INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

SEPT
2014

Ex-Post Evaluation Report on PD 523/08 REV 1. (I)

'OPERATIONAL STRATEGIES FOR THE PROMOTION OF EFFICIENT UTILIZATION OF RUBBERWOOD FROM SUSTAINABLE SOURCES IN INDONESIA'

BY:

AMHA BIN BUANG

SHAH ALAM, MALAYSIA

5 SEPTEMBER 2014

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

BUK	Directorate General, Forestry Enterprise Development, MOF
CA	Collaborating Agency of project
CFI	Committee on Forest Industry, ITTO
DO	Development Objective of project
EA	Executing Agency of project
GOI	Government of Indonesia
Inpres	Presidential Instruction
ISWA	Indonesian Sawmill and Woodworking Association
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
LFM	Logical Framework Matrix
m^3	Cubic metre
MOA	Ministry of Agriculture, Indonesia
MOF	Ministry of Forestry, Indonesia
MOU	Memorandum of Understanding
NOL	No Objection Letter
PC	Project Coordinator
Permenhut	Ministerial decree, MOF
PMT	Project Management Team
PSC	Project Steering Committee
PTC	Project Technical Committee
R&D	Research and Development
SKAU	Certificate of Origin
SO	Specific Objective of project
TFU	Tropical Forest Update magazine
YPO	Yearly Plan of Operation of project

Acknowledgement

The evaluator wishes to put on record his sincere thanks and appreciation to the following for extending their kind cooperation and assistance to him during the course of the conduct of the ex-post evaluation:

ITTO Secretariat

1. Mr. Emmanuel Ze Meka, Executive Director
2. Dr. Steven Johnson, Assistant Director (Trade and Industry)
3. Dr. Tetra Yanuariadi, Projects Manager (Trade and Industry)
4. Ms. Naho Tamura, Secretary (Trade and Industry)

GOI

1. Dr. Hadi Daryanto, Secretary General, MOF
2. Mr. Bambang Hendroyono, Director-General, BUK
3. Mrs. Sri Murniningtyas, Director, Center for International Cooperation, MOF
4. Ms. Nining Ngudi Purnamaningtyas, Deputy Director for Technical Cooperation, Center for Internatiional Cooperation, MOF.

ISWA

1. Mrs. Suwarni, Chairperson
2. Mr. Jimmy Chandra, Project Coordinator
3. Dr. Hiras Sidabutar, Project National Expert
4. Mr. Edi Setiarahman

The evaluator wishes to also extend his sincere thanks and appreciation to anyone who has in one way or another contributed to the conduct of this ex-post evaluation.

Part I: EXECUTIVE SUMMARY

1. INTRODUCTION

The selection of the project for ex-post evaluation was decided by the CFI at its Forty-seventh Session in November 2013 to establish how well it has served its purpose and draw up recommendations for future action.

2. EVALUATION SCOPE, FOCUS AND APPROACH

The ex-post evaluation was conducted in accordance with its terms of reference covering a review of relevant documents and information and a work programme to Indonesia.

3. PROJECT FACTS

The key problem addressed by the project was the very low utilization rate of rubberwood in Indonesia. The SO of the project was to promote the utilization of rubberwood from sustainable sources that will contribute to the realization of its DO of lessening the wood raw material supply problem facing the national forest industry. This is to be pursued through 5 project outputs, namely (i) increased interest in the utilization of rubberwood owned by big companies, (ii) improved incentives for and capacity in the utilization of rubberwood from smallholdings, (iii) revised and enhanced government policy governing rubberwood resource utilization, (iv) increased investment in rubberwood utilization, and (v) appropriate technologies for the utilization of rubberwood from smallholdings are available.

4. FINDINGS, LESSONS LEARNED

The project was implemented uninterruptedly and completed within its approved duration and without any delay, extension of duration or additional ITTO and counterpart funding. It had been implemented in full compliance with the relevant ITTO rules and procedures as well as in the context of contributing towards the achievement of relevant ITTA Objectives and ITTO Strategic Action Plans and following up on the recommendations of the ITTO Technical Mission to Indonesia in 2001. It had also been implemented in general conformity with the relevant laws, rules, regulations and procedures of the GOI.

The strongest attribute of the project is the high level of efficiency in its implementation, brought about by a combination of several factors including the benefits from the outcome of PPD 80/30 Rev. 2 (I); a project design which is basically sound; appropriate implementation strategy; active involvement and support from project stakeholders and target beneficiaries; compact, competent and proactive PMT; close cooperation between EA and CA; as well as efficient and responsible financial management.

The implementation of the project activities has contributed in some measure to the achievement of the planned outputs. However, there are gaps in the attainment of some of the outputs even on the basis of the revised indicators, casting some doubt as to whether all planned outputs have in fact been achieved in full. The gaps in the attainment of some of the project outputs have some bearing on the extent to which the SO has been achieved. Furthermore, the performance of the project in relation to its revised outcome indicators has yielded mixed outcomes, making it appears that the SO of the project has not been achieved in full. There is hardly any information and analysis that can be used as a basis to establish with certainty that the implementation of the project will contribute towards the attainment of its DO.

In spite of the gaps in the achievement of some of the outputs and objectives of the project, its effects and impact are quite considerable, wide ranging and mixed particularly in relation to the big rubber companies, rubber smallholders, policy review and enhancement, investment and appropriate technologies for rubberwood utilization. It has been implemented without any significant adverse impact on the environment while its impact on the local communities which constitute one of the key project stakeholders and target beneficiaries is salutary.

The project has generated great momentum, interest, outputs and outcomes whose relevance and usefulness extend far beyond the completion of its implementation. Allocation of resources and arrangements for appropriate follow-up on the project results are required in order to extend the sustainability of the project.

The project design is basically sound but its deficiency lies in the lack of clarity of its SO and some of its outputs as well as its output and outcome indicators, its very broad scope, the lack of validity of some of its assumptions and risks which were not adequately anticipated. In spite of the achievements and shortcomings of the project, the need to meet the challenges of significantly increasing rubberwood utilization in Indonesia remains relevant and urgent.

Many lessons could be drawn from the findings on the implementation of the project, the salient of which include the following:

i) For a project involving complex social, economic, and political issues, and without complete data and information, the prior implementation of a pre-project is extremely appropriate in providing inputs and basis for the sound formulation of the project.
ii) Efficiency in the implementation of a project is a result of a combination of factors including sound project design; appropriate implementation strategy; active involvement and support from stakeholders and target beneficiaries; compact, competent, and proactive PMT, close cooperation between EA and CA as well as efficient and responsible financial management.
iii) Early involvement and participation of project stakeholders and beneficiaries facilitates commitment, support, attachment, and ownership which contribute to the smooth implementation of a project.
iv) The full and excellent compilation of all project reports is extremely helpful to the conduct of the ex-post evaluation.
v) The implementation of all project activities does not automatically result in the full achievement of its outputs and objectives.
vi) Clarity of objectives, outputs and the corresponding impact, outcome, and output indicators is critical in ensuring and measuring the extent to which the objectives and outputs are achieved.
vii) In implementing and evaluating a project of regional nature, there is the need to be perceptive and sensitive to the differences and peculiarities amongst the different localities within the geographical scope of the project.
viii) The ability to adapt to unexpected developments, externalities and risks is crucial in ensuring the smooth implementation of a project.
ix) Appropriate follow-up after project completion is essential to prolong the sustainability of a project and to minimise wastage and loss of momentum.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

5.1.1 The project was implemented smoothly and completed on schedule, without any delay or additional funding, and in conformity with the rules and procedures of ITTO and GOI. Indeed, efficiency in implementation is the strongest attribute of the project.

