

PD-ABL-415

U N C L A S S I F I E D 95530

PROJECT PAPER

NATURAL RESOURCES MANAGEMENT

INDONESIA  
497-0362

U N C L A S S I F I E D

AGENCY FOR INTERNATIONAL DEVELOPMENT <b>PROJECT DATA SHEET</b>			1. TRANSACTION CODE <input checked="" type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete		Amendment Number <u>1</u>	DOCUMENT CODE <u>3</u>
2. COUNTRY/ENTITY Indonesia			3. PROJECT NUMBER <u>497-0362</u>			
4. BUREAU/OFFICE ANE/ASIA <span style="float:right"><input type="checkbox"/> 04</span>			5. PROJECT TITLE (maximum 40 characters) <input type="checkbox"/> Natural Resources Management <input type="checkbox"/>			
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY <u>07 31 97</u>			7. ESTIMATED DATE OF OBLIGATION (Under 'B' below, enter 1, 2, 3, or 4) A. Initial FY <u>96</u> B. Quarter <u>4</u> C. Final FY <u>95</u>			

8. COSTS (\$000 OR EQUIVALENT \$1 = )						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total			6,768			
(Grant)	( 3,913 )	( 2,855 )	( 6,768 )	( 18,090 )	( 2,410 )	( 20,500 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S.	1.					
	2.					
Host Country	0	910	910	0	6,833	6,833
Other Donor(s)						
<b>TOTALS</b>		7,678	14,530	18,090	9,243	27,333

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) FN	201B	099		14,468		2,000		20,500	
(2)									
(3)									
(4)									
<b>TOTALS</b>				14,468		2,000		20,500	

10. SECONDARY TECHNICAL CODES (maximum 5 codes of 3 positions each)								11. SECONDARY PURPOSE CODE	
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)									
A. Code	INTR		RDEV	ENV	TNG				
B. Amount									

13. PROJECT PURPOSE (maximum 480 characters).

To strengthen Indonesia's institutional capability to identify natural resources management practices which constrain sustainable economic growth, and design and implement improved policies and practices to address these constraints.

14. SCHEDULED EVALUATIONS						15. SOURCE/ORIGIN OF GOODS AND SERVICES			
Interim	MM	YY	MM	YY	Final	MM	YY		
	06	94				12	96		
						<input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify)			

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment.)

To increase by \$2.0 million to carry out planned activities, including: natural resource policy analysis, pilot field activities in testing management of natural resources, degree & non-degree trainings, clean industrial production techniques and development of the Indonesian Biodiversity Foundation.

17. APPROVED BY	Signature 	Date Signed MM DD YY <u>05 11 94</u>	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY
	Title Director USAID/Indonesia		



UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

May 11, 1994

**ACTION MEMORANDUM FOR THE DIRECTOR**

THRU: Vivikka Mollrem, DD *Vivikka Mollrem*  
FROM: *Jeff Blsson*  
Jeff Blsson, AEE  
SUBJECT: Increase in the Life of Project Funding for the Natural Resources Management (NRM) Project (497-0362) from \$18.5 to \$20.5 Million

**PROBLEM:** The presently authorized NRM project budget cannot accommodate the contemplated expanded emphasis on biodiversity while at the same time maintaining the project's planned activities over the next two years.

**BACKGROUND:** In March 1993, the Mission approved an amendment to the umbrella technical assistance contract under the NRM project to provide initial support for the Indonesian Biodiversity Foundation based on two arguments: a) the NRM project promotes the development of improved policies and practices in managing economically and environmentally-important natural resources by emphasizing improved management of protected areas (biodiversity resources) through pilot field activities and policy analysis; and b) a key output of the NRM project is to develop a new organization capable of analyzing critical natural resource policy issues. The Project Identification Document of the Indonesian Biodiversity Foundation Project addressed the need to continue and expand the assistance provided to the development of the Foundation through the services of the umbrella technical assistance contractor under the NRM Project.

Under this amendment, the Natural Resources Management (NRM) Project will provide long and short-term technical assistance, initial office space and equipment (valued at greater than \$1.0 million) for the development of the Foundation. These activities are consistent with the NRM Project's purpose "to strengthen selected Indonesian Institutions so they can: a) identify natural resource management practices which constrain economic growth, and b) design and implement improved policies to address these constraints."

**DISCUSSION:** The presently authorized NRM project budget cannot accommodate the contemplated expanded emphasis on biodiversity while at the same time maintaining the project's planned activities over the next two years which include: analysis of improved natural resource policies, testing of new approaches for managing natural production forests and protected areas, degree and non-degree training and pilot testing clean industrial production techniques. Approximately \$14.5 million has been obligated to the project with about \$3.5 million available for planned activities. The \$3.5 million includes a \$2.5 million FY 94 obligation, \$0.5 million in unearmarked funds and \$0.5 million from recent de-earmarks and de-commitments. However, of this \$3.5 million, \$0.5 million is earmarked for pilot testing of clean industrial production activities and \$0.6 million is needed to fund the umbrella technical assistance contract with Associates in Rural Development, Inc. (ARD) through its August 3, 1994 completion date. Thus, only \$2.4 million is presently available. An additional \$4.0 million obligation is planned in FY 95 for a total available amount of \$6.4 million. The budget for the planned two-year extension of the ARD contract is about \$7.9 million. Hence, an additional \$1.5 million is needed for the ARD contract. Finally, \$0.5 million is needed to fund the planned pilot competitive award applied research system.

