

FINAL PROJECT COMPLETION REPORT

I. BASIC DATA

Organization Name: World Wildlife Fund, Inc.

Project Title: Use of Forest Resources in Riau: A Look at Legal & Illegal Employment

Project Dates: October 1, 2002 – September 30, 2003

Date of report: October 8, 2004

II. OPENING REMARKS

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

Please review the attached employment study conducted by CIFOR as an accompaniment to this final report.

III. ACHIEVEMENT OF PROJECT PURPOSE

Project Purpose: This project will generate a clear indication of both direct and indirect and legal and illegal employment associated with the forestry sector in Riau Province and TNCL.

Planned vs. Actual Performance

Indicator	Actual at Completion
Purpose-level:	
<i>Government, communities and industries have based their assessment of proposed conservation interventions on real data on a) employment opportunities generated by TNCL and b) employment loss and changes generated by decline of forest resources within six months of award of grant.</i>	The employment report is being used by WWF-Indonesia and other NGOs to formulate policy recommendations regarding the restructuring of the forest industry to the newly elected government. The policy recommendation will involve other key Indonesian NGOs to complete, which is why it would take a few months. The plan is to publish the study at the latest early Jan 2005.
<i>Successful dialogue with stakeholders on study estimates that generates common understanding on the respective impacts of the decline of the forest sector industry and conservation activities within 3 months of conclusion of initial study.</i>	A final version of the report is now available, but the decision to publish the full version or edited version of the report is still being discussed (considering the concerns of the Riau NGOs). Consequently, official meetings have not yet been held with the government, NGO, and private sector stakeholders. A meeting with Riau NGOs will be organized to specifically discuss this issue.
<i>Conservation organizations have integrated data into their overall conservation strategy for TNCL within 3 months of completion of final report.</i>	The NGO coalition has been able to use data on employment related to Indonesia's pulp and paper sector from the CEPF-funded study to make a case for restructuring the forest industry to ensure that it maintains sustainable economic benefits by providing sufficient employment opportunities while not threatening the biological sustainability of the forests themselves.

Government, private sector and other stakeholders have used data for development of a strategy to combat illegal logging within 6 months of report publication.	MoU to combat illegal logging in Tesso Nilo was signed in Nov03 by APRIL, provincial and district governments, Riau Conservation Office (KSDA) and WWF.
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Describe the success of the project in terms of achieving its intended impact objective and performance indicators.

The project has been successful in generating a clear indication of both direct and indirect and legal and illegal employment associated with the forestry sector in Riau Province and TNCL. It has been disseminated among a broad array of local NGO stakeholders in Riau Province, and its findings are now being used to inform policy recommendations on a national level.

Were there any unexpected impacts (positive or negative)?

Focusing the study only on job creation was a conceptual shortcoming in that it did not include other economic losses and benefits related to the wood sector in Riau Province that are relevant to government decisions about protecting natural resources.

IV. PROJECT OUTPUTS

Project Outputs: *The report on employment options related to wood sector and conservation in Riau Province has been disseminated and discussed among TNCL stakeholders. WWF will produce a report in both Bahasa and English that will be appropriate for a general audience, but disseminated in particular to Riau's provincial government, the wood processing sector (particularly pulp and paper companies APP and APRIL), and local NGOs.*

Planned vs. Actual Performance

Indicator	Actual at Completion
Output 1:	
<i>Estimate of overall employment associated with forestry sector industries in Riau available within 3 months of award of grant.</i>	Estimate of overall employment associated with forestry sector industries in Riau is now available.
<i>Detailed assessment of all employment related to legal and illegal logging available within 3 months of award of grant.</i>	Detailed assessment of all employment related to legal and illegal logging is now available.
<i>Evaluation of employment opportunities generated by the Proposed Tesso Nilo Protected Area (PTNPA) available within 3 months of award of grant.</i>	Limited evaluation of employment opportunities generated by the Tesso Nilo Protected Area is now available.
<i>Results of full study disseminated among appropriate audiences within 3 months of study completion.</i>	The results of the study have been disseminated principally among local NGO stakeholders in Riau Province.