5.1.2 The implementation of the project has contributed in some measure to the achievement of its planned outputs and objectives. However, its effectiveness is affected by the gaps in the attainment of some of its outputs and objectives, casting some doubt as to whether these have been achieved in full.

5.1.3 In spite of the gaps in achievement, the effects and impact of the project are quite considerable and wide-ranging, albeit mixed.

5.1.4 Despite its shortcomings, the project has generated great momentum, awareness, interest, outputs, and outcomes whose relevance and usefulness extend far beyond the completion of its implementation. Appropriate follow-up is required in order to further extend the sustainability of the project.

5.1.5 The project has been able to secure continuing and active participation of its stakeholders and target beneficiaries throughout its implementation, although the domestic wood processing industry ought to have been assigned a more prominent and proactive role.

5.1.6 The project design is basically sound but its deficiency lies in the lack of clarity of its SO and some of its outputs as well as its output and outcome indicators, its very broad scope, the lack of validity of some of its assumptions and risks which were not adequately anticipated.

5.1.7 In spite of the achievements and shortcomings of the project, the need to meet the challenges of significantly increasing rubberwood utilization in Indonesia remains relevant and urgent.

5.2 Recommendations

5.2.1 The experience and lessons learned from the efficient implementation of the project should be referenced and shared in the context of the implementation of other projects in Indonesia and elsewhere.

5.2.2 The excellently produced project reports containing rich and relevant information on rubberwood utilization should be put to good use as inputs and elements for the formulation of appropriate policies and strategies for promoting rubberwood utilization in Indonesia.

5.2.3 Appropriate monitoring should be carried out concerning the actual follow-up being taken by local governments on the list of incentives needed by smallholders to undertake replanting as drawn up under the project.

5.2.4 Follow-up surveys on the rubber growing stock in the smallholder sub-sector should be conducted carefully and scientifically to ensure the accuracy and validity of the data and to facilitate the finalization of the draft Inpres developed under the project.

5.2.5 Appropriate follow-up should be undertaken to resume the updating and refinement of the project website by ISWA.

5.2.6 It is critically important that all information and baseline data of relevance to rubberwood utilization generated under this project be maintained, updated, expanded and refined to be used as the basis for further planning and assessment of the progress in promoting rubberwood utilization in Indonesia.

5.2.7 The agroforestry models should be regularly monitored throughout their economic life-span by MOF and MOA as a long-term experiment on motivating smallholders to replant on time. Those who benefited from the various trainings conducted under the project should be periodically contacted to ascertain the extent to which their acquired skills and knowledge have been put to actual practice and to be called up for follow-up training to refresh, reinforce, and expand their knowledge and skills in rubberwood utilization.

5.2.8 A suitable home should quickly be found by the GOI for the multi-ripper sawing machine to be used for training purposes by an R&D institution before the expiry of the machine's life-span. In the event that this is not possible, it is recommended that the machine be donated to ISWA for the purpose of training its members.

5.2.9 Efforts to promote rubberwood utilization in Indonesia should be continued in earnest, building upon the achievements of the project and addressing its shortcomings. In this connection, a more focussed approach may be considered with emphasis on the smallholder sub-sector, the domestic wood processing industry, the formulation of a national policy on rubberwood utilization and the selection of rubber as one of the species to be used for the development of forest plantations in Indonesia by MOF.

Part II: MAIN TEXT

1. INTRODUCTION

At its Forty-seventh Session held from 25 to 30 November 2013 in Libreville, Gabon, the CFI decided, *interalia*, on the selection of project PD523/08 Rev. 1 (I) 'Operational Strategies for the Promotion of Efficient Utilization of Rubberwood from Sustainable Sources in Indonesia' for ex-post evaluation with a view to establishing how well the project has served its purpose and drawing up recommendations for future action.

Project Number:	PD 523/08 Rev. 1 (I)
Project Title:	Operational Strategies for the Promotion of Efficient Utilization of Rubberwood from Sustainable Sources in Indonesia.
Host Country:	Indonesia
ITTO/ITTA Context:	The project relates to Article 1 d,e,f,i,l of ITTA, 1994 as well as Actions 1,3,5, of Goal 1 and Articles 6,8, of Goal 2 under CFI of ITTO Action Plan 2002-2006. The project is also a concrete follow-up on the recommendations of the ITTO Technical Mission to Indonesia 2001, particularly on the utilization of wood from non-forest sources such as rubber plantations, coconut trees and oil palm estates.

2. EVALUATION SCOPE, FOCUS AND APPROACH

The primary purpose of the ex-post evaluation is to provide an in-depth diagnosis of the project so as to point out its successful and unsuccessful outcomes, the reasons for its successes and failures, and the contributions of the project towards the achievement of relevant ITTA objectives and also to draw lessons that can be used to improve similar projects in the future. As expressed in its terms of reference, the ex-post evaluation is to be undertaken to:

i. assess the project's design and contribution to the achievement of its respective objectives.
ii. assess the achievement of the project's outputs and specific objectives.
iii. evaluate the impact and relevance of the project, detailing its impact on the development and specific objectives as stated in the project document.
iv. determine the effectiveness of technology transfer to target groups if applicable.
v. assess the overall post-project situation for the project, including the conditions of its intended direct and indirect beneficiaries.
vi. define and assess unexpected effects and impacts, either harmful or beneficial and present the reasons for their occurrence.
vii. analyse and assess implementation efficiency, including the technical, financial and managerial aspects.
viii. assess the overall sustainability of the project after completion, and include appropriate recommendations to safeguard the continuing of its positive impacts, and enhanced utilization of the technologies (if applicable) and other results developed by the project.
ix. take into account the results of the evaluation, make an overall assessment of the project's relative success or failure, summarise the key lessons learnt, and identify any issues or problems which should be taken into account in designing and implementing similar projects in future.

x. assess the overall cost of the project with original budget provisions, and their respective linkage with the overall results.
xi. prepare the evaluation report in accordance with the references for the Project Evaluation Report as contained in the ITTO Manual for Project Monitoring, Review and Evaluation, third edition, 2009 and the ITTO Manual on Standard Operating Procedures, 2009.
xii. assess the project's contribution to the relevant ITTA objectives (1994 and 2006) and relevant ITTO Strategic Action Plans.
xiii. prepare one or more articles for possible publication in the TFU, in consultation with the editor, containing an overview of the project and summarizing the lessons learnt from the evaluation work. Appropriate photographs should be provided.

In addition, the evaluator is requested to make an in-depth analysis of the outputs of the project and its actual intended situation after project completion.