The following table illustrates the available budget and requirements:

NATURAL RESOURCES MANAGEMENT PROJECT FINANCIAL PLAN As of April, 1994			
CURRENT STATUS	US\$ Million	PLANNED ACTIVITIES	US\$ Million
Obligation to date	14.5	FY 95 Obligation	4.0
Available Funds	3.5	Available Funds	6.4
Unearmarked Obligation	0.5	Balance	2.4
De earmark & Decommittment	0.5	FY 95 Obligation	4.0
FY 94 Obligation	2.5		
Funds needed	1.1	Funds Needed	8.4
Clean Industrial Pollution	0.5	TA Contract Extension	7.9
Umbrella TA Contract w/ ARD	0.6	Pilot Competitive Research Award	0.5
Balance	2.4	Balance	(2.0)

The source of funding for the additional \$2.0 million will be: a) the Global Environmental Facility (GEF) funds earmarked for the Indonesian Biodiversity Foundation Project (\$1.0 million), and b) FY 95 funds, up to \$1.0 million depending upon the availability of funds.

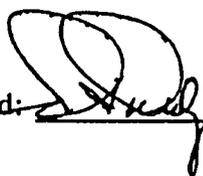
An increase in the GOI contribution by US\$ 333,000 to the NRM project will be required when grant funding is increased by US\$ 2,000,000 under the NRM Project Grant Agreement.

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**AUTHORITY:** Pursuant to Section 2.B. of the Amended and Restated Delegation of Authority issued on August 9, 1991 by the Assistant Administrator for the Bureau for Asia and Private Enterprise, you have the authority to amend project authorizations if the amendment does not result in a total life of project funding of more than \$ 30 million, present significant policy issues, or require issuance of waivers from AID/Washington.

**RECOMMENDATION:** That you sign the attached Project Authorization Amendment No. 1 and amended Project Data Sheet increasing the authorized life of project funding from \$18.5 to \$20.5 million, and that you authorize the attached cable informing AID/Washington of this action.

This Action Memorandum will serve as a Supplement to the Project Paper for the NRM Project.

Approved: 

Disapproved: \_\_\_\_\_

Date: 5/11/94

Drafted: AEE:JBisson

Clearances:	AEE:BStoner (in draft) <u>mi</u>	date: <u>5/6</u>
	PPS:STumiwa (in draft) <u>mi</u>	date: <u>5/6</u>
	LA:TRiedler (in draft) <u>mi</u>	date: <u>5/6</u>
	CM:PShirk <u>69</u>	date: <u>5-10-94</u>
	for FIN:GEidet <u>U3</u>	date: <u>5-11-94</u>
	FIN/fo: Diana <u>...</u>	date: <u>5/11/94</u>

**PROJECT AUTHORIZATION AMENDMENT No. 1**

Name of Country : Indonesia

Name of Project : Natural Resources Management

Project Number : 497 - 0362

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, the Natural Resources Management Project was authorized on July 27, 1990. That authorization is hereby amended by deleting the number "\$18.5 million" in paragraph 1 and inserting in lieu thereof the number "\$20.5 million".
2. Except as amended herein, the Project Authorization remains in full force and effect.

  
Charles, F. Weden  
Mission Director

5/11/94  
Date

Clearance:

RLA:TRiedler, (draft) 7/6/94  
DV

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5/9/94

NATURAL RESOURCES MANAGEMENT PROJECT  
 COST OF PRINCIPAL INPUTS  
 LIFE OF PROJECT FUNDING (IN US\$ 000)

f.03

PROJECT ELEMENT	USAID OBLIGATION TO DATE	LIFE OF PROJECT CONTRIBUTION							PROJECT TOTAL
		USAID			GOI				
		FIX	L/C	TOTAL	FIX	L/C	IN-KIND	TOTAL	
A. MANAGEMENT & POLICY ANALYSIS	1,709.5	700.0	1,200.0	1,900.0	0.0	4,633.0	200.0	4,833.0	6,733.0
B. TRAINING	2,000.0	3,043.0	352.0	3,395.0	0.0	550.0	185.0	735.0	4,130.0
C. TECHNICAL ASSISTANCE	9,687.6	13,959.0	0.0	13,959.0	0.0	0.0	230.0	230.0	14,189.0
D. COMMODITIES & FACILITIES	871.0	188.0	858.0	1,046.0	0.0	650.0	385.0	1,035.0	2,081.0
E. PROJECT EVALUATION AND AUDIT	200.0	200.0	0.0	200.0	0.0	0.0	0.0	0.0	200.0
F. CONTINGENCY AND INFLATION	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>T O T A L</b>	<b>14,468.1</b>	<b>18,090.0</b>	<b>2,410.0</b>	<b>20,500.0</b>	<b>0.0</b>	<b>5,833.0</b>	<b>1,000.0</b>	<b>6,833.0</b>	<b>27,333.0</b>

