PUBLIC SECTOR SUPPORT AND/MANAGEMENT OF PROTECTED AREAS IN INDONESIA

Effendy A. Sumardja

Presenting and corresponding author: *Effendy A. Sumardja. Ministry of Environment, Jakarta, DKI, Indonesia. Jl. D.I. Panjaitan, Kebon Nanas, Jakarta, DKI 13410, Indonesia. Phone/Fax : (62-21) 8580066. eas@menlh.go.id*

Abstract

Irregular and inadequate financing for recurrent costs is a generic and probably global problem for protected areas. Most Indonesian protected areas are poorly resourced, some receiving no regular budgets at all, and are reliant on supplementary donor financing, which covers only a limited project period. The Government of Indonesia is aware of the reliance on donor aid, and is exploring options to ensure adequate financing to cover recurrent costs of protected area financing through new mechanisms for raising conservation revenues. The government, supported by the World Bank, has developed an Integrated Conservation and Development Project (ICDP). This project has been applied to a diverse range of initiatives with the common goal of linking biodiversity conservation in protected areas with local social and economic development. In practice, ICDPs refer not just to a general concept but to a specific set of activities targeting a protected area and, usually, the inhabited zone around it.

Introduction

The government agency responsible for protected area management is the Directorate General of Protection and Nature Conservation (PHKA) in the Ministry of Forestry. But the task of managing Indonesia's protected areas is widely acknowledged as being beyond PHKA's modest capabilities. During the period leading up to Indonesia's economic crisis in late 1997, the Government of Indonesia's (GoI's) total annual investment in protected areas had increased, and foreign aid was contributing approximately 11 - 18 percent (see Table 1).

An effective strategy for the financing of protected areas must consider several sources in order to guarantee the continuity of financing. Table 1 shows that the Directorate General of Protection and Nature Conservation gave the national park budget priority among many other programs. Table 2 shows that financial resources for national parks in Indonesia come from the national development budget, the national routine budget, foreign aid, a re-afforestation fund (DR), and from forest product fees (IHH).

The government of Indonesia has identified tourism as a potential growth area for procurement of foreign currency. While this creates its own problems, it also provides an opportunity for Indonesia's biodiversity, through its protected areas, to be marketed internationally.

Government on funding for protected areas

There is a great disparity in funding and staffing levels in different protected areas in Indonesia (Table 3). Designated national parks are eligible for relatively large government budgets through their Technical Execution Units. Because of this, several protected areas that were receiving external donor support have become national parks as a way to ensure the sustainability of

recurrent cost financing. Both the number of parks and the amount of funding increased from donors, government budgetary allocations through the late 1980s and 1990s, until the economic crisis struck in 1997.

The 30 protected areas with major donor financing represent only 10 % of the total number of protected areas in the country but just over half of the total land area of terrestrial protected areas, that is, donor funding has focused on some of the largest protected areas. Current protected areas have tended to focus primarily on the western islands and on forest habitats rather than coastal, marine and freshwater ecosystems (The World Bank, 2001).

Funding from multilateral development banks and bilateral donors has increased significantly over the past six years, stimulated by a desire to assist the government. Since most donors require a commitment of substantial government counterpart funding, parks and other protected areas receiving outside assistance have generally received increased government funding, which may partially explain the overall increase in government funding for conservation. This insistence on adequate counterpart budgets makes good sense in attempting to ensure sustainability of activities beyond a project lifetime but it also means that both government and donor funds are concentrated in just a few areas. It has been estimated that in 2000, about 40 % of the budget of the Directorate General of Protection and Nature Conservation for development went to just two donor assisted parks, Gn. Leuser with funding from European Union (EU)) and Kerinci Seblat (with World Bank funding) (see Table 3) (The World Bank, 2001).

The Directorate General of Protection and Nature Conservation is experimenting with innovative new management models involving the private sector (ecotourism concessions at Komodo National Park) and NGOs (overall management authority at Leuser).

More effectively applying Government funds for protected areas

Given the limited success so far of protected areas and ICDPs, the GoI has given consideration to other, more radical models to create conservation incentives. One possibility would be to simply pay cash in return for protected area protection. Selected local or national government entities or NGOs would receive cash; to use as they see fit; in exchange; for protected area management and conservation commitments. Under such an arrangement, payment schedules over extended periods would be subject to independent reviews. The funding for such arrangements could originate from international sources or from the GoI. This concept is a simplification of the conservation concession pioneered at Gunung Leuser National Park.