The evaluation shall be conducted in such a way as to answer the questions identified in the ex-post evaluation checklist provided in the ITTO Manual for Project Monitoring, Review and Evaluation, third edition, 2009 (Page 52). The work shall be produced in English, covering a report, an executive summary and a power point presentation to be delivered at the Fiftieth Session of the ITTC to be held in Yokohama, Japan from 3 to 8 November, 2014. The work has been assigned to a single evaluator, Amha bin Buang, a retired professional from Malaysia.

Basically, the approach adopted for the conduct of the evaluation comprises:

i. a review of relevant ITTO manuals, project document and reports as well as relevant literature and information on rubberwood utilization. Among the documents and information reviewed are listed in Annex 1.
ii. a work programme to Indonesia from 8 to 14 June 2014 covering visits, meetings, briefings, discussions, and interviews with relevant representatives of the GOI, particularly the MOF; the EA and CA of the project; members of the PMT; project stakeholders, and beneficiaries; as well as visits to selected project and relevant sites. The work programme is included in Annex 2.

The draft report of the evaluation was submitted to the ITTO Secretariat, GOI, EA, and CA for comments and suggestions prior to its finalization and submission to the ITTO Secretariat. The EA's views on the ex-post evaluation is attached in Annex 3.

3. PROJECT FACTS

Background and origin of the project

Indonesia has over the years been experiencing a significant gap between the declining supply of wood from her natural forests and the installed capacity of her wood industry, due principally to illegal and over exploitation of these forests coupled with the inefficiencies of the industry. In response, the GOI has initiated the revitalization of the forest sector, focussing on the wood industry, as one of the five priority programmes launched to reinvigorate the sector and industry. One of the main activities being implemented under the revitalization programme is promoting the utilization of wood from sources other than the natural forests, which is in line with the recommendations of the ITTO Technical Mission to Indonesia 2001 particularly on the

utilization of wood from non-forest sources such as rubber plantations, coconut trees, and oil palm estates.

Indonesia is the world's leading grower of natural rubber, with an estimated total cultivated area of 3.5 million hectares and an estimated harvestable volume of rubber logs of 13.5 million m^3 a year from replanting on a sustainable basis. However, only some 22% of this volume is utilized by the wood industry, with the remainder being used as fuel wood or simply burnt or left to rot on the ground. In her effort to promote the utilization of rubberwood, the GOI submitted pre-project PPD 80/03 Rev. 2 (I) 'Promoting the Utilization of rubberwood from Sustainable Sources in Indonesia' which was duly approved and implemented with funding from ITTO. Based on the findings of the pre-project, project PD 523/08 Rev. 1 (I) 'Operational Strategies for the Promotion of Efficient Utilization of Rubberwood from Sustainable Sources in Indonesia' was formulated, approved and fully implemented with funding from ITTO.

Development Objective (DO)

In the context of the foregoing, the DO of the project was to contribute to the lessening of wood raw material supply problem facing the national forest industry by utilizing the vast rubberwood available from sustainable sources.

Main problems to be addressed

The key problem addressed by the project was the very low utilization rate of rubberwood from old rubber plantations caused by five main problems namely, (i) lack of interest among big rubber plantation companies in utilizing rubberwood, (ii) lack of incentives for and capacity of rubber farmers/smallholders in utilizing rubberwood, (iii) weak government policy, (iv) lack of investment in rubberwood utilization and (v) unavailability of appropriate technologies for rubber farmers/smallholders in utilizing rubberwood.

Specific Objective (SO) and Outputs

Accordingly, the SO of the project was to promote the utilization of rubberwood from sustainable sources.

The planned project outputs were:

Output 1	Interest in the utilization of rubberwood owned by big companies increased.
Output 2	Incentives for and capacity in the utilization of rubberwood from smallholdings improved.
Output 3	Government policy governing rubberwood resource utilization revised and enhanced.
Output 4	Investment in rubberwood utilization increased.
Output 5	Appropriate technologies are available for the utilization of rubberwood from smallholdings.

Project rationale

The declining supply of wood from natural forests in Indonesia is adversely affecting the performance and contribution of her domestic wood industry. Although Indonesia is blessed with abundant non-forest sources of wood, particularly rubber plantations for which she is the world's leading cultivator, the very low utilization of rubberwood by the industry suggests that it has not fully capitalised the rubberwood source which can significantly alleviate the problems associated with the dwindling supply of wood from natural forests. The rationale of the project

is to identify and overcome the obstacles and constraints to the utilization of rubberwood, thereby paving the way for the formulation of operational strategies for the promotion of efficient utilization of rubberwood from sustainable sources in Indonesia.

Starting date, duration and date of any former evaluation

The approved duration of the project was 36 months, and its implementation commenced in June 2010. No other evaluation was conducted prior to the ex-post evaluation.

ITTO contribution

From the approved project budget of $907,794, ITTO funding of the project amounted to $605,094 comprising $138,150 for project personnel, $107,250 for sub-contracts, $94,340 for duty travel, $68,000 for capital items, $21,500 for consumable items, $19,800 for miscellaneous, $71,563 for ITTO monitoring, evaluation and administration and $82,491 for refund of pre-project cost.

Executing Agency (EA) and Collaborating Agency (CA)

The BUK of MOF was the designated EA of the project while ISWA was the CA which implemented the project on behalf of the EA.

4. FINDINGS, LESSONS LEARNED

4.1 Project Implementation and Achievements

The implementation of the project commenced officially in June 2010 although actual implementation began a month earlier. The implementation of all project activities were completed in April 2013. The project completion report and the project final financial audit report were submitted to the ITTO Secretariat in July and August 2013, respectively. The implementation of the project was thus completed within its approved duration, without delay, extension of project duration or additional ITTO and counterpart funding.

Project Activities

All 22 planned project activities were fully implemented, with adjustment in timing made in respect of 2 activities as well as adjustment in scope and budget involving 5 activities. Adjustments to the budget of those project activities were done through the reallocation of the approved project budget without any additional ITTO or counterpart funding. All adjustments were duly approved by the PSC and ITTO Secretariat.

Project Outputs

All 5 planned project outputs were retained throughout project implementation, without any additional output. However, the original indicators for each and every output as contained in the LFM of the approved project document were significantly revised during the course of project implementation. The revisions were undertaken at the beginning of YP02 and YP03 based on progress in project implementation to ensure the applicability and appropriateness of the indicators in assessing output achievement.

According to the project completion report, based on the revised indicators, four project outputs, namely Outputs 2,3,4 and 5 were deemed fully achieved while the remaining, Output 1, was partially achieved, Among the four outputs fully achieved, two, Outputs 2 and 5, were slightly short of the planned targets.

SO

The original indicators of the SO were also adjusted from 2 to 3 time-bound quantitative targets, in order to ensure the applicability and appropriateness of the indicators in assessing the achievement of the SO. According to the project completion report, based on the revised indicators, the SO was 'nearly achieved'. This is due mainly to the partial achievement of Output 1 and the slight shortfall from the planned targets under Outputs 2 and 5.

DO

The original indicator of the DO had also been revised with a quantitative target of increasing the production of rubberlogs by 5% in the three selected provinces, in total or by province, in 2016 from the level of production in 2009. In view of this time-line, there is hardly any information or analysis in the project completion report on the contribution of the project to the realization of its DO.

