Annual Report
2012

Administered by:
KEHATI-The Indonesian Biodiversity Foundation
2013
### List of Abbreviation

<table>
<thead>
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<th>Abbreviation</th>
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<tr>
<td>Alert</td>
<td>Aliansi Lestari Rimba Terpadu, Alliance of Integrated Forest Conservation</td>
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<tr>
<td>Bitra</td>
<td>Bina Keterampilan Pedesaan</td>
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<td>BBS</td>
<td>Bukit Barisan Selatan</td>
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<tr>
<td>BKSDA</td>
<td>Balai Konservasi Sumberdaya Alam, Natural Resource Conservation Office, is a Technical Implementation Unit of the Directorate General of Forest Protection and Nature Conservation, Ministry of Forestry</td>
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<tr>
<td>BNI</td>
<td>Bank Negara Indonesia</td>
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<td>BLIK</td>
<td>Bina Usaha Kehutanan, Directorate General of Forest Production Development Ministry of Forestry</td>
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<td>CI</td>
<td>Conservation International</td>
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<td>CRU</td>
<td>Conservation Response Unit</td>
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<td>DG</td>
<td>Director General</td>
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<td>Dishut</td>
<td>Dinas Kehutanan, Forestry Service</td>
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<td>DNS</td>
<td>Debit-nature Swap</td>
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<td>IDR/Rp</td>
<td>Indonesian Rupiah</td>
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<td>IGA</td>
<td>Institute Green Aceh</td>
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<td>Jikalahari</td>
<td>Jaringan Kerja Penyelamatan Hutan Riau, Riau Forest Rescue Network</td>
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<td>KEHATI</td>
<td>Yayasan Keanekaragaman Hayati Indonesia – The Indonesian Biodiversity Foundation</td>
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<td>KKI-Warsi</td>
<td>Komunitas Konservasi Indonesia-Warsi, Indonesian Conservation Community-Warsi</td>
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<td>KoRoar-Berbak</td>
<td>Konsortium Konservasi Bentang Alam Harimau Berbak, Consortium of Tiger Landscape-Berbak</td>
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<td>KPDP</td>
<td>Kesatuan Pengelolaan Hutan Produksi, Production Forest Management Unit</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>NTTP</td>
<td>Non-Timber Forest Product</td>
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<td>NP</td>
<td>National Park</td>
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<td>OC</td>
<td>Oversight Committee</td>
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<td>OCTM</td>
<td>Oversight Committee Technical Member</td>
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<td>OIC</td>
<td>Orangutan Information Centre</td>
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<td>Petra</td>
<td>Perkumpulan Prakarsa Pengembangan Partisipasi untuk Rakyat, Society for People's Participation</td>
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<td>PHKA</td>
<td>Perlindungan Hutan dan Konservasi Alam, Forest Protection and Nature Conservation, Ministry of Forestry</td>
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<td>PLI</td>
<td>Pusat Informasi Lingkungan Indonesia, Center for Indonesian Environment Information</td>
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<td>RBM</td>
<td>Resort Based Management</td>
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<td>RSPO</td>
<td>Roundtable on Sustainable Palm Oil</td>
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<td>TFCA-Sumatera</td>
<td>Tropical Forest Conservation Action for Sumatera</td>
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<td>TN</td>
<td>Taman Nasional, National Park</td>
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<td>TWA</td>
<td>Taman Wisata Alam, Nature Tourism Park</td>
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<td>US</td>
<td>United States of America</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>USAID IFACS</td>
<td>USAID Indonesian Forest and Climate Support</td>
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<td>YABI</td>
<td>Yayasan Badak Indonesia, Indonesian Rhinoceros Foundation</td>
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<td>YEL</td>
<td>Yayasan Ekosistem Lestari, Conservation Ecosystem Foundation</td>
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<td>YLI</td>
<td>Yayasan Leuser Internasional, Leuser International Foundation</td>
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<td>YOSL</td>
<td>Yayasan Orangutan Sumatera Lestari, Orangutan Information Centre</td>
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In the year of 2010 and 2011, TFCA-Sumatera has shown its reputation to fairly managed a sound and robust grant management for its grantees in Sumatera. A number of 12 consortium grantees have been granted funding to conserve Sumatera’s forest for the best interest of nature’s carrying capacity and the prosperity of community living in the intervention areas.

In 2012, KEHATI continuously working with grantees in order to achieve our goals to improve the management of Sumatera’s forest by the integration of protection, sustainability and utilization of forest biodiversity for the prosperity of local community. Strengthening community participation and forest stakeholders such as management of National Parks, Forestry Offices from central government up to the smallest forest management unit up to resort level is the key to ensure the sustainability of the program.

In Jambi, TFCA-Sumatera continuously cooperate with KKI-Warsi to get recognition from government of sustainably manage forest by adat (custom) and village levels. Up to now, Warsi has managed to get support from West Sumatra and Jambi Government to establish 15 village forests and customary forests which consist of 250,000 ha of States forest areas.

In Riau, Jikalahari has managed to provide facilitation for oil palm plantation in intensifying their crop management of 2,000 ha and production management certification according to the Roundtable on Sustainable Palm Oil (RSPO) to improve results and selling prices through the management of oil palm plantations. This scheme aims to save 600 peat land forests by stopping further forest clearing for oil palm expansion.

While in corridor Singkil-Bengkung in South Aceh, YLI has established Conservation Response Unit function as patrol unit to minimize elephant – human conflict that is often occurring in the surrounding area. An initiative to install boundary marking along Rawa Singkil Nature Reserve has also taken to set a clear boundary within the Rawa Singkil Game Reserve. This initiative should be noted as an extraordinary NGO initiative to help government establish the boundaries.