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AIDAC FOR LEE ANN ROSS, ANE/ASIA/EA AND MOLLY KUX, ANE/ASIA/DR/TR

E.O. 12356: N/A

SUBJECT: INCREASE IN THE LIFE OF PROJECT FUNDING FOR THE NATURAL RESOURCES MANAGEMENT PROJECT (497-0362)

1. THIS CABLE IS TO INFORM YOU THAT THE MISSION HAS INCREASED THE LIFE OF PROJECT FUNDING FOR THE NATURAL RESOURCES MANAGEMENT PROJECT (497-0362) FROM U.S. DOLS 18.5 MILLION (USAID CONTRIBUTION) TO U.S. DOLS 20.5 MILLION (USAID CONTRIBUTION). THIS INCREASE IS REQUIRED SINCE THE MISSION PLANS TO INCREASE THE LEVEL OF ACTIVITIES CARRIED OUT UNDER THE PROJECT, IN PARTICULAR, ADDITIONAL SUPPORT FOR THE DEVELOPMENT OF THE INDONESIAN BIODIVERSITY FOUNDATION.

2. THE NATURAL RESOURCES MANAGEMENT (NRM) PROJECT WILL PROVIDE LONG- AND SHORT-TERM TECHNICAL ASSISTANCE, INITIAL OFFICE SPACE AND EQUIPMENT (VALUED AT GREATER THAN U.S. DOLS ONE MILLION) FOR THE DEVELOPMENT OF THE FOUNDATION. THESE ACTIVITIES ARE CONSISTENT WITH THE NRM PROJECT'S PURPOSE "TO STRENGTHEN SELECTED INDONESIAN INSTITUTIONS SO THEY CAN: A) IDENTIFY NATURAL RESOURCE MANAGEMENT PRACTICES WHICH CONSTRAIN ECONOMIC GROWTH, AND B) DESIGN AND IMPLEMENT IMPROVED POLICIES TO ADDRESS THESE CONSTRAINTS." THE MISSION APPROVED AN AMENDMENT TO THE UMBRELLA TECHNICAL ASSISTANCE CONTRACT UNDER THE NRM PROJECT IN MARCH, 1993 TO PROVIDE INITIAL SUPPORT. THE DESIGN OF THE INDONESIAN BIODIVERSITY FOUNDATION PROJECT IDENTIFIED THE NEED TO CONTINUE AND EXPAND THE ASSISTANCE PROVIDED TO THE DEVELOPMENT OF THE FOUNDATION THROUGH THE SERVICES OF THE UMBRELLA TECHNICAL ASSISTANCE

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CONTRACTOR UNDER THE NRM PROJECT.

THE PRESENT NRM PROJECT BUDGET ALLOWANCE IS NOT SUFFICIENT TO FUND THE PLANNED ACTIVITIES, INCLUDING: ANALYSIS OF IMPROVED NATURAL RESOURCE POLICIES, TESTING OF NEW APPROACHES FOR MANAGING NATURAL PRODUCTION FORESTS AND PROTECTED AREAS, PILOT TESTING CLEAN INDUSTRIAL PRODUCTION TECHNOLOGIES DEGREE AND NON-DEGREE TRAINING AND SUPPORT FOR THE FOUNDATION. MOREOVER, THE AUTHORIZED PROJECT PENDING MUST BE INCREASED IMMEDIATELY IN ORDER FOR THE MISSION TO CONSIDER THE PLANNED TWO-YEAR, NON-COMPETITIVE EXTENSION OF THE UMBRELLA TECHNICAL ASSISTANCE CONTRACTOR TO UNDERTAKE THE PROPOSED INCREASED LEVEL OF ACTIVITIES.

3. IN FY94, MISSION PLANS TO OBLIGATE U.S. DOLS ONE MILLION IN GLOBAL ENVIRONMENTAL FACILITY FUNDS TO SUPPORT THE DEVELOPMENT OF THE INDONESIAN BIODIVERSITY FOUNDATION INTO THE NRM PROJECT, THUS THE LIFE OF PROJECT AUTHORIZATION OF THE PLANNED INDONESIAN BIODIVERSITY FOUNDATION PROJECT WILL BE U.S. DOLS 19 MILLION. OBLIGATION OF THE GEF FUNDS WILL BE CONTINGENT UPON THE GEF COUNCIL APPROVAL OF THE INDONESIAN BIODIVERSITY FOUNDATION PROJECT PROPOSAL. FOLLOWING THE INCREASED LOP FUNDING AUTHORIZATION LEVEL, MISSION PLANS TO OBLIGATE THE REMAINING U.S. DOLS 5.0 MILLION IN FY95, DEPENDING UPON THE AVAILABILITY OF FUNDS.

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