4.2 Compliance

It is found that the project had been implemented in full compliance with relevant ITTO rules and procedures including the project agreement, approved project document, manuals and guidelines. This included the satisfactory and timely submission of 3 YPOs, 5 biannual project progress reports, 3 financial audit reports, 14 requests for NOLs, project completion report and request for retention of project capital items following project completion. Accordingly, there was no case of any unauthorised utilization or misapplication of project funds detected and reported. The GOI also confirmed its satisfaction that the project had been implemented in general conformity with its relevant laws, rules, regulation, and procedures.

It can be confirmed that the project has been implemented in the context of contributing towards the attainment of Article 1 d,e,f,i,l of ITTA, 1994 which correspond to Article 1 d,e,f,I,m of ITTA, 2006 relating to the ITTO Year 2000 Objective, expansion and diversification of international trade, R&D on efficient wood utilization, the promotion of increased and further processing, and national policies on sustainable utilization, respectively. It also relates to Action 1, 3, 5 of Goal 1 of the CFI and Articles 6, 8, of Goal 2 under the ITTO Action Plan 2002 – 2006 pertaining to investment, benefits of utilizing rubberwood, reducing supply-demand gap of wood materials and processing technologies as well as feasibility of rubberwood resource utilization and community cooperatives and skills in rubberwood utilization. This is presently being covered under Strategic Priority 2 on increasing the contribution of tropical forests to national and local economies including through international trade of the ITTO Strategic Action Plan 2013-2018. The project is also a follow up to the recommendations of the ITTO Technical Mission to Indonesia 2001 relating to the utilization of wood from non-forest sources particularly rubber plantations.

4.3 Efficiency

That the project was completed within its approved duration without delay, extension of duration or additional funding is a clear indication of the high level of efficiency in its implementation. The implementation of the project entailed adjustments only in respect of the outcome and impact indicators and a number of project activities and associated budget reallocation.

Technical

Technically, the project benefited from pre-project PPD 80/03 Rev. 2 (I) which preceded it and provided the information and basis for its formulation and smooth implementation. The project design, coupled with its three pronged implementing strategy of motivating/convincing, improving enabling conditions and demonstrating appropriate technologies for action as well as the active involvement and support from the main stakeholders and target beneficiaries contributed to its smooth implementation.

Managerial

On managerial aspects, the project was implemented by a compact PMT which included the proactive and dedicated PC from ISWA, a competent national expert fully conversant with ITTO and its procedures and two enthusiastic counterparts from BUK. The 9 national consultants engaged in the implementation of the project were able to accomplish their tasks satisfactorily within the time and budget allocated. The project was fortunate to benefit from the uninterrupted functioning of the PMT without any change or turnover throughout project implementation as well as the availability of the national consultants at the required time.

The cooperation between the EA and CA throughout project implementation was facilitated by an MOU indicating clearly their respective roles and responsibilities. The PSC also played its part in overseeing and evaluating the progress in the implementation of the project through its 4 scheduled meetings and recommendations to the PMT. Likewise, the PTC also held its meetings and oversaw the technical aspects of project implementation particularly the preparation of the 5 technical reports and proceedings of the 3 workshops convened under the project. It must be mentioned that these reports had been excellently written and contain very rich and relevant information on various aspects of rubberwood utilization which can be used as inputs and elements for the formulation of appropriate policies and strategies for promoting rubberwood utilization in Indonesia.

Financial

From the financial perspective, the budget for the project was found to be sufficient, with no request made for additional funding. Adjustments to budget by activities were restricted to reallocation of savings from surplus to deficit items with prior approval of the ITTO Secretariat. The disbursement of ITTO funding was effected in full and on schedule, and fully spent. There was, however, a sizeable saving in counterpart funding due to reduced expenditures on vehicle, equipment and facilities. Auditing of the project financial statements, comprising two annual and one final audits were conducted on

schedule by an independent auditing company, indication that the statements were in conformity with international accounting standards. There was no case of any irregularity, unauthorised utilization or misapplication of project funding detected.

4.4 Effectiveness

The effectiveness of a particular project refers principally to the extent to which its outputs and SO have been achieved and have contributed towards the realization of its DO. In the case of PD 52/08 Rev. 1 (I), all project activities were fully implemented albeit with some adjustments in timing and scope to a number of its activities. The implementation of the activities has contributed in some measure towards the realization of the planned outputs. However, there are gaps in the attainment of some of the outputs, particularly Output 1, casting some doubt as to whether all planned outputs based on the revised indicators have, in fact, been fully achieved.

Outputs

Under Output 1, the interest in the utilization of rubberwood by the big rubber plantation companies was found to have increased as a result of the implementation of the project, specifically through the relevant information generated by the feasibility study conducted and disseminated through the national workshop convened. This is verified by the information on the feasibility study, proceedings of the national workshop and a technical report which collectively constitute the tangible deliverables of the output. Nevertheless, the consultations conducted with the companies aimed at adjusting their replanting schedules and cooperating with the wood industries yielded initial interest from some companies but did not result in them expressing actual interest to adjust their replanting schedules and undertake investment in rubberwood utilization. This is despite the initial indicator of the output “adjusted replanting schedules adopted by the big rubber companies” having been revised to merely “demonstrated interest on the feasibility of adjusting these schedules”. Hence, while the project was able to enhance initial interest in rubberwood utilization among the big rubber plantation companies, it has not been effective in its effort of transforming this initial interest into concrete agreement and action to adjust their replanting schedules and make actual investment in rubberwood utilization. It is from this perspective that Output 1 has not been fully achieved.

Under Output 2, which focuses on the smallholder subsector that accounts for 86% of the total area cultivated with rubber, and where most of the complexities, problems, and obstacles to rubberwood utilization are to be found, incentives for and capacity in the utilization of rubberwood from smallholdings were said to have improved under the project through the conduct of the feasibility study on utilizing rubberwood from smallholdings, dissemination of the information and findings of the study through dialogues and consultations, survey on incentives needed by smallholders for replanting of smallholdings, establishment of agroforestry models for replanting and training of smallholders in harvesting and agroforestry system. Specifically, the study, dialogues and consultations were undertaken professionally and the number of smallholders trained exceeded the target under the revised indicator but the combined size of the agroforestry models established was 6 hectares short of the indicator’s target.

With the excess and shortfall from the indicators' targets cancelling one another, Output 2 can be considered to have been achieved. Even so, the work on incentives was focused merely on the identification and listing of those incentives needed by the smallholders to undertake replanting for the consideration and follow-up by local governments rather than on actual introduction and application of the incentives for the benefit of the smallholders.

Under Output 3, government's policies of relevance to rubberwood utilization were reviewed and a national workshop on policy enhancement conducted. Information on a coordinating mechanism and the feasibility of its establishment was generated. However, the idea of it establishment was not taken up by the GOI. A draft Inpres was prepared in consultation with the relevant stakeholders but the follow-up after project completion was still pending. As a result of activities implemented under Output 3, a ministerial decree, Permenhut No 30, 2012: on the requirement of SKAU for the movement of forest products was issued which took due account of the comments and observations made in respect of the movement of rubberwood, especially from smallholdings.