Besides the direct impact on landscape conservation, TFCA also designed to have impacts on local stakeholders such as NGOs, contribute to government policies and programs and support for local government capacity. Through institutional strengthening program, TFCA contribute to improving the capacity of NGOs in project design and strengthening cooperation between NGOs, local government and the private sector. Contribution to government policies and programs, including facilitating the development and implementation of intensive Forest Village, the direct involvement of the protection and enhancement of wildlife and the local economy sustainable plantations, for example in Riau through the certification of palm oil plantations.
In 2012-2015 strategic plan, TFCA-Sumatera has set goals and targets conservation impact that at the end of the five year plan, TFCA-Sumatera will supports to at least 1.5 million ha of forest in Sumatera and reduce deforestation rate and ecosystem degradation of at least 26% by increasing the effectiveness of forest management and strengthening community participation and local community empowerment.

Up to 2012, it is likely TFCA-Sumatera has over achieved its target for landscape intervention by supporting conservation in 2.3 million hectares forest. This is achieved from programs conducted by grantees of first and second cycles.

New opportunities and challenges still lay ahead but we believe together with closer cooperation with all stakeholders involved we could come up with better results in the upcoming years.

No promise would be better than make a better performance for the next years to come as a grant programs for biodiversity conservation in Indonesia.

We welcome all constructive critics and inputs to make this program among one of the best for grant making activities in Indonesia and among other TFCA projects.

Jatna Supriatna
Chairman of the Oversight Committee

ABOUT

Tropical Forest Conservation Action for Sumatera (TFCA-Sumatra) is a Debt-for-Nature Swap initiative program between the US Government and the Indonesian Government aimed to preserve the remaining tropical forests in Sumatra which deforestation rate is very high. The agreement between the two countries and the swap partners (KEHATI and Conservation International Indonesia) was signed on June 30, 2009 at Manggala Wanabhakti, Jakarta.

Government of the United States (U.S.) and the Government of Indonesia agreed to swap Indonesia’s foreign debt, amounting to nearly 30 million over 8 years and channeling funds to support the provision of grant funding for the protection and reforestation Indonesia’s rainforest. The implementation of the agreement is implemented with the involvement of two NGOs as swap partners that is Conservation International and the Indonesian Biodiversity Foundation (KEHATI), by each contributed US$1 million, therefore the program also called subsidized debt-for-nature swap. This is the first debt-for-nature scheme between the two countries and is the largest DNS commitment made by US Government to other developing countries.

The scheme was made possible because of the policy of the Forest Conservation Act Tropical (Tropical Forest Conservation Act TFCA), which was approved by the Congress of U.S. in 1998 as a mechanism to reduce foreign debt for countries that have a high richness of tropical forests.
VISION AND MISSION

Vision
Conserve tropical forest biodiversity to support sustainable development in Sumatera.

Mission
The TFCA-Sumatera Program will provide funding, targeted at local organizations, including Non-Government Organizations, Community Organizations, and Universities, in Sumatra, to undertake activities to achieve the following objectives by 2015:

- Improve forest management effectiveness of at least 1 million ha of forests in Sumatra by 2015 sustainably through the integration of protection, sustainability and utilization of forest biodiversity for the prosperity of local community.
- Strengthening community participation in the conservation of key wildlife species of Sumatra, including Elephant, Orangutan, Tiger, and Rhinoceros, as well as the establishment and/or maintenance of critical habitat connectivity to ensure the long-term survival of viable species population.
- Empowerment of local community in support of reducing the rate of deforestation and ecosystem degradation by at least 26%, in the priority landscapes.

LANDSCAPE PRIORITIES

In order to optimize the sustainability and benefits, the TFCA activities in Sumatra will be focused on areas of priority considered most important and significant.

To facilitate the management and monitoring/evaluation, the TFCA Program is prepared to focus on three areas, namely 1) Batang Gadis NP for the northern Sumatra area, 2) Bukit Tigapuluh NP in Central Sumatra and 3) Way Kambas NP for the southern part of Sumatra.

The 13 priority areas include (including buffer zones, corridors and connecting areas), are:

- **Landscape of North Sumatra**
  1. Seulawah Heritage Forest
  2. Leuser National Park and the Leuser Ecosystem
  3. Western Toba Watershed
  4. Angkola Ecosystem
  5. Batang Gadis National Park and Batang Toru forest

- **Landscape of Central Sumatra**
  6. Siak Kampar Peninsula
  7. Tesso Nilo Ecosystem
  8. Bukit Tigapuluh National Park
  9. Kerinci Seblat National Park
  10. Berbak and Sembilang Ecosystem
  11. Siberut & Mentawai Islands

- **Landscape of Southern Sumatra**
  12. Bukit Barisan Selatan National Park
  13. Way Kambas National Park
EXECUTIVE SUMMARY

The year 2012 marks the first three years of TFCA-Sumatera in operation under the administration of KENATI Foundation as the Fund Administrator. Actual grant disbursement for field implementation of the first grant cycle began in 2011 and up to December 2012 TFCA Sumatera has disbursed to 12 grantees of the first and second grant cycles. In October 2012 the OC approved to accept in principle, five more grantees of the third grant cycle, so that by the end of 2012 there have been 17 consortiums and organizations in total have become TFCA-Sumatera grantees.