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

The project was successful in producing an estimate of employment related to the wood sector in Sumatra. Based on official statistics and survey data, some 86,500 workers were employed in Riau's forestry sector in 2001. Of these, approximately 38,000 workers were engaged in commercial timber extraction or pulpwood production, while just over

48,500 were involved in wood processing activities at plywood, sawnwood, or pulp and paper mills.

Table A-1 of the report summarizes the study's findings related to direct employment in commercial timber extraction or pulpwood production. HTI pulpwood plantations accounted for approximately 48 percent of the overall employment in log production, with over 17,700 workers involved in planting 55,000 ha of Acacia plantations and harvesting 3.9 million m³ at existing plantation sites. Approximately 14,400 workers – or 38 percent of the total -- were involved in harvesting 13.9 million m³ of roundwood from undocumented sources, accounting for roughly two-thirds of the logs produced in the province. Reported IPK land clearing activities employed just under 3,800 workers (or 10 percent of the total), while HPH logging concessions employed over 2,000 workers (or 5 percent of the total).

Table A-2 of the report summarizes the study's findings related to direct employment in wood processing. Over 26,500 workers were employed by the province's 13 plywood and wood working mills, accounting for nearly 55 percent of all jobs in wood processing industries. Licensed sawmills and unlicensed sawmills generated 12,500 and 2,600 jobs, respectively, to account for over 30 percent of the total employment in wood processing. Riau's two large pulp and paper mills – RAPP and Indah Kiat – together generated 6,480 jobs in 2001, representing 14 percent of the total.

The report gives figures for employment generated by nearby protected areas in Sumatra. Aside from employment related to the direct management of the proposed Tesso Nilo protected area, some new jobs could be created to replant and rehabilitate the degraded ex-HPH areas, depending on availability of funds

Potential for developing income-generation from:

- Ecotourism
- Investment in small-scale enterprises on periphery of CCA
- Compensation for environmental services

The study results were presented by CIFOR and WWF to several Riau-based NGOs at a workshop in September 2003.

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

The study of employment for the wood-processing sector was produced, but it has not been translated into Bahasa or disseminated broadly. This is due to an assessment that WWF needed undertake a broader cost-benefit analysis of economic issues around forest management options in Sumatra. Not just jobs, but issues such as the sustainability of maintaining hydropower for the pulp mills over time with declining forest cover needed to be assessed. Given the close relationship between the wood processing sector and the oil palm sector, and the much greater impact that the latter has on employment, there is also a need to integrate data from this sector.

WWF has met with various NGOs and researchers to discuss how to produce a more comprehensive analysis on costs and benefits of forest use in Sumatra that can be presented to pertinent authorities of the new national government.

V. SAFEGUARD POLICY ASSESSMENTS

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

NA

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 jobs study indicated that creation of the TN protected area would not likely create as many jobs in the short term as logging and wood processing was contributing to the provincial economy in Riau. This seemed, at first look, to undermine the rationale for creation of the protected area. The study also made plain, however, that current jobs in the logging sector were cyclical and short-lived -- ie., not very sustainable. In light of these data, WWF moved to assess the costs and benefits of the TN protected area in a broader analytical framework. They began to look at the effects of non-wood processing sectors that influence forest use, such as the oil palm industry. The ecosystem services -- including water capture -- provided by the protected area are significant, not least because without them the hydropower necessary for the effective functioning of the pulp and paper mills would not be available on a long-term basis. Another environmental benefit to protection which was not captured in the employment study is the value that natural forests provide as habitat to elephants, whose raids can cause large-scale damage to human communities, and oil palm plantations in particular if forest habitat is not available. In sum, as a result of the study, WWF broadened its analysis of the costs and benefits of creation of the TN protected areas beyond just the issue of job creation. The broader data from the wood-processing sector in Riau Province is being used to inform policy recommendations that WWF and other NGOs in Riau are preparing for presentation to the new national government on how to restructure the forest sector on the island of Sumatra.

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

Broader consultation on the scope of the study at the design phase could have perhaps led to an analysis that was more comprehensive in scope, and compelling in its output.

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

The inclusion of this project within WWF's large-scale initiative to protect Tesso Nilo has ensured that the study's findings are integrated within the strategy of WWF and a broad array of stakeholders in Riau Province and at the national level in Indonesia.

VII. ADDITIONAL COMMENTS AND RECOMMENDATIONS