Going by the revised indicators, Output 3 can be considered to have been achieved. However, the draft Inpres only contains instructions to 11 ministries and all governors, regents, and mayors concerning their respective tasks and functions in promoting rubberwood utilization at the central, provincial and district levels. Its consideration by GOI has been put on hold due to reservation on the accuracy of data on the rubber growing stock in the smallholder subsector. There was no attempt made to formulate a specific policy on rubberwood utilization with clear objectives, strategies, priorities and time-bound targets.

Under Output 4, efforts to increase investmet in rubberwood utilization were undertaken through the collection of relevant information on rubber growing stock, rubberwood markets, available technologies and the rubberwood database system, all of which were uploaded on the project website: www.ittoiswa.com. Growing stock data was collected from 36 sample plots and a combined regional workshop on investment in rubberwood utilization was convened.

The implementation of the 4 project activities under Output 4 appears to have satisfied the 5 revised indicators. The nature and relevance of the information as well as the rubberwood information system as posted on the project website can be considered satisfactory although there is room for improvement. An examination of the website reveals that it had been regularly updated throughout the duration of project implementation but the updating appeared to have ceased after project completion. Surveys on growing stock were professionally carried out, yielding detailed and valuable information and analysis. Although the estimates are more conservative than those from earlier studies, there is still reservation concerning the accuracy and validity of the data, leading to the draft Inpres being put on hold pending further investigation. Likewise, the combined regional workshop on investment was professionally organised with excellent papers and presentations and well attended. The focus was on deepening understanding and recognition of the need and importance of investment in order to promote rubberwood utilization and to review government rules and regulations affecting

investment in rubberwood utilization. However, there is no evidence to show that the implementation of the 4 project activities has directly contributed to any increase in actual investment in rubberwood utilization as envisaged under Output 4.

Under Output 5, appropriate technologies for the utilization of rubberwood from smallholdings were made available in the form of a set of multi-ripper sawing machine procured, tested and utilized for training 37 participants, slightly short of the targeted number of 40 trainees. Three technical manuals on rubberwood preservation, charcoal making and rubberwood engineering for housing construction were also published and disseminated. In addition, 114 smallholders benefitted from training in charcoal manufacturing as well as simple and inexpensive wood preservation. A draft R&D programme on rubberwood utilization was also developed in consultation with the relevant stakeholders to be submitted to research institutions as inputs for planning their respective R&D programmes on rubberwood utilization.

The relevant activities under Output 5 had been implemented in fulfilment of the requirements of its 3 revised indicators and as such, Output 5 can be considered to have been achieved. Following the ruling out of mobile sawmill and chipping machinery, however, the actual transfer of technology to smallholders involved the multi-ripper saving machine which is too expensive for most of them to acquire individually, manufacturing of charcoal and inexpensive wood preservation which can extend the period of preservation from blue stain from 2 days to 15-20 days. While charcoal manufacturing would enable smallholders to utilize small size rubberwood for sale or their own use and extract liquefied smoke which can accelerate latex coagulation and reduce smell of rubber slabs, the very low market price for charcoal suggests that smallholders stand to draw much less market benefits from charcoal compared with sawn rubberwood.

SO

The gaps in the attainment of some of the project outputs are bound to have some effects on the extent to which the SO has been achieved.

Going by the first revised indicator of the SO which targeted an increase of 2.5% in the total production of rubber logs from replanting areas in the project sites from the production level in 2009, the actual achievement was mixed, with a 34% increase in North Sumatera and an 18.9% decrease in Jambi. There was no data available for South Sumatera. In contrast, the target of training 300 smallholders in appropriate technologies under the second revised indicator was surpassed by 98 trainees although the number of workshops attended by the smallholders was reduced from 3 to 2. As for the third revised indicator of having at least one rubber plantation company signing an MOU with a wood processing mill, there was not a single MOU actually signed, although there was initially an expression of readiness by a rubber company to cooperate with the wood industry which unfortunately did not result in any understanding reached between them. It is, therefore, clear that on the basis of the mixed performance of the project in relation to its 3 revised outcome indicators, its SO of promoting the utilization of rubberwood from sustainable sources has not been fully achieved.

DO

With regard to the DO, there is hardly any information and analysis in the project reports indicating the contribution of the project to the realization of its DO. This omission indicates some disconnect between project implementation and its DO and is attributed to the time frame of the revised impact indicator of increasing the production of rubber logs in 2016 from the level of production in 2009 in the selected provinces. The project may have been implemented without relating it adequately to mitigating the raw material supply problem facing the wood industry, as envisaged under its DO. In spite of this time-line, information on the production of rubberlogs, particularly in the selected provinces, should have at least been collected, updated, and analysed in relation to the processing capacity of the wood industry to enable the project to assess the likelihood of its implementation contributing eventually to the realization of its DO. In the absence of such information and analysis, it could not be established with certainty that the implementation of the project will contribute towards the attainment of its DO.

4.5 Impact and Effects

Outputs

Being closely connected with project effectiveness, the impact and effects of the project are well reflected in the preceding sub-section of this report. The project's impact on the big rubber plantation companies through Output 1 is concentrated on the initial awareness and interest in rubberwood utilization generated through information on the feasibility study conducted and disseminated through the workshop convened. However, the project was unsuccessful in its effort of transforming the interest of the companies into concrete action of adjusting their replanting schedules and making investment in rubberwood utilization since the companies accord greater interest and priority of maintaining the production of latex as their core business, While interest is an essential factor, it is not the sole determinant of rubberwood utilization. If other determinants are not duly addressed, there is the risk that whatever initial interest that has been generated will eventually wane and disappear. The lack of impact in this regard also shows that one of the assumptions of the project, namely that the companies are cooperative does not hold true. Accordingly, it is not clear whether the project has had any lasting impact on the companies in promoting rubberwood utilization.

Under Output 2, the project has some salutary effects on the smallholders who are by far the biggest project stakeholders. The feasibility study and surveys yielded a wealth of information on the conditions, constraints and obstacles confronting them in rubberwood utilization while the consultations, dialogues and surveys aimed at influencing their perception and behaviour must have generated awareness, interest, and even hope concerning the potential benefits to be derived from rubberwood utilization. However, the awareness, interest and hope have to be appreciated in light of the magnitude of the complexities, constraints, and obstacles they face which may, in the end, compell them to remain resistant to change. During the ex-post evaluation visit to one of the agroforestry models for replanting, it was found the trees are growing well and will be ready for tapping in two years time. Technically, the establishment of these models, though slightly short of the target, will have a continuing impact not only during the critical 5 years prior to the first tapping but throughout the economic lifespan of the

trees (25-30 years). While the impact will be most obvious to the selected smallholders, it will also have a demonstration and replication effect on other smallholders especially within the neighbourhood on when and how to undertake replanting. Knowledge and skills in the development and maintenance of the models as well as in harvesting and replanting have been imparted to the trainees but it could not be ascertained if and to what extent the knowledge and skills have been put to practice and retained. The identification and listing of incentives for replanting needed by smallholders was a very useful and informative exercise but it is uncertain whether the necessary follow-up has been taken by the district governments to actually provide the incentives to the smallholders.