The grantees from the first and second grant cycle conducted 12 projects in the 8 priority landscapes, that is:

1. Leuser Ecosystem and Leuser National Park, a 2.6 million ha of tropical forest mountain ranges which comprises of widely varying habitat types, including peat swamp, lowland, and mountain forest. Two sites include Singkil Wildlife Reserve and Uling Isuq Game Reserve and Rawo Tripa Peat Swamp Ecosystem and Karo-Langkat block of Leuser Ecosystem (3 grantees of the first and second grant cycles);

2. Batang Toru Forest Range, which covers 168,658 ha of watershed area with extreme topography of mountain forest and the neighboring Batang Godis National Park, established through an inclusive process with local communities in 2004, including 108,000 ha of mountain forest ecosystems. The park is currently under threat from mining activities (1 grantees of the first grant cycle);

3. Kampar Peninsula, the landscape covering of more than 682,478 ha of peat swamp ecosystems in Riau province, including 4 wildlife reserves (1 grantees of the first grant cycle).

4. Kerinci Seblat National Park, the largest national park in Sumatra covering 1,389,510 ha of montane ecosystems and that lies across 4 provinces of Sumatra (2 grantees of the first and second grant cycles);

5. Bukit Barisan Selatan National Park Landscape, which together with Leuser National Park and Kerinci Seblat National Park is included in the cluster of Tropical Rainforest Heritage of Sumatra, Province of Lampung and Bengkulu (1 grantee of the second grant cycle)

6. Tesso Nilo National Park, Province of Riau, the most diverse lowland rainforest but the highest threat in Sumatra (1 grantee of the second grant cycle);

7. Bukit 30 National Park (including Bukit 12 National Park) Landscapes, Province of Riau (2 grantees of the first grant cycle);

8. Siberut National Park Landscape and Mentawai Islands, the most unique and consists of endemic species islands in the Province of West Sumatra (1 grantee of the second grant cycle).

In October 2012, The Oversight Committee has approved five grantees from the third grant cycle to works in new three landscapes, namely:

1. Berbak and Sembilang National Parks, a peat, freshwater swamp and mangrove forests are important lowland ecosystems and migratory birds habitat (1 grantees);

2. Bukit Barisan Selatan National Park Landscape, which together with Leuser National Park and Kerinci Seblat National Park is included in the cluster of Tropical Rainforest Heritage of Sumatra, Province of Lampung and Bengkulu (3 grantees)

3. Way Kambas National Park, the last remaining lowland rainforest in south part of Sumatra is an important refuge for big mammals such as Rhinoceros, tiger and elephant (2 grantees).

HIGHLIGHT OF SOME SUCCESS

In the year of 2010 and 2011, TFCA-Sumatera has shown its reputation to fairly managed a sound and robust grant management for its grantees in Sumatera. Not less than 12 consortium grantees have been granted funding to conserve Sumatera’s forest for the best interest of nature’s carrying capacity and the prosperity of community living in the intervention areas.

Among other noted achievements were made by Warsi in supporting West Sumatera and Jambi Government to establish 15 village forests and customary forests which consist of 250,000 ha of States forest areas should be given special acknowledgement. Ministry of Forestry has issued 15 decree (SK Menteri Kehutanan) to support government recognition over the management of village forest by the community.

In the conservation and protection program, Yayasan Leuser International (YLI) has succeeded to continue the management of a Conservation Response Unit to reduce human-elephants conflicts in the district of Singkil and adjacent areas. YLI also assists the government to develop management plan and boundary demarcation for Rawa Singkil Wildlife Reserve.

Jikalahari also makes achievements by establishing a multi-stakeholders Forum of Kampar Peninsula in Pekanbaru, Riau for the sustainable management of Kampar peatland production forest (700,000 ha peat-swamp forest), as a complementary forum to support the newly established Production Forest Management Unit (KPHP) Task Basar Serkap. This forum provides opportunity for stakeholders who previously have the opposite stands to sit together and talk about the future of Kampar peninsula.

TFCA-Sumatera not only support grantees to conserve the area, but also supports efforts to establish links between community and private company. As the case in Jambi, Warsi facilitate community to distribute their community rubber product to PT Bridgestone). They also helps channeled community with PT. ST5 by sending initial 4.1 tones of cinnamon barks. These kinds of activities makes the community see the advantage and links of conservation and sustainable use and makes them have more positive perception over conservation projects.
A. INTRODUCTION

During 2011 TFCA has successfully managed the implementation of the first year’s TFCA grants of the first grant cycle and at the same time has approved to fund the second-cycle grantees. Following this fundamental step, at the first semester of 2012 TFCA-Sumatera launched proposal solicitation for the third grant cycle. The Oversight Committee managed to approve the third cycle grantees in October 2012. The implementation of the TFCA program on the ground has given lessons to the Administrator in grants management and in working with local NGOs as the principal grantees.

As an ongoing practice, the Administrator undertakes capacity building for both the second cycle’s NGO grantees and provides assistance for the first cycle grantees in governance, which include the organization of grant management, development of standard operational procedures and financial capability which includes book keeping and accounting.
B. GRANT MAKING ACTIVITIES

B.1. First Grant Cycle

B.1.1. Grant Disbursement of the First Grant Cycle

B.1.1.1. Yayasan Leuser International

During the first year, a short-term success has been visible at the project level. Among the achievements in Leuser Ecosystem of Aceh province are establishment of Conservation Response Unit, developed to mitigate human-elephant conflicts in South- and South Eastern districts of Aceh province. The Head of Aceh Selatan District officially announced the establishment of Singkil Conservation Response Unit (CRU) supported by TFCA through the work of Yayasan Leuser Internasional (YLI) to reduce human-elephant conflict in the district of Singkil and adjacent areas. The project, which is built in the extension of Singkil Wildlife Reserve employs four well-trained elephants, accompanied by their mahouts trained in Sarai Elephant Training Center in Aceh (managed by the Ministry of Forestry). These elephants will be mainly used for patrols and driving the wild elephants back into the wild habitat, when conflicts happen. This facility gains big support from the local government. The Head of Aceh Selatan District has made a commitment to finance CRU in the 2014 district’s budget to maintain CRU facilities after the TFCA project ends. It shows a strong collaboration between government and the NGOs. Community living adjacent the areas could also enjoy direct benefits from the establishment of CRU. With the great expectation placed on this new facility, local community is wishing that the human-animal conflict could be reduced at the minimum level. With the strong coordination with local forest authorities, they become a center of quick response for such conflict.

