project the sustainable conservation of living resources and ecosystem in three National Parks (Gunung Leuser NP, Kerinci Seblat NP and Bukit Barisan Selatan NP) are developed

The positive impact of this condition, among others is achieved by:

- A. Logging, encroachments, poaching and roads :** Sustainable program are in place to effectively control illegal logging, encroachment, poaching and road development in the park; There is clear reduction in the percentage of the property subject to these threats; reforestation of habitat is underway and there is no new encroachment or logging as well as poaching within the properties. **No new road construction within the Park**
- B. Park Management:** Effective collaborative management is in place to ensure mechanism for effective coordination and participatory management. **Increase opportunity for sustainable use of park resources**
- C. Boundaries and zoning:** The boundaries are amended. All parks boundaries are marked including sign posting of World Heritage Status. Park gazettal is completed and park zoning plan are finalized., formally adopted and communicated to local government and stakeholders.
- D. Resources :** Progress is made in developing capacities for effective management including human resource and infrastructures.
- E. Stakeholder awareness and support:** Stakeholder more aware and better understanding about the negative impact of forest resources destruction. They have better networking in their effort to conserve of living resource and ecosystem in Parks.

5. Project Sustainability

The long-term sustainability of the Projects will to a large extent depend on a shared responsibility in park conservation between the Ministry of Forestry, local governments of the provinces and district, NGOs, and local communities bordering the parks through a sound collaborative park management.

Project proposed is put into priority by Ministry of Forestry (MOF) because it is in line with the National Strategic Planning 2005-2009. The central government will be continuously supporting the park by allocating annual management budget f (APBN), seconded of staff and assisting the local government to increase its local revenue from the sustainable management of the non timber product within the park, for example through development of ecotourism program.

Sustainability of the project also is expected from the sustainability of conservation programme and policy. And to maintain sustainability of this project is by continuing support and facilitate effort to local communities and local institution

The assets created by the Project will become the property of the Government of Indonesia (PHKA)

6. Project Risk

The implementation of the project will face risk coming from internal and external factors including:

- **Internal factors:**
Lack of supporting and delay of MOF support to fill empty required post and facilities and will hamper the project progress. And also lack of knowledge and skill of the park personnel to run the project especially related to the procedure of the project administration, project report, project monitoring and evaluation. Those will mitigate by some approach as through (a) Improve coordination between Park and Directorate

General of Forest Protection and Nature Conservation (PHKA) (b) Improve approach to get strong commitment from PHKA to appoint suitable number and qualified personnel in those park (c) Improve approach and reward system

- **External factors:**

External risk in this project is lack of support and commitment stakeholders to the the implementation of the project. To minimize that risk, this planning process will be discussed and consult with local government at the district, sub district and village levels through regular coordination meeting and dialogue in order to get better common understanding about problem and opportunities to conserve and manage the park in field level

Another risk associated with conflict of interest between the park management and local communities involve in illegal activities disturbing the park. And the basic conflict between conservation and development; at the macro level there are mining and logging interests; there are infrastructural developments; population growth; plantation expansion; industry; and paper manufacturing plants, all of which affect the park these conflicting interests are to be negotiated. Past experiences showed that intensive approach had been successful in mitigating that risk through (a) Approach and communication with relevant parties to improve awareness of biodiversity habitat conservation (b) Enforcement of regulation within the park and buffer zones. (c) establish tailor made empowerment program which involve/consult related communities at the planning process (d) strengthening enforcement of park boundaries. This approach would mean increasing the number of Park guards, buildings guard posts and providing increased budgets for patrolling and prosecutions (e) Resettlement. The second option would have been to resettle some households with land

7. Project Organization and Management

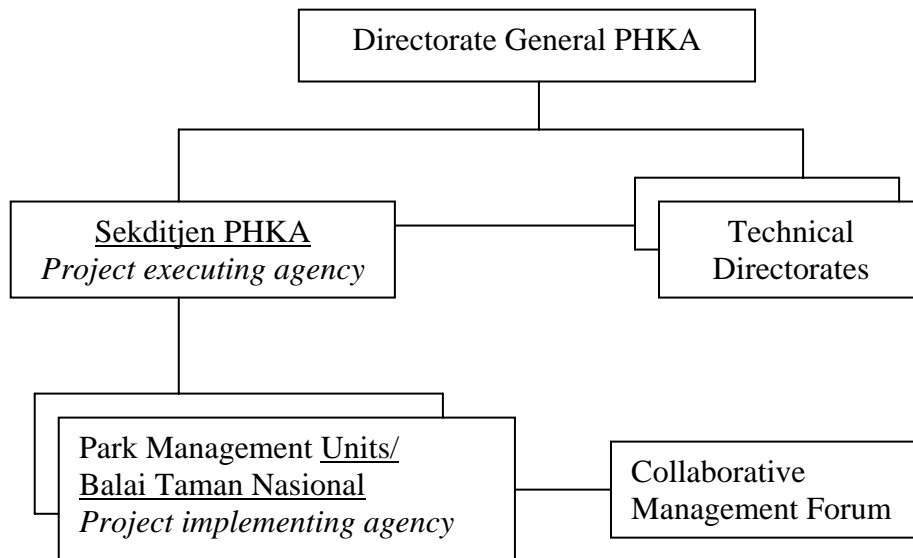
In the national level, project will be coordinated under the Secretary of the DG of Forest Protection and Nature Conservation (Sekditjen PHKA), supported by the related technical Directorate. In national parks level, the project will be under management unit of the parks (Balai Taman Nasional) as follow:

1. Gunung Leuser NP : in Medan/ Kutacane
2. Kerinci Seblat NP : in Sungai Penuh: Capital city of Kerinci District
3. Bukit Barisan Selatan NP: in Kota Agung; Capital City of Lampung Selatan District.

During the project implementation, the park manager will be assisted by Project Authority (KPA) who will be responsible for the project administration. Park manager will directly responsible to Sekditjen PHKA.

The project management will actively involve stakeholders or NGOs in the implementation of DNS activities (out sourcing).

Tabel 1. Project Organization



8. Project Activities, Time Frame and Budget

The project will be implemented for five years : 2007 – 2011. The activities cover the national level and parks management, with 10 main activities. The total proposed budget of the project is Rp. 71.971.919- (including 5 % of fluctuation exchange rate) as attached in Table 2 which is funded by Government of Germany through DNS scheme. The annual budget for 2007 attached in table 3 is the proposal budget through the annual budget (DIPA) which has been approved by Ministry of Finance.

9. Monitoring and Evaluation

The Internal Monitoring System will be suit with M&E system in National Standard (LAKIP).

The project will be subject to monitor by representative of KfW at as required.

Evaluation/auditing occurs during project implementation (mid-term evaluation-2 years after project started) and after completion to assess the projects impact (an ex-post evaluation) and will be conducted by independent auditors.

10 Reporting

Progress reports will be prepared and submitted to KfW and related agencies, on the annual basis. This report will be prepared by each parks and to be coordinated by Sekditjen PHKA. Project Completion Report will be prepared and submitted to KfW as soon as the project is completed and not more than 3 months after the closing date.