On the important aspect of policy review and enhancement under Output 3, the impact of the project is most pronounced in its excellent work on policy review, draft new policy and the national workshop on policy enhancement convened as well as the issuance of Permenhut No. 30, 2012 regarding the requirements for SKAU on the movement of rubberwood particularly from small holdings. The attempt by the project to initiate the establishment of a coordinating mechanism and a draft Inpres on rubberwood utilization did not produce the desired effects. While the proposal for the mechanism was not taken up, the consideration of the draft Inpres by the GOI has been put on hold due to reservation on the accuracy of the data on the rubber growing stock in the smallholder sub-sector. In all probability, this has prevented the project from having a significant impact on policy enhancement which is crucial to any effort to promote rubberwood utilization in Indonesia.

Project work on increasing investment in rubberwood utilization under Output 4 has the effect of providing transparency and facilitating the dissemination of the rubberwood database system and information of relevance to investment in rubberwood utilization. Apart from the information on growing stock upon which reservation has been placed on its accuracy and validity, the system and information are found to be germane and useful including to prospective investors. Similarly, the combined regional workshop on investment convened under the project has the salutary effect of enhancing understanding and recognition of the need, importance, and challenges of investment in promoting rubberwood utilization. However all these positive effects fell short of having the desired impact of increasing actual investment in rubberwood utilization as envisaged under Output 4.

On appropriate technologies for the utilization of rubberwood from smallholdings under Output 5, the project has the effect of actually transferring technology and conducting associated training to smallholders involving the multi-ripper sawing machine, charcoal manufacturing and inexpensive rubberwood preservation. As the investment on the sawing machine is beyond the affordability of the smallholders, it is doubtful whether the transfer and training would have any lasting impact on them, unless they could collectively cooperate to jointly utilize the machine. It is also unclear to what extent the training on charcoal manufacturing and inexpensive wood preservation will be put to actual practice by the smallholders. If they do, they stand to derive relatively higher economic benefits from selling the preserved wood compared to selling the charcoal.

SO and DO

On the whole, the effects of the project on the basis of the 3 revised outcome indicators of its SO are focussed on the significantly increased rubberlog production in North Sumatera and in the total number of smallholders trained which surpassed the target. However, the project fell short of its desired effects of increasing rubberlog production in Jambi and securing signed understanding between the rubber companies and the wood industry. There is also uncertainty whether the project is likely to fulfil the long term impact indicator of its DO in reducing the shortage of raw material supply in relation to the processing capacity of the wood industry by 2016.

Environment

The project has been implemented without any significant adverse impact on the environment. The establishment of the agroforestry models and the conducts of the trainings were all geared towards the adoption of best practices which took due account of the need to protect the environment. The use of inexpensive chemicals in rubberwood preservation was in accordance with the relevant criteria and regulations issued by the MOA.

Local Communities

The project also has had a salutary impact on the local communities in the selected provinces and project sites. They are mainly rubber smallholders and farmers who happened to be one of the key project stakeholders and beneficiaries. Some benefited in terms of knowledge, awareness, interest in rubberwood utilization as well as skills in rubber harvesting, replanting, upkeep, charcoal manufacturing, and rubberwood preservation and income from cash crops, and contract work outside of their own smallholdings.

4.6 Sustainability

In spite of some gaps in the achievement of some of its outputs and objectives, the project has generated great momentum, interest, outputs and outcomes whose relevance and usefulness extend far beyond the completion of its implementation. These include the agroforestry models which could last throughout the economic life-span of the trees (25-30 years); the rubberwood information system and project reports and other information posted on the project website; the multi-ripper sawing machine which can still be utilized for a number of years; and the skills and knowledge imparted to some 380 smallholders and other participants in the various trainings and workshops conducted under the project. The models haves been inherited by the selected smallholders who could still benefit from continuing support from MOF and MOA through their relevant agencies. Project trainees can also be called up for follow-up training to refresh, reinforce, and expand their skills and knowledge.

As envisaged in the project document, the rubberwood information system and project reports have been disseminated to the GOI and relevant stakeholders and beneficiaries for appropriate follow-up. This include the draft Inpres, the conduct of more accurate surveys of rubber growing stock and continuous updating of information and R&D programmes relating to rubberwood utilization that were initiated by the project. ISWA is reportedly considering to continue and improve the project website using its resources and the MOF is deliberating on the rightful inheritor of the multi-ripper sawing

machine to be used for training following the approval already given by ITTO for the transfer of the asset to MOF. In the event that MOF is not able to find a place for the machine, it may be worth to consider donating the machine to ISWA for the purpose of training its members.

4.7 Project Formulation and Design

Involvement of stakeholders

The involvement of project stakeholders began during the implementation of the precursor PPD 80/03 Rev. 2 (I). Hence, their participation in the project commenced from the stage of its formulation till the completion of its implementation. Their early and active involvement in the discussions, consultations, surveys, establishment, and development of the agroforestry models, workshops, and trainings conducted during the course of project implementation generated their awareness, interest, attachment, commitment, and ownership to the project. As beneficiaries, they have benefited from the project in several ways including in terms of knowledge, awareness and interest in rubberwood utilization as well as skills in rubber harvesting, replanting, upkeep, charcoal manufacturing and rubberwood preservation and income from cash crops and contract work outside of their area of rubber cultivation. The active involvement of the major stakeholders and beneficiaries have contributed to the smooth and efficient implementation of the project. Nevertheless, the domestic wood processing industry as one of the key project stakeholders and beneficiaries should have been given more prominent role and focus under the project. Although it has been actively involved in the activities of the project, particularly in the form of the proactive role of ISWA in the workshops, training and technology transfer, it should have been in the forefront of efforts in promoting rubberwood utilization especially product development, marketing and exports instead of merely and passively expecting the rubber companies to adjust their replanting schedules in order to provide the industry with regular and steady supply of raw rubberwood.

The project benefited from the implementation of PPD 80/03 Rev. 2 (i) which provided the information and basis for its formulation, undertaken with the active involvement of its main stakeholders. Accordingly, the project design is basically sound, with the key problem appropriately identified and analysed resulting in the establishment of clear cause and effect relationships with strong vertical logic. Nevertheless, the gaps in the achievement of the project objectives and some of its outputs may still be attributed in part to the lack of clarity of the SO, some of the outputs as well as the outcome and output indicators. The generality of the SO and outputs has made it difficult to assess the extent to which these have been achieved, having to rely heavily on the outcome and output indicators which were not easy to meet despite having been revised during the course of project implementation.

Scoping

The key problem addressed by the project is highly complex, encompassing a wide range of challenges, obstacles and constraints as well as economic, social, political and policy dimensions. The project adopted a comprehensive approach to cover all the 5 critical aspects of the estate sub-sector, the smallholding sub-sector, government policies, investments, and technologies as drawn up from the problem analysis. Due to the

magnitude of the complexities, the limited budget, time and resources of the project have to be stretched to cover all the aspects, each of which having the potential to be taken up under a separate project. Therefore, as an option, the scoping of the project could have resulted in a selective approach, focussing on the more salient and pressing aspects such as the smallholdings sub-sector and government policies in order to achieve greater depth in outcome and impact.