Local communities could also enjoy new atmosphere after the presence of the four elephants in their area, in which an elephant-based ecotourism may also be developed. It is also noteworthy to report that YLI has also made initiative to establish boundary marking for Rawa Singkil Wildlife Reserve with total of 122 km in length, as there are different reference made regarding Rawa Singkil Wildlife Reserve, whether it should be marked for Rawa Singkil Wildlife Reserve with total of 122 km in length, as there are different reference made regarding Rawa Singkil Wildlife Reserve, whether it should be marked for Rawa Singkil Wildlife Reserve or within the remaining forest within the landscape, KKI- Warsi and SSS has successfully driven government of West Sumatera province to allocate 250,000 ha of forest area as village and customary forests across the province. While in Maura Bungo district, Jambi, the government has given their commitment to allocate 109,000 ha of Bujang Raba Ecosystem as integrated and learning center area for community base natural resource management. In addition, KKI- Warsi has been successful in providing supports and facilitation in the economic development of local people in selected parts of the Kerinci-Selat National Park buffer zone, where the local community is directly connected to the end markets in order to market their products. For example, parallel with the building of capacity to increase the rubber (latex) production by community, KKI-Warsi has also established linked between the community and PT Bridgestone in Medan to develop agreement for regularly selling the community rubber product. With regard to the cinnamon barks production, Warsi have also channeled the community with a company namely PT. Sumatra Tropical Spices in Padang by sending initial 4.1 tones of cinnamon barks.

However, that the success in program implementation in the ground level, is not always been followed by the proper administrative works by some of first cycle grantees, such as financial matters and project schedule. Therefore, the second grant agreements for the third year’s grant implementation has to be made and adjusted to accommodate carrying over budgets and activities without undermining the works for the third year.

B.1.1.3. PETRA (Consortium Sahabat)

In Batang Gadis National Park and Batang Toru Forest range of North Sumatra, PETRA (Consortium Sahabat) has successfully facilitate direct access in marketing for rubber that produced by the community to a rubber factory (PT Kirana Saptia). This direct access has given a significant additional income to the communities gained from price discrepancies compared to local market (Rp 13,675 vs Rp 9,000). To assist cacao market, PETRA has facilitated local communities to sign an MoU with a cacao exporter in Medan. Based on the MoU, the company will assist the communities in improving cacao quality to meet their standard for export.

B.1.1.4. Jikalahari

In the Kampar Peninsula ecosystem, part of Senepis, Kampar Peninsula and Kerumutan Landscape of Riau Province, the establishment of a multi-stakeholders Forum of Kampar Peninsula by JIKALAHARI for the sustainable management of Kampar peat land production forest, is of high value in which government agencies, private sectors, universities, and NGOs are working together to achieve the objective of critical peat ecosystem. Jikalahari has successfully fostered this initiative to oversee the management of 700,000 ha of Kampar Peninsula peat-swamp forest, as a complementary forum to support the newly established Production Forest Management Unit (KPHP) Tasik Baratar, Serdang under the Riau Provincial Government. This could be used as a model for a sustainable management of KPHP in other areas. In addition, JIKALAHARI has also succeeded in organizing local communities to establish one cooperative comprises of 4 neighboring villages in pursuing RSPO certification. Despite the ongoing process in getting the certificate, local farmers believed that the process had contributed to the increase of yield from farming system intensification they implemented.

B.1.1.5. KKI-Warsi

Another achievement is the successful support to the Provincial Government of West Sumatra and Jambi to establish and strengthen 24 village forests and 4 customary forests which covering a total of 70,467 ha forests in Jambi and West Sumatera provinces as buffer zones for the Kerinci National Park landscape. The establishment of community based forest management areas is mandated under the Forestry Law (No. 41 of 1999) in which local community may be given permits to manage a portion of State forests for the benefits of the community without undermining the sustainability of the forest. As part of protection of the remaining forest within the landscape, KKI-Warsi and SSS has successfully driven government of West Sumatera province to allocate 250,000 ha of forest as village and customary forests across the province.

Documentation from Workshop on Conservation Initiative and Creative Economy in Bengkulu, 10-14 December 2012

B.2. Second Grant Cycle

With regard to the second cycle grantees, after an intensive assistance and training on project design and financial management, the Administrator was confident to undertake first disbursement to the second cycle grantees between April and July 2012, depending on the grantees’ readiness. Few grantees of the second cycle have showed their achievements. From the monitoring undertaken in the third quarter, only some of the activities that can be reported.

B.2.1 YOSL-OIC

In Karo-Langkat Block of Leuser Ecosystem of North Sumatra, OIC consortium had made final draft of management plan for TWA

A potential tourism area in Simanau-Simuncung valley, West Sumatra
BAKUPATEN ACEH TENGAH

Lau Debuk Debuk and TWA Deleng Lancuk. OIC has established four restoration centers and five nursery facilities and produced more than 90,000 seedlings where about 20 percent of them (20,350 seedlings) has been planted in 18.5 ha of critical land of Sel Beting Resort in Leuser National Park area. In addition 56% of OIC consortium has produced 54,500 cacao and 18,500 rubber seedlings from the field school in two villages and ready to be planted in early of 2013.