Gunung Leuser has established a strong and independent project management unit outside the government system. This is an important and controversial experiment that has already attracted criticism. The conventional wisdom in development is to reject such approaches, on the grounds that special arrangements outside government will almost never be absorbed into routine operations after external inputs cease and are therefore unsustainable. While that is often true, two of the key assumptions underlying this argument may not apply to biodiversity conservation.

First, costly conservation projects are rarely financially sustainable after external inputs dry up. This means that external inputs will need to continue well beyond standard project time horizons

if biodiversity is to be conserved. If financial sustainability is not assumed, then the arguments for always working within the existing system become weaker. Second, the prospects of introducing more effective arrangements with public sector institutions for conservation in Indonesia may be quite limited. Therefore, the usual project ambition of eventual integration into a functional government operation may not be optimal in the conservation sector. In practical terms, this means it may be preferable to design site-specific interventions that simply go around the mass of special exemptions, specific decrees, overlapping or even competing regulations and laws, and often - incompatible agency jurisdictions in each project area (Wells et al, 1999).

In determining areas where limited funding and resources from national and donor sources should be applied, a pragmatic approach would be to divide protected areas into three categories:

- those where conservation values have been so severely compromised that the costs of conservation and restoration are so great that the sites should be turned over to local management and financing;
- those that are so remote and are experiencing so few problems that they will look after themselves to a large extent in the short and medium term; again the primary source of funding could be at the local level; and
- those under medium threat where the chances for conservation success are good with appropriate active assistance.

One of the major concerns for biodiversity conservation in Indonesia is how to make management of protected areas more effective. Generally, national parks are better resourced than other conservation areas but even parks are often understaffed (on average one guard for 5000 Ha) and have limited budgets (see Table 3), with most parks spending on average $0,18 per hectare. Even parks which are relatively well financed through donor support present a number of generic management problems including: poor staff morale and discipline; lack of incentives for good performance; capacity constraints and limited training; emphasis on spending on park infrastructure such as civil works, rather than enforcement or awareness building activities; and budget allocations according to previous budgets rather than according to threats or needs on the ground.

Developing synergies with others to finance protected areas

In Indonesia, there is strong support for technical assistance and institutional capacity building, mainly from bilateral agencies providing technical cooperation and some specialized agencies of the United Nations, such as: Natural Resources Management (NRM) - USAID; JICA; DFID; FAO; UNDP; and UNEP. International financing agencies should not only consider the financier interest, which often gives priority to the strengthening of areas from certain ecosystems and loses the systemic vision of the national system of protected areas.

Many designated protected areas in Indonesia had small or nonexistent government budgets and little effective management even before the economic crisis. International NGOs have been among the main providers of external technical and financial assistance since 1994. Some examples include World Wide Fund for Nature (WWF), the Nature Conservancy (TNC), Conservation International (CI), Birdlife International, Wetland International and Wildlife

Conservation Society (WCS). These NGOs still maintain diverse conservation programs in Indonesia, with a primary focus on terrestrial and marine protected areas.

The GoI could also consider inviting tenders for the management of individual protected areas, as follows: the GoI would commit to taking any steps necessary to protect a particular protected area perhaps for 25 years while allowing independent monitoring. Interested parties (such as development agencies, NGOs, and private sector organizations) would then bid the amount they would be prepared to pay to secure this protected area, payable over the full term of the agreement as long as the GoI continued to live up to their protection commitment. If adequate offers of international funds were not forthcoming, the GoI could then decide whether to finance conservation domestically (perhaps based on an assessment of watershed protection, tourism potential, or other national economic benefits) or to turn the protected area over to other uses. Such an approach could help to sharpen the currently rather vague discussion concerning the level of financial resources that should be transferred to developing countries from richer nations to support biodiversity conservation in the global interest.

Conclusions

In recent years, discussion regarding to the challenge of providing adequate financing for protected areas have become mechanical and predictable. The issue of financing protected areas has also become incorrectly framed as a case of charity to be disbursed from the developed to the developing countries.

Funding from multilateral development banks and bilateral donors as well as international NGOs might be able to provide the external support required to ensure financial sustainability for protected areas through the government budget. However, the government's effort to improve the long term flow of funds; hence to ensure sustainability of activities; should maintain the approach of integrated conservation and development in managing the protected areas, and create new and innovative management models involving the private sectors and NGOs.

For government funds to be more effectively applied to protected areas, especially in certain areas with limited funding and resources, a pragmatic approach should be applied to finance protected areas through categorization.

Synergies with interested parties such as development agencies, NGOs, and private sector organizations as well as international funds might be developed; if the government shows a serious effort to finance conservation domestically.

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