Externalities and risks

As a result of the complexities, the project had to deal with the influence of a number of externalities and adapt accordingly, such as in the sequencing and timing for the trainings conducted, consolidation of the workshops convened, suspension in the consideration of the draft Inpres pending further improvement in data on rubber growing stock, the changes to the selected technologies to be transferred to smallholders and the associated trainings, and the absence of interest among the long established rubber companies in adjusting their replanting schedules and making investment in rubberwood utilization.

Of the 5 major assumptions made, the project was highly successful in securing competent consultants on time and in getting the interest and support from smallholders/farmers. However, it experienced mixed results in its efforts to seek the full cooperation from the big rubber companies, the full commitment of GOI on the draft Inpres and coordination mechanism and select appropriate technologies to be transferred to the smallholders. There were also a number of externalities and potential risks that were not adequately anticipated including the influence of the high price of latex in postponing the decision to replant amongst the smallholders in South Sumatera and Jambi and the conversion from rubber to oil palm which was occurring quite noticeably in North Sumatera. Nevertheless, credit is due to the PMT for all the efforts and measures it had taken to address and mitigate the externalities and risks.

4.8 Lessons Learned

Many lessons could be drawn from the findings on the implementation of the project, the salient of which include the following:

4.8.1 For a project involving complex social, economic, and political issues, and without complete data and information, the prior implementation of a pre-project is extremely appropriate in providing inputs and basis for the sound formulation of the project.

4.8.2 Efficiency in the implementation of a project is a result of a combination of factors including sound project design; appropriate implementation strategy; active involvement and support from stakeholders and target beneficiaries; compact, competent, and proactive PMT, close cooperation between EA and CA as well as efficient and responsible financial management.

4.8.3 Early involvement and participation of project stakeholders and beneficiaries facilitates commitment, support, attachment, and ownership which contribute to the smooth implementation of a project.

4.8.4 The full and excellent compilation of all project reports is extremely helpful to the conduct of the ex-post evaluation.

4.8.5 The implementation of all project activities does not automatically result in the full achievement of its outputs and objectives.

4.8.6 Clarity of objectives, outputs and the corresponding impact, outcome, and output indicators is critical in ensuring and measuring the extent to which the objectives and outputs are achieved.

4.8.7 In implementing and evaluating a project of regional nature, there is the need to be perceptive and sensitive to the differences and peculiarities amongst the different localities within the geographical scope of the project.

4.8.8 The ability to adapt to unexpected developments, externalities and risks is crucial in ensuring the smooth implementation of a project.

4.8.9 Appropriate follow-up after project completion is essential to prolong the sustainability of a project and to minimise wastage and loss of momentum.

5 CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

5.1.1 The project was implemented smoothly and completed on schedule, without any delay or additional funding, and in conformity with the rules and procedures of ITTO and GOI. Indeed, efficiency in implementation is the strongest attribute of the project.

5.1.2 The implementation of the project has contributed in some measure to the achievement of its planned outputs and objectives. However, its effectiveness is affected by the gaps in the attainment of some of its outputs and objectives, casting some doubt as to whether these have been achieved in full.

5.1.3 In spite of the gaps in achievement, the effects and impact of the project are quite considerable and wide-ranging, albeit mixed.

5.1.4 Despite its shortcomings, the project has generated great momentum, awareness, interest, outputs, and outcomes whose relevance and usefulness extend far beyond the completion of its implementation. Appropriate follow-up is required in order to further extend the sustainability of the project.

5.1.5 The project has been able to secure continuing and active participation of its stakeholders and target beneficiaries throughout its implementation, although the domestic wood processing industry ought to have been assigned a more prominent and proactive role.

5.1.6 The project design is basically sound but its deficiency lies in the lack of clarity of its SO and some of its outputs as well as its output and outcome indicators, its very broad scope, the lack of validity of some of its assumptions and risks which were not adequately anticipated.

5.1.7 In spite of the achievements and shortcomings of the project, the need to meet the challenges of significantly increasing rubberwood utilization in Indonesia remains relevant and urgent.

5.2 Recommendations

5.2.1 The experience and lessons learned from the efficient implementation of the project should be referenced and shared in the context of the implementation of other projects in Indonesia and elsewhere.

5.2.2 The excellently produced project reports containing rich and relevant information on rubberwood utilization should be put to good use as inputs and elements for the formulation of appropriate policies and strategies for promoting rubberwood utilization in Indonesia.

5.2.3 Appropriate monitoring should be carried out concerning the actual follow-up being taken by local governments on the list of incentives needed by smallholders to undertake replanting as drawn up under the project.

5.2.4 Follow-up surveys on the rubber growing stock in the smallholder sub-sector should be conducted carefully and scientifically to ensure the accuracy and validity of the data and to facilitate the finalization of the draft Inpres developed under the project.

5.2.5 Appropriate follow-up should be undertaken to resume the updating and refinement of the project website by ISWA.

5.2.6 It is critically important that all information and baseline data of relevance to rubberwood utilization generated under this project be maintained, updated, expanded and refined to be used as the basis for further planning and assessment of the progress in promoting rubberwood utilization in Indonesia.

5.2.7 The agroforestry models should be regularly monitored throughout their economic life-span by MOF and MOA as a long-term experiment on motivating smallholders to replant on time. Those who benefited from the various trainings conducted under the project should be periodically contacted to ascertain the extent to which their acquired skills and knowledge have been put to actual practice and to be called up for follow-up training to refresh, reinforce, and expand their knowledge and skills in rubberwood utilization.

5.2.8 A suitable home should quickly be found by the GOI for the multi-ripper sawing machine to be used for training purposes by an R&D institution before the expiry of the machine's life-span. In the event that this is not possible, it is recommended that the machine be donated to ISWA for the purpose of training its members.

5.2.9 Efforts to promote rubberwood utilization in Indonesia should be continued in earnest, building upon the achievements of the project and addressing its shortcomings. In this connection, a more focussed approach may be considered with emphasis on the smallholder sub-sector, the domestic wood processing industry, the formulation of a national policy on rubberwood utilization and the selection of rubber as one of the species to be used for the development of forest plantations in Indonesia by MOF.