2.2.2 YAYASAN TN TESSO Nило

In Riau, Yayasan Taman Nasional Tesso Nilo (YTNNT) Consortium has successfully drafting Management Plan for the Tesso Nilo National Park, which the draft has now submitted to the DGI of PHKA to be approved. To reduce number of incidents and loss due to conflicts between wild elephant and local communities, YTNNT has successfully established a Flying Squad base camp and team in Situgal, a buffer village near the park boundary. The team consists of three elephants and four mahouts to undertake patrols to reduce human-elephant conflict. To protect the national park from encroachment, the consortium has in collaboration with the park authority, established two community based forest patrol units in Situgal and Gondai villages, with members of 30 person and 9 person respectively. Generating local economics is also put as the priority. They have provided 4 fish ponds in Kesuma village. While an improvement of ecotourism facilities and capacity building for Kempas (local ecotourism community) in the national park tourism area has been undertaken to increase local capacity as tour guide and operator in the national park.

2.2.3 WWF-INDONESIA-RIAU

In Bukit Tiga Puluh National Park landscape, TFCA-Sumatera has given supports to WWF Consortium to establish an MoU to undertake collaborative patrols among local communities, local government and park authorities within the protected area and wildlife corridor. The main activity is to monitor tiger population and to mitigate human – tiger conflict in some spots adjacent to park boundary. This activity has provide necessary information on preliminary tiger population analysis in in Talang Langkat Resort of Bukit Tiga Puluh National Park, where at least 17 individuals has been identified recently. The consortium has contributed necessary information to the authority and the plantation manager of where the conflict occurs to make them prepare themselves and take proper actions to avoid further conflicts. And as part to upgrade park authority capability to manage the area, a number of training for park staff on Reserve Base Management has been conducted.

2.2.4 UNILA-PLI

In collaboration with Bukit Barisan Selatan National Park authority, UNILA-PLI consortium has established four Resort Based Management (RBM) working teams in four resorts in Way Kambas National Park. The consortium has identified local potential that can be develop in four prioritized resorts of Bukit Barisan Selatan NP, that is: 1) Way Nipah and Pugung resorts potential to established Micro Hydro Power Plan and NTFP base economic development; and 2) Merpas and Biha Resort potential for fresh water fisheries.

2.2.5 YAYASAN EKOSISTEM LESTARI

In Rawa Tripa peat swamp area, part of Leuser Ecosystem, of Aceh, up to now WEI find it difficult to implement their program properly due to political circumstances in the area following court decision that cancel PT Kalista Alam oil palm license.

2.2.6 YAYASAN KIREKAT INDONESIA

In Siberut ecosystem, Yayasan Kirekat Indonesia (YKI) consortium has conducted Participatory Rural Appraisal (PRA) in 4 villages to assess the potential of their operational work, conduct training on biodiversity survey, and in the process of developing database to compile results of research on Siberut.

2.2.7 AKAR NETWORK

AKAR has formed tiger patrol team to monitor tiger habitat in 4 districts, that is Solok Selatan, Kerinci, Merangin, Mukomuko. A proposal to establish two hutan adat (customary forest) to Head of Kerinci district has been in process.

B.3. Third Grant Cycle

The third cycle of TFCA grant making activities was officially announced through the launch of Call for Concept Papers on April 2012. In third cycle, the Administrator focused to encourage proposals from intended areas. So far, the Administrator received 21 concept papers from 23 NGO consortiums proposing projects in four priority landscapes as has been decided in the 12th OC meeting: Batang Gadis National Park (5 concept papers), Bukit Barisan Selatan National Park (6 concept papers), Way Kambas National Park (4 concept papers), and Berbak Sembilang National Parks (4 concept papers).

Out of the 21 concept papers, the Oversight Committee’s Technical Members (OCTM) recommended 14 concept papers to be given opportunity to develop full application. Five proposals were then approved for funding. These include:


2. Consortium YABI (Indonesian Rhinoceros Foundation): Saving the Landscapes of Way Kambas National Park and Bukit Barisan Selatan National Park for the Protection of Sumatran Rhinoceros (Dicerorhinus sumatrensis sumatrensis Fischer, 1814) as a Key Species of Biodiversity in Lampung Province Based on Local People Empowerment for the Enhancement of Collaborative Local Economic.

3. Consortium Kota Agung Utara: Strengthening of Kota Agung Utara’s Register 39 Functions as the Buffer zone of Bukit Barisan Selatan National Park (upstream) and Water Catchment Area of Batu Tegi Dam (downstream) of Tanggamus District.


B.4. Leveraging TFCA Resources

Some proponents from the third cycle have indicated the matching funds for the collaboration funded program with TFCA-Sumatera in sum of US$ 333,384, including sources from Government of Indonesia (US$ 403,346), so that the total of leveraged matches is a sum of US$ 736,730.

B.5 Potential Cooperation with Other US-Funded Forestry Projects

Potential collaboration with other USAID programs are considered to be jointly implemented in near future, for example with USAID IFACS program, where one of the trend is in conjunction with TFCA working area, such as in Rawa Tripa and Singkil. TFCA could share, for example, with various local offices and data. The possibility to establish local representative can be considered to cope with the issues on monitoring and evaluation capabilities.
To ensure the effective implementation of the program in the field, the Administrator provides its grantees with capacity building programs. This activity is part of the Administrator’s commitment to empower grantee’s capacity to prepare them to become a robust self-sustained organization in the future.

The aim of training is to support the implementation of project activities and grantees’ financial accountability. The Administrator provides two kinds of trainings:
1. Financial Management
2. Program Administration

These two trainings are seen crucial to nurture the self-reliance of an organization.

Trainings provide direct assistance for grantees before the grant awarded. The nature of the training is hands-on training, where grantees prepare and develop their own books and administration. A material from KEHATI, derived from years of experience in grant making, is adopted to make the efficient program implementation.

Trainers come from internal sources and assisted by Oversight Committee Technical Members.

Capacity building program during 2012 is as following:

C. CAPACITY BUILDING

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<th>Date</th>
<th>Type of training</th>
<th>Grantees</th>
<th>Results and Achievements</th>
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Communications activities in 2012 are focused to create awareness of TFCA-Sumatera program for stakeholders and wider public in order to gain more support on programs implemented by grantees in the field.

Mass media was involved to disseminate activities conducted by TFCA-Sumatera grantees. A number of media visit was held to cover activities that include:
1. 27 June – 3 July 2012 to cover the inauguration of Conservation Response Unit.
2. 19-25 November 2012 journalist visit to introduce YUF activities in Leuser and and KKI - Warsi in Jambi and Solok, West Sumatera.

Various media are invited to make direct report from the field. The results were reported in their media both electronic and printed media. During 2012, journalists from Analisa Medan, BeritaSatu group, Tempo news, Antara News Agency, Tribun Jambi, Kompas, reported activities of TFCA-Sumatera.

Most of the news are directly uploaded to their respective media and afterwards also quoted by other online media. Therefore, the news also quoted in various websites.

Results from the journalist visit might not be seen instantly, but one interesting case in Jambi shows that the intensive coverage could lead to more attention over one area. Numerous articles in online media and printed media from Tribun Jambi over remote Jangkat area in Jambi raise concern from the local house of representative to give more attention over the infrastructure and education assistance to the area.

The use of websites also maximized since 2012. After introducing TFCA-Sumatera website in 2011, TFCA-Sumatera administrator open an account using most popular social media Indonesia, Facebook and twitter. The interactions with stakeholders can be made more intensively and accustomed. Pictures, stories, comments and supporters are shared through this account.

The other efforts for communications are done through the printing for publications. A publication on lessons learned from grantees is prepared to be published in 2012. However, due to long process in writing, editing, translation, etc, up to the end of 2012 it only result to the first draft. So it will be printed in early 2013.

Communication with other USAID supported projects also developed in exchanging information and probing the possibilities of collaboration.
One of the TFCA Sumatera’s mission is to improve forest management effectiveness of at least 1 million ha of forests in Sumatra by 2015 sustainably through the integration of protection, sustainability and utilization of forest biodiversity for the prosperity of local community. Up to end of December 2012, interventions by twelve projects in the four priority landscapes from the first and second grant cycles will predictably be able to potentially conserve an area of 2,295,454 ha forest landscapes. For sure, conservation impact not solely based on the extent of the project area but also how the project contribute to the restoration and the environment recovery.

As to illustrate the intervention made by TFCA-Sumatera, the project intervention based on landscape level can be seen as follows:

1. Leuser Ecosystem of Aceh:
   • South Aceh: Leuser International Foundation, Developing management plan and boundary demarcation for Rawa Singkil Wildlife Reserve; establishing conservation response units to reduce human – wildlife conflicts; and restoring wildlife corridors. The predicted conservation impacts of the project will be conserving 83,200 ha of peat swamp forest;
   • Central Aceh: Institute Green Aceh. Tropical Forest Conservation in the Central Buffer Zone of Leuser Ecosystem to Enhance Protected Area Functions, Biodiversity and Livelihood of Local People. The predicted conservation impacts of the project will be conserving 80,000 ha of lowland and slightly hilly forests.
   • Karo-Langkat Forest Block: Orangutan Sumatra Lesiari Foundation (YOSL)/OIC. The development program of community-based Leuser Ecosystem collaborative conservation and protection in Karo-Langkat forest block, North Sumatra, Leuser Ecosystem. The predicted conservation impacts of the project will be impacting 314,625.64 ha of lowland and slightly hilly forests.
   • Rawa Tripa-Babahrot Peatland Ecosystem: Tripa-Babahrot peat forest ecosystem preservation through restoration efforts and establishment of protected areas outside the forest lands using multi-stakeholders approach for Rawa Tripa landscapes. The predicted conservation impacts of the project will be conserving 20,000 ha of the few remaining peat swamp forest; although as per end of December 2012 the project has not been implemented yet due to dispute with palm oil company over land concession.

2. Siak Kampar Peninsula and Kerumutan, Riau; Jikalahari Consortium. Developing collaborative management, protection, and spatial plans; providing technical assistance for private sector and community-based palm oil best management practices; developing sustainable economic opportunities for women group. The predicted conservation impacts of the project will be impacting 684,000 ha of peat swamp forest;

3. Kerinci Seblat National Park, Jambi and West Sumatra:
   • KKI-Warsi. Strengthening participatory conservation based spatial planning in five districts; strengthening community based forest management; and developing sustainable forest management and agro-forestry in the buffer zones. The predicted conservation impacts of the project will be conserving 13,529 ha of lowland and hilly forests.
   • Akar Network. The community-based conservation of Kerinci Seblat National Park. The predicted conservation impacts of the project will be impacting 300,000 ha of tiger habitat forests and population.