'Operational Strategies for the Promotion of Efficient Utilization of Rubberwood from Sustainable Sources in Indonesia'

LIST OF PROJECT DOCUMENTS REVIEWED

1. Approved project document
2. Technical Report No. 1
3. Technical Report No. 2
4. Technical Report No. 3
5. Technical Report No. 4
6. Technical Report No. 5
7. Technical Report on National Workshop
   'Promoting the utilization of Rubberwood from Replanting Areas of Rubber Companies and Farmers'
8. Technical Report on Regional Workshop
   'Investment in Rubberwood Resource Utilization and its Role in Economic Development'
9. Technical Report on National Workshop
   'Formulation of National Policy and Action Programme on the Utilization of Rubberwood Owned by Rubber Farmers and Companies Harvested from Replanting Areas'
10. Project Completion Report

TENTATIVE ITINERARY FOR THE EX-POST EVALUATION OF

ITTO Project PD 523/08 Rev.1 (I)

"Operational Strategies for the Promotion of Efficient Utilization of Rubber Wood from Sustainable Sources in Indonesia"

Date/Hour	Location	Activities	Remarks	Status
Day 1: Sunday, 8 June 2014				
	Jakarta	Arrival of the Consultant at Jakarta, air ticket arranged by ITTO	Stay at Santika Hotel, reserved by ISWA	Confirmed (Rate IDR 775.000) To be met at Airport by EA staff
Day 2: Monday, 9 June 2014				
09.00 – 11.00	Jakarta	Entry meeting with the main agenda: i) Presentation of the Project by PC covering the structure and achievement; ii) Presentation by the Consultant about the ex-post evaluation; and iii) Comments by the participants on project implementation, achievement and ex-post evaluation	Participants: Reps of CIC, EA, CA and FORDA	
11.00 – 14.00	Jakarta	Technical meeting with DG BUK and ISWA	Venue: ISWA office	
14.30	Jakarta	Depart for Jakarta Air Port		
16.00 – 19.00	Medan	Depart Jakarta for Medan by Garuda Stay at Tiara Hotel in Medan	Air tickets issued Hotel reserved by ISWA	GA 192 (17.10 – 19.35) Confirmed (Rate IDR 563.000)
Day 3: Tuesday, 10 June 2014				
09.00 – 12.00	Tj. Morawa	• Visit to PT Samawood Utama Works Industries • Consultation with rubber replanting contractor(s)	Contact person: Mr. Simanjuntak App. 1 hour drive from Medan.	Confirmed
12.00 – 13.00	Tj. Morawa	Prayer and lunch time		
13.00 – 14.30	Medan	Visit to North Sumatra Forestry Agency	Contact person: Mr. Halen Purba	Confirmed
15.00 – 16.30	Medan	Visit to Institute for crop estate education and university	Contact person: Mr. Sipahutar	Confirmed
16.30	Medan	Back to Tiara Hotel		Confirmed

Continued

Date/Hour	Location	Activities	Remarks	Status
Day 4: Wenesday, 11 June 2014				
04.00 – 06.00	Medan	• Depart Medan for Kualanamu Air Port • Depart Kualanamu for Palembang	Air tickets reserved by ISWA	GA 266 (06.00 – 07.30)
08.00 – 09.00	Palembang	Breakfast time	Contact person:	
09.00 – 11.00	Palembang	Visit to : • South Sumatra Forestry Agency • South Sumatra Crop Estate Agency	**Mr. Zulfikar** **Mr. Anung Riyanto**	Confirmed Confirmed
12.00 – 13.00	Palembang	Prayer and lunch time	Contact person: **Mr. Roni Tjiok**	Confirmed
13.00 – 14.00	Palembang	Visit to ISWA Branch office	Contact person: **Mr. Roni Tjiok**	Confirmed
14.00 – 16.00	Palembang	Visit to rubberwood processing mill	Hotel reserved by ISWA	Confirmed
16.00 –		Check in Aston Hotel		(Rate IDR 718.000)
Day 5: Thursday, 12 June 2014				
08.00 – 12.00	Palembang	Visit to agro forestry demplots in Banyuasin meeting with farmers and village leaders	App. 80 km from Palembang by car	To be confirmed by ISWA
12.00 – 13.00	Banyuasin	Prayer and lunch time	Contact person: **Ms. Nancy**	Confirmed
13.00 – 15.00	Banyuasin	Visit to SEMBAWA Center for R&D on rubber	Air tickets issued	GA 117 (18.15-19.20)
17.00	Palembang	Depart Palembang for Jakarta by Garuda	The Consultant stays at Santika Hotel	Confirmed
Day 6: Friday, 13 June 2014				
08.00 – 12.00	Tangerang	Visit PT Jaya Cemerlang Industry in Tangerang (training site on rubberwood processing)	App 1 hour drive from Jakarta Contact person: Mr. Jimmy Chandra	Confirmed
12.00	Jakarta	Return to Jakarta		
13.00 – 14.00	Jakarta	Prayer and lunch time		
14.00 – 17.00		Exit meeting with CIC/EA and CA to discuss on findings and mechanism for reporting and other matters as necessary	Venue: **EA office**	
Day 7: Saturday, 14 June 2014				
	Jakarta	Departure of the Consultant for KL by MH-710 (to be released by ISWA staff)	Air ticket arranged by ITTO	Confirmed

Jakarta, 30 May 2014
Prepare by,

Hiras Sidabutar

ANNEX 3

The Management Response on the Ex-Post Valuation Report on ITTO Project PD 523/08 Rev. 1 (I) "Operational Strategies from the Promotion of Efficient Utilization of Rubberwood from Sustainable Sources in Indonesia"

We have thoroughly reviewed the above mentioned report and found that it is a well-written document, an excellent piece of professional work; it presents the findings in a clear, balanced and objective manner, draws meaningful conclusions consistent with the findings and makes realistic, useful and challenging recommendations. On these notes, we would like to express our sincere appreciation to the Consultant, Mr. Amha Bin Buang, for his excellent competence in collecting and digesting the myriad information on the project in a short time period and present the information in the report in a professional fashion. We would also like to convey our sincere thanks to all parties as well as individuals that have contributed in one way or another to the successful implementation of the ex-post evaluation.

Our views on the report as summarized above have been based on a deep examination of particular elements of the report as highlighted below**:**

i. On the findings presented, we noted that**:**

- They are fully in agreement with the results of field observations and the discussions held at different levels which also documented by the attending project staffs
- The gaps in the attainment identified in the report, especially of the outputs and specific objective, are justifiable and not contradictory with the completion report of the project
- The limited actual involvement of smallholders in rubberwood utilization identified provides useful and strong signal on needed follow up actions by the government
- The failure of the project to realize investment during the project duration is admittable and points out to the need for implementation of improved policy on incentives for investment
- On project sustainability, resolving the problems in allocation of resources and arrangement for appropriate follow up actions are the homework of concerned government institutions that has to be accomplished in due time by the Ministries of Forestry and Agriculture
- On project formulation and design, limiting scope of the project could have been more realistic and resulted in greater effect and impact, is a lesson that has to be learned on in future project formulation.

ii. On the conclusions drawn, we noted that they are consistent with the findings as elaborated in the report. The message sent by the Consultant that "to meet the challenges of significantly increasing rubberwood utilization in Indonesia remains relevant and urgent" is highly appreciable, useful and motivating.

iii. On the recommendations made, we noted that they are truly relevant, useful and challenging for the promotion of rubberwood industry in Indonesia, especially as regard, among others**:**

- Monitoring of follow up actions by local governments on effecting the incentives needed by smallholders for rubber replanting
- Conduct of rubberwood growing stock survey using scientifically sound methodology
- Periodical contact with the project trainees to monitor usefulness of the skills acquired
- Continued earnest efforts to promote rubberwood utilization built on findings of the project.

In conclusion, we have no objection to the information on Project PD 523/08 Rev.1 (I) presented in the ex-post evaluation report.

Jakarta, September 2014

Director of Processing & Marketing
of Forest Products, Ministry of Forestry

Dr. Dwi Sudharto