4. Batang Toru forest area and Batang Gadis National Park, North Sumatra: Sahabat Consortium (PETRA-BITRA). Programs on Conservation Initiative and Corridor Connectivity of Batang Toru Forest Block and Batang Gadis National Park Landscapes. The predicted conservation impacts of the project will be impacting 173,800 ha of lowland and hilly forests.

5. Bukit Barisan Selatan National Park, Lampung: PILU-University of Lampung Consortium. Supporting comprehensive approach on encroachment measures in Bukit Barisan Selatan National Park by using ecosystem service and resort-based economic development in Bukit Barisan Selatan National Park landscape. The predicted conservation impacts of the project will be impacting 26,523 ha of lowland and hilly forests.

6. Bukit Tiga Puluh National Park, Riau: WWF Riau Consortium. The protection and management of Bukit Tiga Puluh and Bukit Baturup corridor, Riau, Sumatra. The predicted conservation impacts of the project will be impacting 317,850.11 ha of highland forests and Sumatran tiger habitats.

7. Tesso Nilo National Park, Riau: Tesso Nilo ecosystem preservation through strengthening of capacity, protection and utilization of area and environmental service for Tesso Nilo national park landscapes. The predicted conservation impacts of the project will be impacting 83,068 ha of rich forest ecosystem and Sumatran elephant habitats.

8. Siberut National Park, West Sumatra: Community-based ecosystem restoration in Siberut. The predicted conservation impacts of the project will be impacting 198,858 ha of highly endemic forest ecosystem.

Below is the map of the current TFCA-Sumatera projects from the first, second and the third grant cycles. The first grant cycle has been on going for nearly two years, the second grant cycle has been ongoing for nearly one year and the third grant cycle is expected to disburse the grants on February or March 2013.
TFCA Sumatra face some challenges, which include effective governance at the level of grant recipients, low disbursement, policies and issues of local politics and administration capacity. Although if compared with other TFCA program from different countries, TFCA-Sumatera program moving faster than others. This statement was made by a team of external evaluator that has made an evaluation on the overall TFCA-Sumatera program with its grantees (2012).

G. FINANCIAL REPORT

G.1 GRANT MAKING DISBURSEMENT
First Grant Cycle
The grants from the first TFCA grant cycle, first disbursed in March 2011, include such activities as: protection and management of peat swamp forest; establishment of corridors for elephants; strengthening community-based forest management; development of ecologically sound spatial plans for buffer zones; and, facilitation of multi-stakeholders dialogue to achieve best management practices. The total approved grant was IDR 23,237,739,799.00 (US$ 2,581,971) for duration of three years (2011-2013). Total disbursements to the five grantees of the first grant cycle in 2011 were Rp 7,824,805,000 (US$ 869,423) and in 2012 were Rp 8,171,797,388 (US$ 907,977.49) to support activities identified in their approved work plans and cash flow plans.
Second Grant Cycle

The grants from the second TFCA grant cycle, first disbursed in April to June 2012, include such activities as: ecosystem restoration, community development, support the resort-based management of national park, data base development, park's patrols to reduce encroachment, animal-human conflicts and habitat and population monitoring of tiger and other endangered species. The total approved grants for second cycle grantees were IDR 33,672,060,560 (US$ 3,741,340) for duration of three years (2012-2014). Total disbursements to the seven grantees of the second grant cycle in 2012 were Rp 6,787,926,620 (US$ 754,214.07) to support activities identified in their approved work plans and cash flow plans.

Total disbursement in 2012 for the first and second cycle grantees were Rp 14,959,909,977 (US$ 1,662,214.44).

Project monitoring plays important roles for guiding implementation to ensure the achievement of project objectives. The Administrator monitored grantees to ensure that activities were implemented in accordance with their work plans, cash flow plans and performance monitoring plans. In 2012, the Administrator visited the program sites for all the 12 grantees in quarterly basis. Similarly, the Administrator undertook financial monitoring and report verification at the same period to all grantees.

As part of the TFCA funds-management accountability, an audit for fund utilization for FY2011 was conducted during April-May 2012. The management expenses audit was conducted simultaneously with the audit of KEHATI and also took two grantees namely Institute Green Aceh and Jikalahari as grantees' samples by Mulyamin Seni Suryanto—Stephen Moore a registered public accountant. The result of the audit was: Unqualified Opinion—meaning that the auditor has no reservations concerning the financial statements. This is also known as a clean opinion meaning that the financial statements appear to be presented fairly.

G.2 Trust Fund Management

Up to December 2012 the Government of Indonesia has transferred a sum of US$14,210,658.12 as part of its obligation in accordance with the Debt Swap Agreement. The results of investment received from interest of the fund in the Debt Service Account (DSA) that was US$ 21,210.18, so that total funds received up to December 2011 was US$ 14,231,888.30.

Withdrawal from the Trust Fund since its establishment up to 2012 management expenses a sum of US$ 847,553.02, for the 2012 grant commitment was US$ 4,219,116.22. Remittance Fee US$ 450 and Trust Fund management fee US$ 60,249.81 and miscellaneous US$ 13,662.13.

At the end of December 2012 the ending balance of the TFCA funds in the Trust Fund was US$ 9,090,857.12 as may be seen in Table 6.

<table>
<thead>
<tr>
<th>DEBT SERVICE ACCOUNT (DSA) (in US$) for 2012</th>
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<tbody>
<tr>
<td>RECEIVED</td>
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<tr>
<td>Transfer from GoI</td>
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<tr>
<td>Interest</td>
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<tr>
<td>Total Received</td>
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<tr>
<td>EXPENSES</td>
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<tr>
<td>Transfer to Grant Account (BNI ‘46)</td>
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<tr>
<td>Transfer to Management Account (Permata Bank)</td>
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<tr>
<td>Annual Trustee Fee</td>
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<tr>
<td>Remittance</td>
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<tr>
<td>Miscellaneous</td>
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<tr>
<td>Total Expenses</td>
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<tr>
<td>Balance at DSA</td>
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</tbody>
</table>

G.3 Administrator Management Expenses

During 2012 the Administrator spent a sum of Rp 2,553,764,192.96 on the expenses of activities that include personnel salaries, meeting/workshop, travels (OC member travels and TFCA staff travels), publication cost, professional services, and general administration. The budget for the management expenses was Rp 3,148,669,692.08 so that there was balance of Rp 594,905,562.12. The detail of the expenses may be seen in the financial report as shown in Table 9.
G.4. Grant Disbursement

G.4.1 Grant Disbursement up to December 2012

Total grants up to 2012 is Rp 22,784,529,008 that includes:

First Grant Cycle
Transfer period of 2011/2012 7,824,805,000
Transfer period of 2012/2013 8,171,797,388
Total Transfer up to Dec 2012 15,996,602,388

Second Grant Cycle
Transfer period of 2012/2013 6,787,926,620
Total Transfer up to Dec 2012 6,787,926,620

G.5 Total Investment up to December 2012

Up to now, the Administrator do not invest TFCA fund in HSBC into financial instruments in order to avoid possible intolerable risks. This is in accordance with recommendation made by consultant for TFCA-Sumatera not to invest its money in financial instrument but time deposit. Additional funding only comes from existing interest.

ANNEX

TFCA-SUMATERA OVERSIGHT COMMITTEE

Oversight Committee Member of TFCA-Sumatera
Since August 2011
1. Jatna Supriatna (Conservation International-Indonesia)
2. Hartono (Ministry of Forestry)
3. Aurelia Micko (USAID)
4. Erna Witoelar (KEHATI)
5. Darusman Rusin (Syiah Kuala University, Aceh)
6. Rezki S. Wibowo (Transparency International-Indonesia)
7. Tuti Sri Hadiputranto (Indonesia Business Links)

ADMINISTRATOR

Secretary to the OC : M.S. Sembiring
Program Director : Samedi
Secretary : Marisca Wulansari
Assistant to Program Director/Grant Manager : Dwi Pujiyanto
Assistant to Grant Manager : Risti Rina Paramita Sari
Conservation Specialist : M. Jeri Imansyah
Assistant to Conservation Specialist : Nety Riana Sari SN
Communications and Outreach : Ali Sofiawan
Finance Staff : Sheilla Agustin

TFCA- Sumatera oversight committee

TFCA- Sumatera staff

KEMENTERIAN KEHUTANAN
Universitas Syiah Kuala
LIST OF GRANTEES

Cycle 1

1. Leuser International Foundation (YLI)
   Securing Strategic Area of South Aceh - Singkil for Sustainable Community-Based Conservation in Aceh.
   Rp 5,307,920,000

2. Institute Green Aceh (IGA)
   Tropical Forest Conservation at Linge Isaq Hunting Park and Surrounding areas to Restore the Function of Conservation, Biodiversity and Improving Livelihood of Community Living Around forest in the Province of Aceh.
   Rp 4,153,390,000

3. Society for People’s Participation (PETRA)
   Conservation Initiative Program and Connecting Landscape Corridor of Batang Toru – Batang Gadis National Park in North Sumatra Province
   Rp 4,372,614,500

4. Forest Rescue Network Riau (Jikalahari)
   Long-term protection and Effective Management of Kerumutan - Kampar – Senepis Landscape and its Ecosystems in Riau Province
   Rp 4,953,485,000

5. Indonesia Conservation Community-WARSI (KKI WARSI)
   Conserving the Remain Forest Cover in Landscape Ecosystems TNKS to Ensure Biodiversity Conservation, Support Local Communities and Make them as Important Biodiversity Areas in Sumatra, Jambi province
   Rp 4,504,330,300

Cycle 2

1. Foundation for Sustainable Ecosystem (YEL)
   Conserving Tripa-Babahrot Peat Swamp Forest Ecosystem through Establishment of Protected Areas in the Outside Forest Areas Zone and Forest Restoration with Multi stakeholder Approach.
   Rp 4,996,795,000

2. Yayasan Orang Utan Sumatera Lestari-Orangutan Information Centre (YOSL-OIC)
   Collaborative Conservation Development Program and Protection of the Community Based Leuser Ecosystem in Block Karo-Langkat in North Sumatra
   Rp 5,251,014,500

3. Kirekat Indonesia Foundation
   Sustainable Siberut Ecosystems: Towards Area Management Synergy Between Community and Government
   Rp 3,757,180,000

4. Tesso Nilo National Park Foundation (YTNTN)
   Protection of Tesso Nilo Ecosystem through Capacity Building, Protection, Stabilization and Environment Service Uses
   Rp 4,774,355,000

5. WWF Indonesia-Riau Programme
   Protection and Management of Bukit Tigapuluh- Bukit Batabuh Corridor, Riau Province, Sumatra
   Rp 4,659,380,000

6. AKAR Network
   Saving Kerinci Seblat National Park Landscape Ecosystem on Community Basis
   Rp 4,782,180,000

7. UNILA-PILI Consortium
   Support Comprehensive Encroach Management in Bukit Barisan Selatan National Park through Empowerment of Resort Based Bukit Barisan Selatan National Park and Forest Ecosystem Services Development to Improve Local Economic
   Rp 5,359,610,000
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Twitter: @tfcasumatera

Administered by:
KEHATI-The Indonesian Biodiversity Foundation

www.tfcasumatera.org